

LEE SWEE KIAT GROUP BERHAD
[200301005163 (607583-T)]
(Incorporated in Malaysia)

BOARD CHARTER

1. INTRODUCTION

The Board of Directors (“the Board”) is accountable and responsible for the businesses and affairs of Lee Swee Kiat Group Berhad (“The Company” or “LSK”). The Board regards corporate governance as important principles and best practices to be upheld and will continue to implement and carry out good corporate governance practices throughout the Company and its subsidiaries (“the Group”) in order to achieve the long-term success and sustainability of the Group. The key MOTTO pursued by the Group is abbreviated as EIIE:-

E – Effective I – Integrity I – Improve E – Efficient

2. PURPOSE

- 2.1 The objective of this Board Charter is to ensure that all Board members are fully aware of their fiduciary duties and responsibilities as Board members and the various regulations that may have an impact on discharge of the Board’s responsibilities.
- 2.2 In pursuit of the principles set out in this Board Charter, the Board shall commit to employ the principles of integrity, transparency and professionalism to ensure that the principles of good corporate governance are applied in all the Group’s business dealings in respect of its shareholders and relevant stakeholders so that shareholders’ investment, value and interests of the stakeholders are safeguarded.
- 2.3 This Board Charter sets out:-
- (i) the composition, roles, responsibilities and processes of the Board, individual Directors and Senior Management; and
 - (ii) the delegation of authority by the Board to various Board committees (“Board Committees”) to safeguard the Board members in performing their responsibilities on behalf of the Group for the benefit of the Company and its stakeholders.
- 2.4 The guiding principles of this Board Charter include the following:-
- (i) Companies Act 2016 (“the Act”);
 - (ii) The Company’s Constitution;

- (iii) Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”);
- (iv) Malaysian Code on Corporate Governance (“MCCG”); and
- (v) Any other applicable laws or regulatory requirements.

In the event of a conflict between the Constitution and this Board Charter, the provisions of the former shall have precedence subject to compliance with the legislation and regulatory requirements.

3. COMPOSITION OF THE BOARD

- 3.1 The Board shall consist of suitably qualified individuals with diverse professional background, set of skills, experience and knowledge necessary to govern the Company. The Board acknowledges the benefits of more balanced gender diversity in the Board composition. The Board through the NRC shall review the size and composition of the Board and Board Committees from time to time, to determine the impact of the Board’s effectiveness and to ensure the Board is periodically refreshed.
- 3.2 Pursuant to the Constitution, the number of Directors must not be less than two (2) (excluding Alternate Director) nor more than nine (9).
- 3.3 In accordance with the MMLR of Bursa Securities, the Company must ensure that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Non-Executive Directors and at least one (1) Director is a woman. If the number of Directors is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used.
- 3.4 In the event of any vacancy in the Board, resulting in non-compliance with Clause 3.3 above, the Company must fill the vacancy within three (3) months.
- 3.5 The Chairman of the Board shall not be a member of the Audit Committee (“AC”) and Nomination and Remuneration Committee (“NRC”).
- 3.6 The Board intends to pursue the target of 30% women Directors in line with Practice 5.9 of the MCCG.

4. BOARD INDEPENDENCE

- 4.1 An Independent Director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. Without limiting the generality of the foregoing, an Independent Director is one who:-

- (a) is not, and has not been within the last three (3) years, an officer of the Company or any related corporation of the Company (each corporation is referred to as “said Corporation”). For this purpose, “officer” has the meaning given in Section 2 of the Act but excludes a Director who has served as an Independent Director in any one or more of the said Corporation for a cumulative period of less than twelve (12) years;
- (b) is not a major shareholder of the said Corporation;
- (c) is not a family member of any Executive Director, officer or major shareholder of the said Corporation;
- (d) is not acting as a nominee or representative of any Executive Director or major shareholder of the said Corporation;
- (e) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities, or is not presently a partner, Director (except as an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities;
- (f) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities, or is not presently a partner, Director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities; or
- (g) has not served as an Independent Director in any one or more of the said Corporations for a cumulative period of more than twelve (12) years from the date of his first appointment as an Independent Director.

