

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5284
COMPANY NAME : LOTTE CHEMICAL TITAN HOLDING BERHAD
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board collectively leads the Group, promoting its long-term success and delivering sustainable value to its stakeholders. The Board sets the Company's values and standards that align with the Company's strategic objectives and the desired business culture, provides effective oversight of the business and manages the key risks facing the Group. The Board also sets the appropriate tone at the top and advocates the adoption of good governance and ethical practices throughout the Group.</p> <p>The governance framework outlining the Board Oversight, Engagement, Delegated Authority and Accountability is illustrated on page 100 of the Corporate Governance Overview Statement.</p> <p>As a Board, we foster a strong ethical environment in dealing with our stakeholders and draw on policies and processes that have been put in place that reflect our ethical values and our approach to doing business. A summary of the key areas under the Business Ethics & Code of Conduct ("BECOC"), Whistleblowing Policy, Anti-Bribery & Anti-Corruption Manual and Conflict of Interest are contained in page 98 of the 2024 Integrated Annual Report. The full BECOC, Whistleblowing Policy and Anti-Bribery & Anti-Corruption Manual are accessible on the Company's website at http://www.lottechem.my/company/gov-4.asp.</p> <p>In discharging its duties and roles effectively, the Board is also guided by the Company's Constitution, Board Charter and Terms of Reference of the Board Committees. The Board Charter and Terms of Reference of the Board Committees are accessible on the Company's website at http://www.lottechem.my/company/gov.asp.</p> <p>Set out below is how the Board has effectively carried out their role in 2024:-</p>

Key Focus Areas of our Board in 2024	
Strategy	<ul style="list-style-type: none"> ❖ Reviewed annual budget to align with the Group's vision and strategy. ❖ Reviewed the variance analysis of operating profit, comparing budgeted to actual results. ❖ Reviewed the cash flow projections. ❖ Reviewed the 2024 Plants Turnaround activities. ❖ Monitored the progress of the LOTTE Chemical Indonesia New Ethylene ("LINE") Project in Indonesia and LINE Project financing. ❖ Reviewed the Business sustainability and ESG strategy. ❖ Reviewed the Investor Relations/ Public Relations Strategy.
Financial, Risk Management and Monitoring Performance	<ul style="list-style-type: none"> ❖ Quarterly results review. ❖ Reviewed the proposal for change of auditors. ❖ Group's operational efficiency monitoring. ❖ Reviewed the corporate finance matters. ❖ Reviewed the Sustainability Working Group ("SWG") Report incorporating the Materiality Assessment Approach, Materiality matrix, Key Sustainability Initiatives. ❖ Quarterly review of the risk management and internal control of the Group including post-incident reviews and action plans, and ensuring clear accountability to close out relevant issues. ❖ Quarterly review of related/recurrent related party disclosures.
Governance, Compliance and Leadership	<ul style="list-style-type: none"> ❖ Reviewed and renewed the Directors and Officers Liability Insurance Policy. ❖ Reviewed the Shariah Compliance status. ❖ Monitored public shareholding spread compliance. ❖ Reviewed the quarterly updates on compliance with law and regulations for the respective business divisions. ❖ Quarterly review of declaration in relation to the BECOC, ABAC, COI and Whistleblowing policy.

	Focus for 2025:-	
	❖ We are committed to continue upholding strong corporate governance with the aim of creating long-term shareholder value.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Tan Sri Dato' Abdul Rahman Mamat who is an Independent and Non-Executive Director.</p> <p>The role of the Chairman is to lead and manage the business of the Board, to provide direction and focus, whilst ensuring there is a clear structure for the effective operation of the Board and its Committees.</p> <p>The Chairman encourages healthy debates on issues brought to the Board. Board members are given an opportunity to explain their point of view to which the others listen and respond.</p> <p>The Chairman of the Board and the Chairman of Board Committees communicate regularly with the Management and other Board Committee Members.</p> <p>The Chairman's responsibilities include the following:-</p> <ul style="list-style-type: none">➤ Provides leadership to the Board➤ Leads Board meetings and discussions and encourages active participation from all Board members➤ Manages the interface between Board and Management➤ Ensures the Group maintains effective communication with stakeholders➤ Leads the Board in establishing and upholding good corporate governance practices within the Group
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>The requirement for the roles of the Chairman and President & CEO to be held by two (2) separate individuals as well as a clear division of responsibilities are set out in the Board Charter. The demarcation of functions allows an objective review and ensures accountability by Management for meeting strategic objectives.</p> <p>Our Chairman, Tan Sri Dato’ Abdul Rahman Mamat is primarily responsible for the stewardship and smooth functioning of the Board.</p> <p>Mr Jang Seon Pyo is our President & CEO. He is responsible for leading the day-to-day operations and implementing the Group’s policies and strategic decisions of the Board. Mr Jang is assisted by his key Management team in managing the day-to-day business of the Company, which he consults regularly.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	Our Company has adopted the MCCG's recommendation on Practice 1.4, wherein our Chairman, Tan Sri Dato' Abdul Rahman Mamat is not a member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported in its governance role by qualified Company Secretaries. The Company Secretaries assist the Board in providing support on laws and regulations governing board processes. The Company Secretaries also provide regular updates on changes in laws, regulations or practices that impact board governance.</p> <p>The Company Secretaries keep abreast of developments of corporate governance practices and relevant laws by attending training, seminars and talks to enhance their knowledge and skills.</p> <p>Directors have direct access to the advice and service of the Company Secretaries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>An annual tentative calendar was circulated in July 2024 and tabled to the Board for the scheduling of the Board or Board Committees meetings and Annual General Meeting for the forthcoming year.</p> <p>Board papers contain sufficient detail to assist the Board in arriving at informed decisions. Board and Board Committees papers are furnished to the Directors and Board Committees at least five (5) business days before a meeting unless in unavoidable circumstances. Deliberations of the Board and Board Committees are recorded in an adequate and timely manner and contain key points discussed at the meetings. Declarations of conflict of interest are duly recorded and requirements from abstention on voting where relevant are duly adhered to.</p> <p>Management and relevant external consultants are present to brief the Board and answer any queries raised at the meetings.</p> <p>Management also reports regularly to the Board on any new developments where necessary to keep the Board abreast of the operations. Directors are entitled to request additional information at any time they consider it appropriate and an open dialogue between individual Directors, the President & CEO and Management is encouraged.</p> <p>Minutes of discussions and deliberations at Board and Board Committees meetings are documented and tabled at the following Board Committees or Board Meeting for confirmation to ensure that they accurately reflect the discussions of the meeting. Decisions and recommendations arrived at during the meetings are communicated to Management for appropriate action.</p> <p>Status of matters arising from the Board and Board Committees meetings are tabled at the subsequent meetings to ensure that they are duly acted upon.</p> <p>Use of circular resolutions are confined to administrative matters or is prepared as a follow up to matters already discussed at a meeting unless in unavoidable circumstances. Sufficient</p>