4.2 The roles of the Independent Non-Executive Directors are essential in bringing independent judgement and ensuring all issues proposed by the Executive Directors are fully discussed and examined to take into account the long-term interests, not only of the shareholders, but also other stakeholders such as the employees and business associates.

4.3 The Board shall identify a Senior Independent Director who shall attend to queries and concerns raised by shareholders pertaining to the Group as well as act as an intermediary for other Directors when necessary.

5. APPOINTMENT OF DIRECTORS

5.1 Appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the NRC.

5.2 In making its recommendation, the NC shall conduct the fit and proper assessment and consider the character, experience, competence, integrity and time of the candidates, as well as the following factors:-

- skills, knowledge and expertise;
- age and gender;
- professionalism;
- culture background and diversity;
- commitment;
- contribution and performance; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

5.3 New Directors are expected to have such expertise as to qualify them to make a positive contribution to the Board performance of its duties. New Directors are required to commit sufficient time to attend the Company's meetings or matters before accepting his/her appointment to the Board.

5.4 The Board does not solely rely on recommendations from existing Board members, management or major shareholders for identifying candidates for appointment of Directors. The Board will utilise independent sources to identify suitably qualified candidates.

5.5 No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an "active politician" if he/she is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council or division level in a political party.

6. TENURE OF DIRECTORS

6.1 Pursuant to the Company's Constitution, one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election at every Annual General Meeting ("AGM"), provided always that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

6.2 All new Directors appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM at which he/she will retire and eligible for re-election pursuant to the Company's Constitution.

- 6.3 The Board with the assistance of the NRC, will assess the Directors' standing for re-election. The re-election of a Director shall be subject to satisfactory evaluation of the Director's performance and contribution to the Board as well as the conduct of fit and proper assessment.
- 6.4 The tenure of an Independent Non-Executive Director shall not exceed a term limit of nine (9) years. Upon completion of nine (9) years, an Independent Non-Executive Director, may continue to serve on Board as a Non-Independent Non-Executive Director. If the Board intends to retain an Independent Non-Executive Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

7. BOARD PERFORMANCE

- 7.1 The performance of Directors is measured by the Directors' contribution and commitment to both Board and the Company. This shall include the review of the performance of the Directors and Senior Management in addressing the Company's material sustainability risks and opportunities.
- 7.2 The Board with the assistance of the NRC, conduct a formal annual assessment on its Board, Board committees and each individual Directors to determine the effectiveness of the individual Directors, the Board as a whole and ensure the Directors are suitable to continue to serve the Group. Reference shall be made to the Terms of Reference of the NRC.
- 7.3 The Board shall assess the independence of the Independent Directors from time to time, by assessing their disclosed interests based on criteria under the MMLR of Bursa Securities.

8. DIRECTORS' TIME COMMITMENT

- 8.1 A Director shall not hold more than five (5) directorships in public listed companies as prescribed by MMLR of Bursa Securities.
- 8.2 A Director may accept appointments to other boards, provided that such appointments do not result in any conflict of interests with the Group and does not detrimentally affect the Director's performance as a Board member. The Director shall notify the Chairman of the Board before accepting any new directorship in other public listed company and notification shall provide an indication of time that will be spent on the new appointment.

9. Fit and Proper Policy

- 9.1 The Board has established a Directors' Fit and Proper Policy for the appointment and re-election of Directors of the Group, to ensure that the Directors have the necessary quality, competencies and integrity to discharge their roles effectively.
- 9.2 In conducting the fit and proper assessment, the Board through its NRC shall consider the following criteria as outlined in the Policy:
- (a) Character and Integrity;
 - (b) Experience and Competence; and
 - (c) Time and Commitment.
- 9.3 Any candidate who has been identified for appointment as a Director or for re-appointment/re-election as a Director of the Company shall be required to make a declaration in the Directors' Declaration of Fit and Proper Assessment Form as prescribed by the NRC.
- 9.4 The Fit and Proper Policy is made available on the Company's website at www.lsk.com.my.

10. ROLES AND RESPONSIBILITIES

10.1 The Board

- (1) A Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Company and shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.
- (2) In order to ensure effective discharge of the Board's functions, the Board assumes, amongst others, the following roles and responsibilities:-
 - (a) together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.
 - (b) review and set a strategic plan for the Group to ensure that the strategic plans for the Group support long-term value creation and includes strategies on economic, environment and social considerations underpinning sustainability.
 - (c) review, challenge and decide on Management's proposals for the Group, and monitor its implementation by Management.

- (d) oversee the conduct of the Group's business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business of the Group.
- (e) identify the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the shareholders.
- (f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks.
- (g) ensure there is a sound risk management and internal control framework to safeguard the Group's assets.
- (h) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
- (i) review the information and risk management and internal control system and the effectiveness of Management.
- (j) ensure Senior Management has the necessary skills and experience and there are measures for orderly succession planning for the Company's Board of Directors and Senior Management which are review on an annual basis, and to ensure that there are appropriate policies for training, appointment and performance monitoring of Senior Management.
- (k) review, adopt and monitor the annual budget for the Group with regular revision on forecast taking into account the changes in the economic, legal, social and general business environments.
- (l) review and approve the Group's financial statements and other reporting prepared in accordance to the prevailing accounting standards as well as MMLR of Bursa Securities and ensure the integrity of the Group's financial and non-financial reporting.
- (m) constant review of various key performance ratios and embedded the performance link compensation plan in an Executive Directors Incentive Scheme for the Executive Directors, with key performance indicators including profitability, return on shareholders fund and gearing ratio target to encourage prudent financial management without involving excessive gearing.
- (n) carry out periodic review of the Code of Conducts and Ethics of the Group as follows:-
 - (i) Practise the Group's Motto "EIIIE" which stands for "Efficient, Improve, Integrity and Effective"
 - (ii) Compliance to all applicable laws, rules and regulations:-
 - (aa) Constantly be aware of all applicable laws, rules and regulations for lawful Company's business operations.

- (bb) The major laws, rules and regulations including, inter alia, the Income Tax Act, Labour Law, MMLR and the Goods and Services Tax Act.
 - (iii) Promote sustainability on environment, community and working environment by communicating the Social Responsibility Philosophy to the Group's employees.
 - (iv) Cultivate an environment of high integrity by having a Whistle Blowing Policy to complement the internal audit procedures to assist the Board in deterring and early detection of fraud.
 - (o) ensure the Company has in place procedures to enable effective communication with stakeholders; and
 - (p) establish authorisation limit which defines relevant matters and applicable limits for Chairman and Managing Director.
- (3) The Board reserves a formal schedule of matters for the Board's deliberation and approval. This includes, amongst others, the following matters:-
- (a) Strategic issues and planning, including sustainability;
 - (b) Budget and performance reviews;
 - (c) Quarterly financial results and audited financial statements;
 - (d) Dividend policy or declaration of dividends;
 - (e) Capital expenditures;
 - (f) Material borrowings;
 - (g) Treasury policies;
 - (h) Key human resources issues;
 - (i) Material acquisitions and disposals of undertakings and properties;
 - (j) Proposed appointment of external auditors and their audit fees;
 - (k) Related party transactions ("RPT"), recurrent RPT and conflict of interest and any other transaction, procedures or course of conduct that raises question on management integrity and any recommendations relating thereto as set out in Section B(18) of the Terms of Reference of AC; and
 - (l) New venture.

10.2 The Executive Chairman

- (1) The Group seeks to have a clear division of responsibilities between running the Board and the Group's operational business. The positions of Chairman ("Executive Chairman") and Managing Director are separated and clearly defined.
- (2) The Executive Chairman shall be responsible for the following:-

- (i) Leading the Board in setting its value, ethical standards, establish and monitoring good corporate governance practices in the Group;
 - (ii) Developing corporate strategies;
 - (iii) Leading Board discussion, encourage active participation and allowing dissenting views to be freely expressed;
 - (iv) Setting the Board agenda with the assistance of the Company Secretary and ensuring all Board members receive complete and accurate information in a timely manner and all relevant issues for the effective running of the Company's business are on the agenda;
 - (v) Provide leadership for the Board to ensure the Board perform its responsibilities effectively in compliance with Board Charter;
 - (vi) Attaining long-term growth objectives of the Group;
 - (vii) Ensure timely dissemination of Board papers to the Board members;
 - (viii) Managing the interfere between Board and Senior Management;
 - (ix) Ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group;
 - (x) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
 - (xi) Presiding over the Board and general meetings of the Company.
- (3) The Executive Chairman shall allow every board resolution to be voted on and ensure the will of the majority prevails. In determining policies matters, he should ensure that the following are carried out:-
- (i) all Directors are properly briefed on issues arising at Board meetings; and
 - (ii) there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arrange informal meetings beforehand to enable thorough preparations.