	information pertaining to the resolution is circulated together to assist the Board Committees or Board in arriving at a decision. Executive Management also brief the Directors, where required.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has in place a Board Charter which is accessible on the Company's website. The Board Charter demarcates the responsibilities between the Board, Board Committees, President & CEO, individual Directors and Company Secretary.</p> <p>The roles of the Chairman, President & CEO and Directors are set out in the Board Charter which is available on the Company's website.</p>	
		Chairman	The Chairman's responsibilities include providing leadership to the Board so that the Board can perform its responsibilities effectively, leading Board meetings and discussions, encouraging active participation, allowing dissenting views to be freely expressed, managing the interface between Board and Management, ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and leading the Board in establishing and monitoring good corporate governance practices in the Group.
		President & CEO	<p>The President & CEO is responsible for leading the day-to-day operations, implementing strategic decisions of the Board and Group's policies.</p> <p>The President & CEO is assisted by the key Management team in managing the day-to-day business of the Company, which he consults regularly.</p>

	Independent Non-Executive Directors	<p>The Independent Non-Executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.</p>
	Non-Independent Non-Executive Directors	<p>The Non-Independent Non-Executive Directors oversee the conduct of the Company's business and evaluate whether the business is properly managed. They keep abreast of issues relating to the Company between meetings and provide a balanced and professional view to the Board.</p>
	<p>Matters expressly reserved for the Board are set out in the Board Charter and include:-</p> <p>Board Structure</p> <ul style="list-style-type: none"> • Appointment and changes in Directors • Appointment and removal of Company Secretary(ies) • Establishment of Board Committees, their members and the specific terms of reference <p>Board Remuneration</p> <ul style="list-style-type: none"> • Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders • Approval of remuneration packages, including service contracts for Executive Directors <p>Company's Operation</p> <ul style="list-style-type: none"> • Review and approval of Company's strategic plan and annual budget (including capital expenditure budget) • Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority • Approval of investment or divestment in a company, business, property or undertaking • Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities • Approval of major changes in the activities of the Company • Approval of treasury policies and bank mandates of the Company • Approval of limits of authority for the Company and the Group 	

	<p>Financial</p> <ul style="list-style-type: none"> • Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad) • Approval of Directors' Report, Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report • Approval of distribution of interim/final dividends <p>Ethics</p> <ul style="list-style-type: none"> • Establishment and implementation of ethical policies, procedures and practices to build a strong corporate governance culture • Provide assurance to stakeholders of the Company's compliance with applicable laws and regulatory requirements on anti-corruption • Review of ABAC framework which includes clear policies and objectives that adequately address corruption risk together with a standalone Whistleblowing Policy <p>The Board Charter shall be reviewed annually or on an ad hoc basis by the Board.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to ensuring that all members of board, management and employees demonstrate a level of professionalism that reflects the Company's commitment to LCT's core values.</p> <p>The Company has in place a Business Ethics & Code of Conduct ("BECOC").</p> <p>The BECOC sets out the standards of behaviour which are expected of its directors and employees in their interactions with customers, suppliers, the community, shareholders and each other.</p> <p>The BECOC deals with many ethical issues, including the importance of:</p> <ul style="list-style-type: none">• A safe and harassment-free workplace;• A need to ensure compliance with laws at all times;• Professional integrity (including avoiding conflicts of interest);• Protection of the Group's reputation, assets, resources, information and records; and• No gift policy apart from several exceptions stated in the BECOC. <p>The BECOC is accessible on the Company's website at http://www.lottechem.my/company/gov-3.asp.</p> <p>Management oversees and monitors implementation and execution of the BECOC.</p> <p>All employees and Board members are required to adhere to a high standard of ethical conduct and to act in accordance with LCT's BECOC that also incorporates a whistleblowing process to address unethical or any illegal conduct.</p>