10.3 Group Managing Director ("MD")

- (1) The Board has delegated to the Group MD, the authority to manage the day-to-day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those matters that are reserved for the Board in this Board Charter.
- (2) The Group MD has the authority to sub-delegate such authority and power to Senior Management as he or she may determine from time to time for the effective management and performance of the Group.
- (3) The role and responsibilities of the MD are:-

- (a) Formulate strategic business plan, annual operating plan and annual budget to ensure long-term viability and sustainability for the Group.
- (b) Manage the day-to-day operations and businesses of the Group.
- (c) Implement the policies, corporate strategies and decisions approved by the Board.
- (d) Monitor the performance of the Group against the performance and sustainability targets and reporting to the Board.
- (e) Provide strong leadership to employees of the Group.

- (f) Drive strategic management of material sustainability matters.
- (g) Assess business opportunities which are of potential benefit to the Group.
- (h) Assess the principal risks of the Group and ensuring that these risks are being monitored and managed.
- (i) Report material and relevant matters to the Board timely and accurately.
- (j) To create long-term sustainable value for stakeholders of the Group.
- (k) Grow the Group both organically and through merger and acquisition in related fields.
- (l) Manage the operations of the Group with financial prudence and to work within the target gearing level.
- (m) Communicate effectively with shareholders, employees, Government authorities, other stakeholders and public.
- (n) Keep the Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.
- (o) Ensure effective internal controls and legal compliance and governance measures are deployed.
- (p) Act within specific authorities delegated by the Board and ensure the limits of authority accorded by the Board are observed.

10.4 Executive Directors and Non-Executive Directors

- (1) The Executive Directors are the Senior Management of the Company who involved in the day-to-day management of the Group.
- (2) Executive Directors assist the Board in decision-making process through their technical expertise and knowledge of the business and its industry.
- (3) Executive Directors, with the help of Management, assist the Board in facilitating the orientation of new Directors and Director training and development.
- (4) Non-Executive Directors is a member of the Board who is not an employee of the Company. Non-Executive Directors can be classified as:-

- those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their permitted shareholdings in the Company;
 - those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have a pecuniary interest in the Company, whether direct or indirect; or
 - those who are not employees of the Company but are standing as nominees for substantial shareholders.
- (5) Non-Executive Directors need to be sound in judgement and to have an inquiring mind.
- (6) Non-Executive Directors should question intelligently, debate constructively, challenge rigorously and decide dispassionately.
- (7) Non-Executive Directors may act as a bridge between Management, shareholders and other stakeholders. They should provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
- (8) The responsibilities of Non-Executive Directors are, amongst others, as follows:-
- (a) advising and directing Management in the development and evaluation of strategy;
 - (b) scrutinising the performance of Management in meeting agreed goals and objectives and monitoring the reporting of performance;
 - (c) satisfying themselves that the financial information presented is accurate; and
 - (d) reviewing the risk management and internal control systems to ensure that they are robust and defensible.

10.5 Independent Non-Executive Directors

- (1) The roles of an Independent Non-Executive Director, amongst others, are as follows:-
- (a) provide objective and independent judgement on issues;
 - (b) to ensure that the interests of the Company, shareholders and stakeholders are well taken into account;
 - (c) mitigate any potential conflict of interest that may arise in the governance of the Group;

- (d) monitor the areas of discussion, notably those where potential conflicts of interest may arise; and
 - (e) provide a check and balance to the Board.
- (2) An Independent Director must immediately disclose to the Board in the event of any change in his/her circumstances that may affect his/her objectivity and/or status as an Independent Director. In such case, the Board must review the Director's designation as an Independent Director.

10.6 Senior Independent Non-Executive Directors

The Board may appoint a Senior Independent Non-Executive Director. The Senior Independent Non-Executive Director shall:-

- (a) act a sounding board for the Executive Chairman;
- (b) act as an intermediary for other Directors when necessary; and
- (c) be the point of contact for shareholders and other stakeholders.