	<p>In compliance with the BECOC, the Company has adopted the Anti-Bribery & Anti-Corruption Manual where the Board has committed to a zero tolerance policy on corruption and compliance with all relevant laws. Comprehensive processes on anti-bribery & anti-corruption that is integrated into the compliance process have been put in place.</p> <p>Directors are required to declare their respective interest in the shares of the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned abstained from deliberating and voting in relation to related party transactions and at any meeting of members convened to consider the matter.</p> <p>The recurrent related party transactions entered into by the Group with its related parties in 2024 are set out in the Company's Integrated Annual Report 2024.</p> <p>In addition, affected directors also abstained from voting on matters with regard to their own remuneration.</p>	
Explanation for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure		
Timeframe		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy. The Whistleblowing Policy promotes and supports a culture of honest and ethical behaviour. The policy encourages reporting of suspected unethical, illegal, fraudulent or undesirable conduct, ensuring that anyone who makes a report can do so safely, securely and with confidence that they will be protected and supported.</p> <p>The Legal & Compliance team shall, on a quarterly basis, update the Audit Committee of the Group and/or Board on the number of disclosures received to date and nature of such disclosures, status of investigation, and other relevant updates.</p> <p>The Whistleblowing Policy is accessible on the Company's website at http://www.lottechem.my/company/gov-5.asp. This policy will be periodically reviewed to ensure it stays current and relevant.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board together with Management oversees sustainability related risks and opportunities including oversight of the initiatives and strategy.</p> <p>Our sustainability practice is led by the Sustainability Working Group ("SWG") comprising leaders from all business divisions. The SWG takes the lead in executing and overseeing ESG initiatives across the key pillars of SWG and operates within a well-defined reporting mechanism.</p> <p>The quarterly updates and progress reports are provided to the SWG Chairman. The Chairman, in turn, reviews the efforts and presents updates to the President & CEO.</p> <p>Quarterly reports are submitted to the Board to update them on the progress and monitoring of group-wide sustainability management. These reports ensure alignment with our overall business and adherence to our sustainability strategy. Additionally, we have integrated ESG initiatives into departmental Key Performance Indicators.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The key focus of LCT's ESG Initiatives are detailed below:-</p> <div><p>BUSINESS SUSTAINABILITY</p><div><div><p>ENVIRONMENTAL</p><ul style="list-style-type: none">• Carbon Policy Compliance• Carbon Management• Resource Management• Circular Economy</div><div><p>SOCIAL</p><ul style="list-style-type: none">• Safety and Health• Human Capital Development• Mutual Growth</div><div><p>GOVERNANCE</p><ul style="list-style-type: none">• Compliance and Corporate Governance• Risk Management</div></div><p>Further information on the strategic management of the sustainability matters and approach are outlined in Section 4 of the Company's 2024 Integrated Annual Report.</p></div>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board keeps abreast of sustainability issues that are relevant to the Company and its business.</p> <p>The Directors are proponents on sustainability and evaluate the sustainability risks and opportunities (including climate related) in decision making.</p> <p>Training sessions attended by Directors include topics on Sustainability and Climate Responsibility, the Role of Board in the Sustainability Era, Sustainability Framework Guide, MACC, Corporate Governance and Anti Money Laundering, Reputation and Crisis Management for Board , Board's Strategic Oversight and Stewardship in Sustainability, Anti Money Laundering and Counter Financing of Terrorism, Anti-Bribery Management System, Preventing Sexual Harassment and Improving Working Environment with the Disabled etc.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>ESG or Sustainability elements were included in the Board Evaluation questionnaire for 2024.</p> <p>Our Board keeps abreast of ESG and sustainable development. They enrich and enhance their understanding and knowledge surrounding emerging sustainability/ESG issues in the Company's relevant industry by attending various training and forums to drive ESG strategy and implementation in meeting the strategic objectives of the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Our President & CEO, Mr Jang Seon Pyo spearheads and is responsible for strategically managing the Group's sustainability, including the integration of sustainability considerations in the operations of the Group. Our President & CEO is assisted by the Sustainability Working Group ("SWG") encompassing all business divisions. The SWG's Chairman would report to the President & CEO on the efforts and status progress of the sustainability initiatives.</p> <p>The Board was provided with a quarterly update on the sustainability initiatives undertaken by the Group.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied			
Explanation on application of the practice	:	The table below details the length of service of the Independent Directors:-			
		Independent Directors	Date Of Listing	Date Of Appointment	Tenure (Years and Months)
		Tan Sri Dato' Abdul Rahman Mamat	11 July 2017	-	7 years 8 months
		Tan Sri Datuk (Dr.) Rafiah Binti Salim	11 July 2017	-	7 years 8 months
		Tan Sri Datin Paduka Siti Sa'diah Binti Sheikh Bakir	-	1 February 2019	6 years 1 month
		Ang Ah Leck	11 July 2017	-	7 years 8 months
		<p>The NRC reviewed the succession plan for Independent Directors and the process of identifying successors for key leadership roles.</p> <p>The Board is of the view that the tenure profile, represented by the length of service of each of its directors, is appropriately balanced such that Board succession is managed over the medium to long-term.</p> <p>Tan Sri Datin Paduka Siti Sa'diah Binti Sheikh Bakir and Park Jae Sun, who are retiring pursuant to Clause 100, and Jang Seon Pyo and Yu Seung Yong, who are retiring pursuant to Clause 107 of the Company's Constitution, have offered themselves for re-election at the Company's forthcoming Annual General Meeting. The details and profiles of the retiring Directors are set out in the Profile of Directors on pages 85, 88, 89 and 90 in the Company's 2024 Integrated Annual Report.</p> <p>The NRC had assessed each of the retiring Directors seeking re-</p>			

	<p>election. Based on the annual performance evaluation and assessment of the retiring Directors, the findings were as follows:-</p> <ul style="list-style-type: none"> i) The retiring Directors have met the criteria of the Company's fit and proper policy that allows them to effectively discharge their roles as directors of the Company. ii) The retiring Directors have demonstrated their time commitment and level of contribution to effectively discharge their roles as Directors and to act in the best interests of the Company. iii) The Directors provided fresh perspectives and valuable input during Board and Board Committees deliberations. iv) They are accomplished in their own fields and have the required competence and experience to provide valuable input during Board deliberations to meet business demands and the strategies of the Company. v) The retiring Independent Director has complied with the independence criteria as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and she continues to bring independent judgement to Board discussions. vi) The retiring directors have declared that they have not engaged in any business dealings or actions that could compromise their impartiality or create a conflict of interest with their roles within the LCT Group. vii) The Directors continue to be proponents in addressing sustainability risk, ESG issues and opportunities. viii) The number of directorships held by the retiring directors in listed entities do not impede their duties in LCT. <p>The NRC also evaluated the tenure of the retiring Independent Director seeking re-election. The retiring Independent Director continue to be effective and is committed to her role.</p> <p>Mr Jang Seon Pyo and Mr Yu Seung Yong were appointed on 1 December 2024. The NRC has assessed their qualification, skills, experience as well as their fit and proper criteria prior to their appointment.</p> <p>At the recommendation of the NRC, the Board was satisfied that the Directors have performed well and discharged their duties and responsibilities satisfactorily. The Board endorsed the NRC's recommendation on the re-election of the retiring Directors.</p>
Explanation for departure	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors comprise of a majority of Independent Directors in compliance with Practice 5.2. The Board composition currently consists of 4 Independent Directors, 2 Executive Directors and 1 Non-Independent Non-Executive Director.</p> <p>Independent Directors The four (4) Independent Directors are:-</p> <p>Tan Sri Dato' Abdul Rahman Mamat Ang Ah Leck Tan Sri Datuk (Dr.) Rafiah binti Salim Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir</p> <p>Executive Directors The two (2) Executive Directors are:-</p> <p>Jang Seon Pyo Yu Seung Yong</p> <p>Non-Independent Non-Executive Director Park Jae Sun</p> <p>The Independent Directors strengthen the decision-making governance process by providing diverse perspectives and insights in arriving at board decisions. Concerns and suggestions to improve governance are candidly raised in the presence of Executive Management. The Independent Directors held their annual Independent Directors' meeting in November 2024 without the presence of the Executive Management. The session focused on strategic, governance and operational issues of LCT.</p> <p>The Independent Directors who sit on the Audit Committee, actively carry out private sessions without the presence of the Executive Management with the External Auditors and with the Internal Auditors when required.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Charter provides that the tenure of the Independent Directors shall not exceed nine years.</p> <p>None of the Independent Directors have exceeded the nine-year tenure limit.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	: Applied																														
Explanation on application of the practice	<p>The Board has in place a Boardroom Diversity Policy which sets out the approach to diversity on our Board.</p> <p>The Boardroom Diversity Policy incorporates a number of different aspects, such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background.</p> <p>Selection of senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The current Board diversity mix is as follows:-</p> <div><div><p>BOARD COMPOSITION</p><table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Independent Non-Executive Directors</td><td>29%</td></tr><tr><td>Executive Directors (Including President & CEO)</td><td>14%</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>57%</td></tr></tbody></table></div><div><p>GENDER DIVERSITY</p><table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Female</td><td>43%</td></tr><tr><td>Male</td><td>57%</td></tr></tbody></table></div><div><p>AGE RANGE</p><table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>50-59</td><td>43%</td></tr><tr><td>60-69</td><td>14%</td></tr><tr><td>70-79</td><td>43%</td></tr></tbody></table></div><div><p>ETHNICITY</p><table border="1"><thead><tr><th>Category</th><th>Percentage</th></tr></thead><tbody><tr><td>Bumiputra</td><td>43%</td></tr><tr><td>Korean</td><td>14%</td></tr><tr><td>Chinese</td><td>43%</td></tr></tbody></table></div></div> <p>Factors taken into consideration in the assessment process of board appointments include:-</p> <ul style="list-style-type: none">• Size of Board• Character, experience and time commitment• Directors' fit and proper criteria	Category	Percentage	Independent Non-Executive Directors	29%	Executive Directors (Including President & CEO)	14%	Non-Independent Non-Executive Director	57%	Category	Percentage	Female	43%	Male	57%	Category	Percentage	50-59	43%	60-69	14%	70-79	43%	Category	Percentage	Bumiputra	43%	Korean	14%	Chinese	43%
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	<ul style="list-style-type: none">• Board diversity• Potential conflict of interest• Skills, experience and attributes matrix <p>Directors devote adequate time in discharging their roles.</p> <p>The number of directorships held in other listed entities are illustrated below:-</p> <div><div>DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES</div><div><div>1</div><div>One (1) Director holding three (3) Listed Directorships in other listed entities</div></div><div><div>2</div><div>Two (2) Directors holding one (1) Listed Directorship in other listed entities</div></div></div>
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

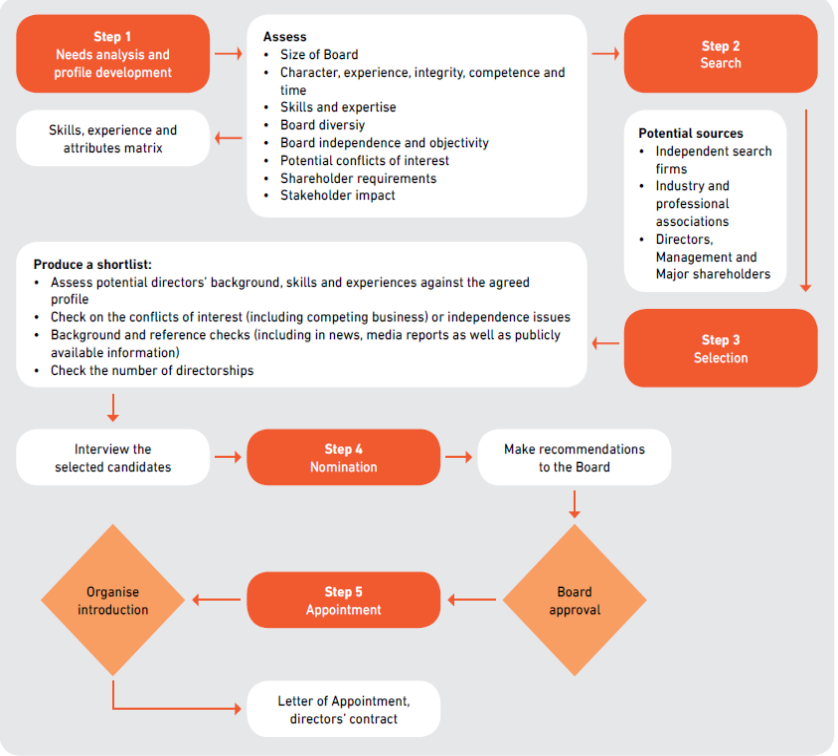
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application :	Applied
Explanation on application of the practice :	<p>The Nomination and Remuneration Committee (“NRC”) assesses the Board’s competencies, fit and proper criteria, skills and qualities, future needs of the business and gender diversity targets in identifying suitable candidates for appointment to the Board.</p> <p>The NRC carries out a formal, transparent and rigorous process to source Board candidates to address gaps in board mix and composition identified in past board evaluation exercises on independence and gender diversity.</p> <p>Robust evaluation of potential candidates are carried out to ensure candidates that are identified complement and expand the skills set, experience and expertise of the Board as a whole taking into account the Board’s balance of skills, individual’s merits, Board composition requirements whilst also meeting requirements under the Board Diversity (including gender) Policy.</p> <p>The search process for the right candidate includes soliciting recommendations from existing Directors, the major shareholder and engaging external sources.</p> <p>The NRC takes into consideration the time commitment of the candidates where the candidate has multiple Board representations and their independence where the appointment involves an Independent Director.</p> <p>The NRC submits their recommendations to the Board for approval. Upon approval by the Board and acceptance of the appointment by the candidates, the appointments were duly announced to Bursa Malaysia Securities Berhad.</p> <p>The Board’s process for the appointment of Directors is illustrated below:-</p>