10.7 Senior Management

Senior Management's role and responsibilities include the following:-

- (a) together with the Group MD and Executive Director, formulate the corporate strategy for the Board's approval. Once approved, implement it accordingly;
- (b) assume day-to-day responsibility for the Company's conformance with relevant laws and regulations and its compliance framework;
- (c) achieve the performance targets set by the Board;
- (d) formulate, implement and update the Group's standard operating policies and procedures;
- (e) be alert to relevant trends in the Group's industries and operating environment;
- (f) drive strategic management of material sustainability matters;
- (g) develop, implement and manage the Group's risk management and internal control frameworks; and
- (h) provide accurate, timely and clear information to the Board to enable the Board to effectively perform its responsibilities.

11. BOARD COMMITTEES

11.1 The Board has established the following Board Committees to assist in carrying out its duties and responsibilities:-

- (1) AC; and
- (2) NRC.

- 11.2 The Board Committees operate under their owned defined Terms of Reference and are authorised by the Board to deal with and deliberate on matters delegated to them within their Terms of Reference.
- 11.3 The Chairman of the respective Board Committee shall reports to the Board on the outcome of the Board Committee meetings and update the Board on significant issues and concerns discussed and where appropriate, make the necessary recommendation to the Board.
- 11.4 Apart from the above Board Committees, the Board may from time to time establish other Board Committees to assist the Board in discharging its responsibilities more effectively.
- 11.5 The Board is collectively responsible for any decision taken by any Board Committee. A Board Committee may only perform the tasks delegated to it by the Board and should not exceed the authority conferred on it by the Board. Decisions which by law should be made by the Board shall not be delegated to a Board Committee.

12. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

- 12.1 The Board recognises the importance of attracting, motivating and retaining highly qualified members of the Board is essential for steering the Company towards the realisation of its business objectives and strategic goals.
- 12.2 The Company set remuneration for Directors and Senior Management at levels to ensure that the Company attract and retain high calibre Executive Directors and Senior Management for long-term sustainable operation of the Group. Various parameters including skills, years of relevant experience, function, workload, and responsibilities involved are taken into consideration.
- 12.3 The NRC is tasked by the Board to evaluate and assess the remuneration of Directors and Senior Management on a yearly basis and make the appropriate recommendations to the Board on the remuneration framework and packages of Directors and Senior Management.
- 12.4 The Board has established a formal and transparent process for approving the remuneration of Directors, whereby the NRC is responsible for reviewing the remuneration policy and making recommendations on the same to the Board for approval. In its review, the NRC considers various factors including fiduciary duties, time commitments expected of them and the Company's performance.
- 12.5 The Company has established an Executive Director Incentive Scheme ("EDIS") to reward the Executive Directors based objectively on the Group's annual performance. Various Key Performance Indicators ("KPI") including profit before tax, return on

shareholders' fund and gearing level of the Group are assessed to arrive at the annual performance incentive. The KPI are selected to encourage improved performance of the Group based on efficient use of the shareholders' fund prudently and without incurring excessive borrowings which may increase default risks.

- 12.6 The Company has adopted an Executive Director Car Benefits Policy as part of the Remuneration Policy on February 2017. The Remuneration Policy was reviewed by the NRC before recommended the same to the Board for approval.
- 12.7 In the case of Non-Executive Directors, the determination of their remuneration is a matter for the Board as a whole and the level of remuneration reflect the contribution and level of responsibilities undertaken by the respective Non-Executive Directors.
- 12.8 The fees and benefits payable to the Directors shall be subjected to the shareholders' approval at a general meeting of the Company.
- 12.9 The Directors' Remuneration will be reviewed by the NRC on an annual basis for the approval of the Board prior recommending the same for the shareholders' approval at the general meeting of the Company.
- 12.10 The Directors, whether executive or non-executive, shall abstain from deliberation and voting on their own remuneration.
- 12.11 Directors who are shareholders and controlling shareholder with a nominee or connected Director on the Board shall abstain from voting on the resolution to approve Directors' fee and benefit at the general meetings.
- 12.12 The remuneration of all Directors will be disclosed in the Annual Report of the Company in accordance with MMLR of Bursa Securities.