	 <pre> graph TD S1[Step 1: Needs analysis and profile development] --> A[Assess] A --> S2[Step 2: Search] S2 --> S3[Step 3: Selection] S3 --> R[Make recommendations to the Board] R --> S4[Step 4: Nomination] S4 --> S5[Step 5: Appointment] S5 --> B[Board approval] B --> S5 B --> O[Organise introduction] O --> L[Letter of Appointment, directors' contract] A --> S1 S3 --> A </pre> <p>Step 1 Needs analysis and profile development</p> <p>Skills, experience and attributes matrix</p> <p>Assess</p> <ul style="list-style-type: none"> • Size of Board • Character, experience, integrity, competence and time • Skills and expertise • Board diversity • Board independence and objectivity • Potential conflicts of interest • Shareholder requirements • Stakeholder impact <p>Step 2 Search</p> <p>Potential sources</p> <ul style="list-style-type: none"> • Independent search firms • Industry and professional associations • Directors, Management and Major shareholders <p>Produce a shortlist:</p> <ul style="list-style-type: none"> • Assess potential directors' background, skills and experiences against the agreed profile • Check on the conflicts of interest (including competing business) or independence issues • Background and reference checks (including in news, media reports as well as publicly available information) • Check the number of directorships <p>Step 3 Selection</p> <p>Interview the selected candidates</p> <p>Step 4 Nomination</p> <p>Make recommendations to the Board</p> <p>Step 5 Appointment</p> <p>Board approval</p> <p>Organise introduction</p> <p>Letter of Appointment, directors' contract</p>
Explanation for departure :	<p>The NRC had via its meeting held in November 2024 reviewed the profiles of the proposed candidates, Mr Jang Seon Pyo and Mr Yu Seung Yong, nominated by our holding company, Lotte Chemical Corporation and recommended their appointment as the Non-Independent Executive Directors of the Company to the Board for approval. Mr Jang was also nominated to assume the role of President & CEO. Mr Jang and Mr Yu were appointed on 1 December 2024.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes 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 listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	<p>The information of the retiring directors seeking re-election are contained on pages 85, 88, 89 and 90 in the Company's 2024 Integrated Annual Report.</p> <p>The explanation on Practice 5.1 and Practice 5.6 of this Report described the factors assessed and the outcome of the assessment.</p> <p>A statement that the Board supports the re-election is contained on page 109 of the CG Overview Statement as well as the Notice accompanying the Company's 2024 Integrated Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairperson of the NRC is Tan Sri Datuk (Dr.) Rafiah binti Salim, an Independent Non-Executive Director. She was selected to lead the NRC to lend insight and objectivity to the process due to her good understanding of the business, its culture and values as well as extensive knowledge and expertise in human resource and governance as well as exemplary leadership and dedication.</p> <p>She leads the vetting of candidates for appointment to the Board and assessment of Board, Board Committees and individual Directors and provides positive contribution and value in the selection and assessment process and the development of practices to improve governance.</p> <p>Profile of Tan Sri Rafiah can be found on page 87 of the Company's Integrated Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>Women Directors comprise 43% of our Board composition in compliance with Practice 5.9.</p> <p>The women Directors are:-</p> <ul style="list-style-type: none"> - Tan Sri Datuk (Dr.) Rafiah binti Salim - Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir - Park Jae Sun
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Policy on Gender Diversity is incorporated in the Boardroom Diversity Policy that sets out the Board's approach to diversity.</p> <p>Selection of Board candidates are based on a range of diverse perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, ethnicity and educational background. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.</p> <p>Selection of senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>In 2024, the Company did not engage an independent expert for the Board evaluation process. Instead, the process was facilitated by the External Company Secretary, which was deemed adequate as it includes a comprehensive process covering board evaluation of the individual directors, the board as a whole, the board committees, internal audit as well as external auditors. The process that was carried out is provided below:-</p> <p>The NRC oversees the Board evaluation process. The performance evaluation of the Board, Board Committees and individual Directors is undertaken annually.</p> <p>The evaluation process commenced with the completion of questionnaires. Areas evaluated included:-</p> <ul style="list-style-type: none">• Efficiency and effectiveness of Board leadership• Directors' fitness and propriety• Directors' independence• Conflict of Interest• Meeting and information processes• Quality of boardroom discussions and relationships• Board's relationship with management• Diversity, including of skills, tenure, gender• Committee responsibilities and effectiveness• Oversight on ESG elements and skills and experience required to drive the ESG strategy and implementation• Time Commitment

	<p>The responses from Directors indicated that despite challenges experienced throughout the year, the Board, its Committees and the Chair continued to operate effectively. The NRC and Board are of the view that the current skills matrix is adequate to meet the strategic objectives of the Group. However greater emphasis is to be placed on ESG strategies and mapping progress against planned objectives.</p> <div data-bbox="491 436 1369 757"> <pre> graph LR A[November Circulation of the evaluation forms to the Board and Board Committees] --> B[November/ December Compiling the findings and preparing the report for NRC] B --> C[February NRC reviews the findings] C --> D[Highlight findings and submit recommendations to the Board] D --> E[ACTION PLAN AGREED] </pre> </div> <p>The NRC also carried out an annual review of the term of office, competency and performance of the Audit Committee (“AC”) and its members. The areas assessed were:-</p> <p>AC:-</p> <ul style="list-style-type: none"> • Quality and composition • Skills and competencies • Meeting administration and conduct <p>Individual AC member:-</p> <ul style="list-style-type: none"> • Skills, experience and understanding • Calibre and personality • Participation and contribution <p>There was no negative feedback received from the AC or its members.</p> <p>After reviewing the current composition of the AC and the skills and experience of each of its members as well as their performance, the NRC agreed to submit a recommendation to the Board for the renewal of the term of office of the AC for another year. The Board concurred with the NRC’s recommendation.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: The Board evaluation process was facilitated by the External Company Secretary</p>
<p>Timeframe</p>	<p>: The engagement of an independent expert to facilitate Board Effectiveness Evaluations will be looked into at the appropriate time in the future.</p>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application :	Applied		
Explanation on application of the practice	The Board has in place policies and processes to determine the remuneration of Directors and Key Senior Management, which takes into account the demands, complexities and performance of the Company, the skills and experience required as well as levels and trends for similar positions in the market, the time commitment required from the Directors as well as the additional responsibility of the Chairman of the Board.		
	The Executive Directors' remuneration consists of the following components:		
	Fixed remuneration		Variable rewards
	Fixed Salary/Allowance, Benefits-in-kind and other emoluments		Bonus
	The Independent Directors' remuneration consists of the following components:		
	Remuneration Component	Paid as	Details
Fixed fees	Cash	Fees are paid for service as Directors. Fees paid to Chairman covers his responsibility as Chairman of the Board.	
Meeting Allowance	Cash	Meeting Allowances are paid for attendance at Meetings.	

	<p>Pursuant to the provisions of the Companies Act, 2016 and the Main Market Listing Requirements, fees and benefits payable to Directors are subject to annual approval at meetings of members.</p> <p>In February 2025, the NRC reviewed proposed reduction of Directors’ fees, Directors’ remuneration and benefits, which comprised meeting allowances. This initiative aims to serve as a gesture of solidarity during this challenging period. The proposed reduction of Directors’ fees is as follow:-</p> <table><tr><th colspan="3">Directors’ Fees</th></tr><tr><th></th><th>Existing (RM per director per annum)</th><th>Proposed (RM per director per annum)</th></tr><tr><td>Independent Chairman</td><td>272,000</td><td>244,800</td></tr><tr><td>Independent Director</td><td>189,000</td><td>170,100</td></tr></table> <p>The proposed reduction of remuneration and benefits (excluding Directors’ fees) is as follows:-</p> <table><tr><th colspan="5">Meeting Allowance</th></tr><tr><th></th><th colspan="2">Independent Chairman of Board/Committee</th><th colspan="2">Independent Directors/Members of Committee</th></tr><tr><th></th><th>Existing (RM per director per meeting)</th><th>Proposed (RM per director per meeting)</th><th>Existing (RM per director per meeting)</th><th>Proposed (RM per director per meeting)</th></tr><tr><td>Board</td><td>3,000</td><td>2,700</td><td>2,000</td><td>1,800</td></tr><tr><td>Audit Committee</td><td>2,500</td><td>2,250</td><td>2,000</td><td>1,800</td></tr><tr><td>Risk Management Committee</td><td>2,500</td><td>2,250</td><td>2,000</td><td>1,800</td></tr><tr><td>Nomination and Remuneration Committee</td><td>2,500</td><td>2,250</td><td>2,000</td><td>1,800</td></tr></table> <p>In this connection, the Directors’ fees for financial year 2025, Directors’ remuneration and benefits (excluding Directors’ fees) payable to the Independent Non-Executive Directors with effect from the 2025 Annual General Meeting until the forthcoming Annual General Meeting to be held in 2026 shall be tabled to the shareholders for approval at the 2025 Annual General Meeting.</p> <p>The Independent Directors abstained from deliberation on their own remuneration.</p> <p>The Company’s Remuneration Policy is accessible on the Company’s website at https://www.lottechem.my/company/gov-2.asp</p>	Directors’ Fees				Existing (RM per director per annum)	Proposed (RM per director per annum)	Independent Chairman	272,000	244,800	Independent Director	189,000	170,100	Meeting Allowance						Independent Chairman of Board/Committee		Independent Directors/Members of Committee			Existing (RM per director per meeting)	Proposed (RM per director per meeting)	Existing (RM per director per meeting)	Proposed (RM per director per meeting)	Board	3,000	2,700	2,000	1,800	Audit Committee	2,500	2,250	2,000	1,800	Risk Management Committee	2,500	2,250	2,000	1,800	Nomination and Remuneration Committee	2,500	2,250	2,000	1,800
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																																																
Measure :																																																
Timeframe :																																																

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place a Nomination and Remuneration Committee comprising a majority of Independent Directors.</p> <p>Their roles and responsibilities are provided in its Terms of Reference and available on the Company's website at http://www.lottechem.my/company/gov.asp.</p> <p>In February 2025, the NRC reviewed the proposed 2024 performance bonus provisions and annual salary increment of the key Senior Management for 2025 and submitted their recommendations to the Board. Among the indicators for consideration in determining the distribution of the performance bonus and the annual increment were corporate performance for financial year 2024, financial metrics and relevant economic indicators.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration paid/payable for the financial year ended 31 December 2024 on an individual basis are set out below:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Abdul Rahman Mamat	Independent Director	272	21	-	-	-	-	293	272	21	-	-	-	-	293
2	Tan Sri Datuk (Dr.) Rafiah binti Salim	Independent Director	189	20.5	-	-	-	-	209.5	189	20.5	-	-	-	-	209.5
3	Ang Ah Leck	Independent Director	189	41.5	-	-	-	-	230.5	189	41.5	-	-	-	-	230.5
4	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Independent Director	189	36	-	-	-	-	225	189	36	-	-	-	-	225
5	Park Hyun Chul	Executive Director	-	-	-	-	-	-	-	-	-	1,539.028	-	209.027	0.800	1,748.855
6	Moon Young Tae	Executive Director	-	-	-	-	-	-	-	-	-	1,038.847	-	170.438	15.136	1,224.421
7	Park Jae Sun	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Jang Seon Pyo	Executive Director	-	-	-	-	-	-	-	-	-	86.772	-	10.821	-	97.593
9	Yu Seung Yong	Executive Director	-	-	-	-	-	-	-	-	-	28.120	-	5.163	-	33.283
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure										
Explanation on application of the practice	:	Not Applicable										
Explanation for departure	:	The Company does not comply with the recommendations to disclose the detailed remuneration of Key Senior Management in bands of RM50,000 on a named basis in order to preserve confidentiality, negative impact arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals.										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:	The Company has disclosed the aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid to the Key Senior Management members for the financial year ended 31 December 2024 in the CG Overview Statement which provides an indication of the remuneration paid to Key Senior Management and is detailed below:-										
		<table><tr><th>Remuneration</th><th>For the Financial Year Ended 31 December 2024</th></tr><tr><td>Salaries</td><td>RM250,000 – RM550,000</td></tr><tr><td>Bonus and allowances</td><td>RM0 – RM150,000</td></tr><tr><td>Benefits-in-kind</td><td>-</td></tr><tr><td>Other Emoluments</td><td>RM0 – RM50,000</td></tr></table>		Remuneration	For the Financial Year Ended 31 December 2024	Salaries	RM250,000 – RM550,000	Bonus and allowances	RM0 – RM150,000	Benefits-in-kind	-	Other Emoluments
Remuneration	For the Financial Year Ended 31 December 2024											
Salaries	RM250,000 – RM550,000											
Bonus and allowances	RM0 – RM150,000											
Benefits-in-kind	-											
Other Emoluments	RM0 – RM50,000											
Timeframe	:	No timeline has been set										