13. BOARD MEETINGS

- 13.1 The proceedings of the Board meetings shall be in accordance with the Constitution of the Company.
- 13.2 The Board shall convene at least five (5) scheduled meetings on a quarterly basis in each financial year, with additional meetings to be convened when necessary. The timetable for the meetings for the year shall be prepared in advance and distributed to all Directors.
- 13.3 The notice of a Directors' meeting, detailed agenda and the supporting Board papers shall be given to all Directors at least five (5) business days prior to the Board meetings to allow all Board members to have sufficient time to read and review the documents before the meetings.

- 13.4 The Executive Chairman, together with Management and the Company Secretary, shall undertake the primary responsibility for preparing the agenda for the Board meetings. The agenda shall include amongst others, matters specifically reserved for the Board's decision, high-priority strategic issues and where required, operational issues. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.
- 13.5 Management is responsible for providing the Board with the required information in an appropriate and timely manner. Each Director will, prior to attending the meetings, review all materials provided by the Company relating to matters to be considered at the meetings.
- 13.6 The quorum for a meeting of the Board shall be two (2) Directors. Only Board members shall be eligible to vote at a Board meeting. Board member shall abstain from voting on matters where he has an interest.
- 13.7 In the absence of the Chairman, the members present shall elect a Chairman from amongst themselves to chair the meeting. The Chairman encourages constructive and healthy debate and allows the Directors to freely express their views or share information with their peers in the course of deliberation as a participation Board.
- 13.8 All Directors must meet the minimum 50% attendance requirement imposed by the MMLR of Bursa Securities. Senior Management who are not Directors may be invited to attend and speak at Board meetings on certain matters relating to their areas of responsibility. The Board may also invite external parties such as auditors, solicitors, consultants and advisers to attend as and when the need arises. The Board may appoint and consult any external advisors or third party service providers in respect of any matter before the Board.
- 13.9 Board members should ensure that minutes of Board meetings accurately reflect the proceeding of the meeting, pertinent issues, inquiries or responses, deliberations and decisions of the Board, including whether any Director abstain from voting or deliberating on a particular manner.
- 13.10 Minutes of meeting shall be circulated to all members of the Board in a timely manner. The minutes of proceedings and resolutions of meetings of the Directors and any written resolutions passed by the Directors, shall be kept at the Registered Office or other office which authorised by the Board as soon as practicable after the meeting is held or the resolution passed and be made available for inspection by any Directors during office hour.
- 13.11 Where there are Executive Directors on the Board, the Non-Executive Directors are encouraged to meet among themselves at least annually to discuss among others strategic, governance and operational issues.

13.12 The Chairman shall ensure that Board Committee meetings are not combined with the main Board meeting as to enable objective and independent discussion during the meetings.

14. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

14.1 All Directors shall have unrestricted access to Management to any information pertaining to the Group, including access to the advice and services of the Company's auditors, consultants, Company Secretary which is relevant to the furtherance of their duties and responsibilities as Directors of the Company at the expense of the Company.

14.2 All Board members are entitled to seek and obtain independent professional advice which deem relevant and necessary in discharging their duties as Directors of the Company at the expense of the Company, in order to make independent and informed decisions for the overall benefit of the Company.

14.3 In such circumstances, the Director shall first discuss it with the Chairman and provide the request to seek professional independent advice for the Board's consideration and approval. It must be noted that such a restriction is not applicable to the Executive Director who is acting in his or her capacity of the furtherance of his/her executive responsibilities and within his/her delegate powers.

15. COMPANY SECRETARY

15.1 The Board is supported by a suitably qualified and competent Company Secretary who plays an important role to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices and advise the Board on compliance with provisions of MMLR of the Bursa Securities, the Act and other relevant laws and regulations.

15.2 The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole.

15.3 The responsibilities of the Company Secretary are, amongst others, the following:-

- (1) advising the Board on its roles and responsibilities;
- (2) advising the Board on corporate disclosures and compliance with the Act and MMLR of Bursa Securities;
- (3) ensuring that Board procedures and applicable rules are observed during meetings;
- (4) attending and recording minutes of the Board and Board Committee meetings and facilitating communications;
- (5) maintaining records of the Board and Board Committees and ensuring effective management of the Company's statutory records;

- (6) monitoring corporate governance developments and assisting the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations;
- (7) manage processes pertaining to the AGMs and general meetings; and
- (8) carrying out other functions as may be directed by the Board from time to time.