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee ("the Committee") is Mr Ang Ah Leck who is not the Chairman of the Board and is an Independent Director.</p> <p>Mr Ang is a qualified accountant and brings with him a wealth of experience in audit, finance, corporate advisory, risk management, regulatory compliance and governance. Mr Ang was formerly an audit partner of KPMG PLT from 1997 to 2011. He opted out of retirement in August 2014 by joining BDO as its Executive Director, Advisory, where he is an Engagement Director for Internal Audit, Enterprise Risk Management, Corporate Governance, forensic accounting and litigation support services.</p> <p>In his role as the Chairman of the Committee, he reports all matters and concerns raised during the Committee, to the Board in order for the Board to have sufficient information before making a decision on matters recommended to them by the Committee.</p> <p>The Chairman also maintains on-going dialogues with Management and both internal and external auditors on matters that were raised during the meeting or if there are issues of concern that need to be brought to his attention.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Company has established a policy that requires a former partner of the external audit firm to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee (“the Committee”) had undertaken an annual assessment of the timeliness, competence, audit quality and resource capacity of the external auditors in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.</p> <p>The Committee was satisfied with the outcome of the performance assessment of the External Auditors for FY2024.</p> <p>The Committee had also obtained assurance confirming that the external auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee is made up exclusively of Independent Directors.</p> <p>They are:-</p> <ul style="list-style-type: none">i) Ang Ah Leck (Independent Non-Executive Director (<i>Chairman</i>))ii) Tan Sri Datuk (Dr.) Rafiah binti Salim (Independent Non-Executive Director)iii) Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Independent Non-Executive Director)

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is chaired by Mr Ang Ah Leck who has been a member of the Malaysian Institute of Accountants since 1987, the Malaysian Institute of Certified Public Accountants since 1984, and the Chartered Tax Institute of Malaysia since 1999. Mr Ang possesses sufficient financial knowledge to provide satisfactory input on financial matters.</p> <p>The Committee also comprises members with a wealth of experience in international trade, corporate governance, investments, risk and internal controls, corporate finance and business transformation backgrounds whom are financially literate and provide diverse perspectives that strengthen the quality of deliberations.</p> <p>In this connection, the Audit Committee carries out a robust review of transactions, financial information, key accounting policies and judgements adopted by the Company in its financial reporting. The members take a professional approach to its duties including commitment of time and effort to ensure the integrity of financial reporting and non-financial reporting under the purview of the Committee.</p> <p>All the Committee members keep abreast of the development and changes in the accounting and auditing standards, practices and rules via briefing by the external auditors during their audit review process.</p> <p>Details of the training attended by the members of the Audit Committee in 2024 is detailed below:-</p>

	<table><tr><th>Directors</th><th>Training/Seminar Attended</th><th>Date</th></tr><tr><td>Ang Ah Leck</td><td>1. 2024 Anti Money Laundering and Counter Financing of Terrorism by BDO PLT 2. 2024 Risk Management and Regulatory Updates by BDO PLT 3. Institute of Corporate Directors Malaysia ("ICDM") Power Talk: Being Sued as an Independent Non-Executive Director ("INED") – A Personal Journey 4. Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") – ICDM 5. 2024 Anti-Bribery Management System by BDO PLT 6. Board Ethics: Growing Concerns From New Technology, Stakeholder Interests and Conflict of Interest – ICDM</td><td>15 February 2024 25 April 2024 10 May 2024 13 and 14 May 2024 19 September 2024 16 October 2024</td></tr><tr><td>Tan Sri Datuk (Dr.) Rafiah binti Salim</td><td>1. Tadbir Urus dan Integriti: Satu Pandangan by Tan Sri Dato' Seri Dr Syed Hamid Albar, Majlis Syarahan Canselor Tuanku Muhriz UKM 2. Mandatory Accreditation Programme Part II: LIP – ICDM</td><td>11 May 2024 13 and 14 May 2024</td></tr><tr><td>Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir</td><td>1. Speaker at Women Leadership Foundation ("WLF") Roundtable Session on Championing Excellence: The Leadership Legacy 2. Mandatory Accreditation Programme Part II: LIP – ICDM 3. Speaker at WLF National Women's Day on Leading with Wellness: Women's Leadership and Health 4. Khazanah Megatrends Forum 2024 – Paving Path from the Probable to the Possible 5. Leadership Mentoring Programme for WLF on Leadership Insights</td><td>28 February 2024 6 and 7 May 2024 23 August 2024 7 and 8 October 2024 14 October 2024</td></tr></table>	Directors	Training/Seminar Attended	Date	Ang Ah Leck	1. 2024 Anti Money Laundering and Counter Financing of Terrorism by BDO PLT 2. 2024 Risk Management and Regulatory Updates by BDO PLT 3. Institute of Corporate Directors Malaysia ("ICDM") Power Talk: Being Sued as an Independent Non-Executive Director ("INED") – A Personal Journey 4. Mandatory Accreditation Programme Part II: Leading for Impact ("LIP") – ICDM 5. 2024 Anti-Bribery Management System by BDO PLT 6. Board Ethics: Growing Concerns From New Technology, Stakeholder Interests and Conflict of Interest – ICDM	15 February 2024 25 April 2024 10 May 2024 13 and 14 May 2024 19 September 2024 16 October 2024	Tan Sri Datuk (Dr.) Rafiah binti Salim	1. Tadbir Urus dan Integriti: Satu Pandangan by Tan Sri Dato' Seri Dr Syed Hamid Albar, Majlis Syarahan Canselor Tuanku Muhriz UKM 2. Mandatory Accreditation Programme Part II: LIP – ICDM	11 May 2024 13 and 14 May 2024	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	1. Speaker at Women Leadership Foundation ("WLF") Roundtable Session on Championing Excellence: The Leadership Legacy 2. Mandatory Accreditation Programme Part II: LIP – ICDM 3. Speaker at WLF National Women's Day on Leading with Wellness: Women's Leadership and Health 4. Khazanah Megatrends Forum 2024 – Paving Path from the Probable to the Possible 5. Leadership Mentoring Programme for WLF on Leadership Insights	28 February 2024 6 and 7 May 2024 23 August 2024 7 and 8 October 2024 14 October 2024
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Explanation for departure :													
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.													
Measure :													
Timeframe :													

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for reviewing and monitoring of the Group's system of risk management and internal controls to ensure its adequacy and integrity, and its alignment with business objectives.</p> <p>However, it should be noted that risk management and control systems are not about totally eliminating risks but managing them. As such, it can only provide reasonable but not absolute assurance against any material loss or failure. The Board has established a process for identifying, evaluating, monitoring and managing extreme and high risks that may adversely affect our business, operating results, cash flow and financial condition, as well as for enhancing this process where necessary.</p> <p>The Company has put in place a risk management framework which is in line with ISO 31000:2018, Risk Management–Guidelines (a standard relating to risk management codified by the International Organization for Standardization which provides a standard on the implementation of risk management).</p> <p>The Board reviewed the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant and emerging risks faced by the Group are being managed appropriately to respond to changes in the business environment and continue to be aligned with business objectives.</p> <p>The Board reviewed the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:-</p> <ul style="list-style-type: none">- Oversight by the Risk Management Committee ("RMC") on risks identified, ensuring that a process to identify additional risks are in place and to ensure recommendations are duly implemented.- The Risk Management Working Committee comprising Senior Management sets direction, defines policy and monitors the risk management activities of the Group.

	<ul style="list-style-type: none"> - The Risk Management Function reports to the Risk Management Working Committee and works with the business units and functional lines to continuously identify, assess and monitor risks. - The Internal Audit team who reports directly to the Audit Committee and provides independent assurance of the adequacy and reliability of governance, internal control and risk management processes. - Embedding internal control and risk management within the operations of the Company and dealing with areas of improvement which come to Management's and Board's attention is a continuous process and one which is subject to rigorous scrutiny. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

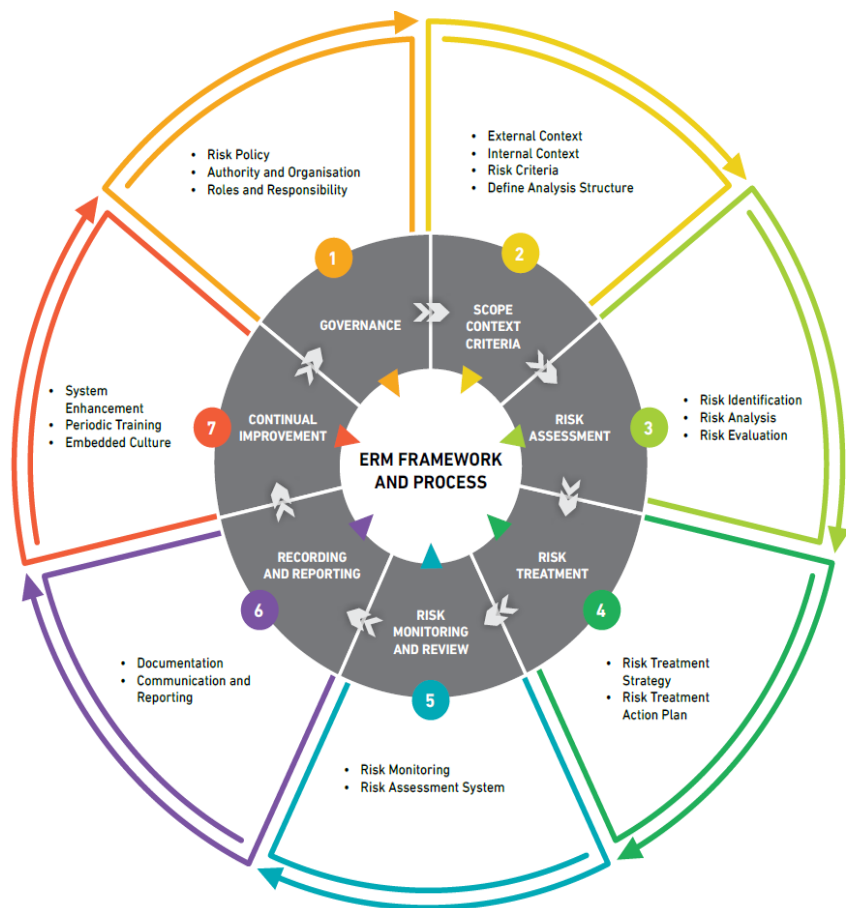
Application	: Applied
Explanation on application of the practice	<p>Risk Governance and Oversight</p> <p>The risk governance structure is depicted in the diagram below:-</p> <p>In addition to our risk governance structure, Management has adopted the Three Control Gates approach for effective risk management.</p> <p>Heads of Departments together with their team members are the first control gate and are accountable for all risks identified under their respective areas of responsibilities. They are also responsible for the continuous development of the risk management capabilities of their staff and for ensuring that risk management is embedded in all key processes and activities.</p>

The Risk Management Function (“RMF”) team with oversight by the Risk Management Working Committee (“RMWC”) is responsible for the second control gate. The RMF team sets direction, defines policy and monitors the risk management activities of the Group.

The third control gate is controlled by the Internal Audit (“IA”) team. The IA team reports directly to the AC and provides independent assurance of the adequacy and reliability of governance, internal control and risk management process.

The Enterprise Risk Management framework, process and relevant guidelines are generally aligned with ISO 31000:2018.

Risk Management Framework and Process



Within this framework, the Company has an established and structured process for communication and consultation, define scope, context, criteria, risk assessment (which includes identifying, analysing and evaluating), treatment, monitoring and reviewing, recording and reporting risks and the effectiveness of its mitigation strategies. The plan is thoroughly followed to ensure that all these processes are implemented as intended. In 2024, LCT implemented a scheduled review programme on the controls in place for moderate and high risk registers to improve risk governance oversight. LCT also carried out annual review of

	<p>Business Impact Analysis (“BIA”), Business Continuity Management (“BCM”) Policy, Procedure and Plans and Risk Management Policy and Procedure Manual.</p> <p>Risk tolerance is determined using a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have exceeded risk tolerance and those which have not. Descriptive risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</p> <p>On an annual basis, the Board would, and for the financial year under review, has received assurance in writing from the President & CEO and Chief Financial Officer stating that the Group's risk management and internal control system operated adequately and effectively, in all material respects, for the financial year under review and up to the date as set out in the Statement on Risk Management and Internal Control.</p> <p>The Statement on Risk Management and Internal Control is set out on pages 119 to 124 of our 2024 Integrated Annual Report.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board is in compliance with the Step-Up Practice 10.3 as it has established a separate Risk Management Committee which comprises a majority of Independent Directors, to oversee the Company's risk management framework and policies.</p> <p>Currently, the Risk Management Committee comprise of the following:-</p> <ul style="list-style-type: none">i) Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Chairperson) <i>(Independent Non-Executive Director)</i>ii) Jang Seon Pyo <i>(Non-Independent Executive Director, President & CEO)</i>iii) Ang Ah Leck <i>(Independent Non-Executive Director)</i>iv) Tan Sri Datuk (Dr.) Rafiah binti Salim <i>(Independent Non-Executive Director)</i> <p>The Terms of Reference of the Risk Management Committee is accessible on the Company's corporate website at http://www.lottechem.my/company/gov.asp</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is performed by an in-house Internal Audit ("IA") team which reports directly to the Audit Committee ("AC").</p> <p>The activities of the IA are guided by the International Professional