16. DIRECTORS' INDUCTION AND TRAINING

- 16.1 A newly appointed Director is required to undergo the Mandatory Accreditation Programme within four (4) months of being appointed as required under MMLR of Bursa Securities, if he/she is appointed for the first time as Director of a listed issuer.
- 16.2 Each newly appointed Director is expected to participate in an induction program on appointment and undertake ongoing education and training to maintain the skills and knowledge required to perform his/her role effectively.
- 16.3 All Directors shall continue to attend relevant training, courses or seminars at periodic intervals to keep themselves abreast with the development pertaining to the oversight function of Directors as well as updates on technical matters, to enable the Directors to discharge their duties effectively and sustain active participation in the Board deliberation.
- 16.4 The Board, with assistance from the NRC, shall identify the training needs and suitable training programmes for Directors. The summary of training programmes attended by the Directors in each financial year will be disclosed in the Annual Report.

17. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

- 17.1 The Board recognises and values the importance of an effective and clear communications between the Board, stakeholders, institutional investors and the investing public at large, both in Malaysia and internationally, with the objective of providing a clear and complete picture of the Group's performance and position as much as possible.
- 17.2 The Board communication and interact regularly via different platform such as:-
 - (1) timely release of announcements to Bursa Securities, which include quarterly financial results, material contracts awarded and any other material information that may affect investors' investment decision;
 - (2) conducts regular dialogues with financial analysts as a means of effective communication, which enables the Board and Management to convey information relating to the Group's performance, corporate strategy and other matters affecting shareholders' interests;

- (3) press conference which is normally held after the AGM/general meeting to provide the media an opportunity to receive updates from the Board on the proceedings at the meetings and to address any queries from the media;
- (4) encourage full participation of shareholders at the AGM to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company shall invite the external auditors to attend the AGM and be available to answer to shareholders' questions about the conduct of the audit and the preparation of the auditor's report; and
- (5) shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website at www.lsk.com.my.

17.3 The AGM and Extraordinary General Meeting (collectively "General Meetings") of the Company, are the principal forum for dialogue with shareholders for effective communications with the Company. The General Meetings are conducted in an efficient manner and serve as important channel for shareholder communications. The key element for this include the supply of comprehensive and timely information to shareholders and the encouragement of active participation of shareholders at the General Meetings.

17.4 The Board will focus its effort on the following best practices to enhance the effectiveness of the General Meetings:-

- (1) ensure the notice of AGM is given at least twenty-eight (28) days before the date of the AGM;
- (2) all Directors are to attend the General Meetings;
- (3) ensure that each item of special business included in the notice of AGM is accompanied by a full explanation of the effects of the proposed resolution;
- (4) ensure that the notice of AGM states which Directors are standing for election or appointment, with a brief description on their age, relevant experience, designation in the Company, list of directorships, date of appointment to the Board, membership in any Board Committees, details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole and whether the Board is in support of the re-election or appointment and the reasons;
- (5) ensure that the Chairman of the General Meetings provides reasonable time for discussion at the General Meetings;
- (6) ensure that General Meetings support meaningful engagement between the Board, Senior Management and shareholders;

- (7) ensure that the resolutions set out in the notice of General Meetings are voted by poll;
- (8) ensure that at least one (1) scrutineer is appointed to validate the votes cast at the General Meetings. Such scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process;
- (9) ensure that there is a channel of communication for feedback and queries from shareholders; and
- (10) ensure minutes of the General Meetings will be circulated to shareholders or uploaded onto the Company's website no later than thirty (30) business days after the General Meetings.

18. CODE OF CONDUCT AND ETHICS

The Group is committed to the highest standards in the conduct of its businesses and operations. To this end, the Board has established the Code of Conducts and Ethics which applies to and provides guidance on the standards of behaviour expected of all Directors and employees the Group. The Code of Conducts and Ethics is made available for reference on the Company's website at www.lsk.com.my.

19. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- 19.1 The Group's Environmental, Social and Governance ("ESG") philosophy covers both the social and the environmental aspects amidst our business strategy for long-term sustainable and balanced growth.
- 19.2 The Board recognises the need for strategies and plans to promote and contribute towards sustainable development with particular focus ESG aspect of business.
- 19.3 The Group emphasises ESG on the following key areas:-

- (1) Environment

The Group's latex plant produces 100% natural latex foam that is using renewable rubber tree resources as our core materials. The Group uses the environmental friendly Dunlop process that minimises the release of carbon-dioxide gas into the atmosphere. The Group also practise a system of minimising harmful waste discharge by having a waste water treatment plant. The advanced machinery using Far-infra red moisture extraction technology helps to conserve energy consumption in our drying process.

(2) Community

The Group acknowledges its social responsibilities to the community. The Group's products are produced or managed to the highest standards in quality control. The Group uses food grade purified water in the washing of its natural latex product and every piece of latex are subject to vigorous tensile test to ensure top quality products are produced.

The Group has from time to time donated mattresses and pillows for charitable organisations.

(3) Working environment

The Group strives to provide conducive working environment for both administrative and production workers. Staffs are sent for external training to better equip them of relevant skills and knowledge of work. All employees are covered by insurance and their welfare is closely monitored to avoid any violation of Labour law.

20. CONFLICT OF INTEREST

A Director shall at all times avoid conflicts of interest and shall as soon as practicable after the relevant facts have come to his/her knowledge, declare the nature of his/her interest at a meeting of the Directors of the Company. Every Director shall give notice to the Company of such events and matters relating to him/her as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

21. CONFIDENTIALITY AND DISCLOSURES OF INTEREST

21.1 The Directors are required to act in the best interest of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

21.2 All information and documentation received by the Board from the Company shall be treated as confidential, unless otherwise expressly decided by the Board. All Board members are responsible for ensuring that any material received is properly protected and remains confidential. If any information is to be provided to third parties, this shall be decided by the Group MD.

21.3 A Director should disclose to the Board:-

- (1) any material personal interest they have in a matter which relates to the affairs of the Company; and

- (2) any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

22. DEALINGS IN SECURITIES

A Director must not deal in the Company's securities when he is in possession of price sensitive information. All Directors must also comply with the disclosure requirements as prescribed under Chapter 14 of the MMLR of Bursa Securities when dealing in the Company's securities.

23. WHISTLE BLOWING POLICIES AND PROCEDURES

- 23.1 The Board is committed to ensure that its business and operations are conducted in an ethical, honesty and integrity manner. To achieve this purpose, the Board has established a Whistle Blowing Policies.
- 23.2 The objective of this policy is to provide an avenue for employees and other stakeholders to report genuine concerns in relation to breach of a legal obligation, miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these issues in the workplace, without the risk of reprisal, separation, demotion, suspension or loss of benefits because of the report.
- 23.3 The Whistle Blowing Policies is made available for reference on the Company's website at www.lsk.com.my.

24. ANTI CORRUPTION AND BRIBERY POLICY

- 24.1 The Group is committed to conduct its business in an ethical and honest manner, and to implement and enforce a system that ensure corrupt gratification is prevented. The Group has adopted a zero-tolerance approach against all forms of bribery and corrupt gratification and its associated activities.
- 24.2 The Board and top-level management are committed to acting professionally, fairly and with integrity in all of the Group's business, in whichever country we operate.
- 24.3 The Anti Corruption and Bribery Policy sets out the responsibilities of the Group and those who work for the Group on the requirements to observe and uphold the Group's zero-tolerance position on "Bribery and Corruption".

24.4 The Anti Corruption and Bribery Policy is made available for reference in the Company's website at www.lsk.com.my.

25. REVIEW OF THE BOARD CHARTER

25.1 The Board shall periodically review this Board Charter in accordance with the needs of the Company to ensure it remains consistent with the Board's objectives and responsibilities and continued compliance with legal requirements and corporate governance requirements applicable to companies listed on the Bursa Securities and the Company's Constitution.

25.2 The Board Charter was reviewed and approved by the Board on 21 February 2023 and is to be made available on the Company's website at www.lsk.com.my.
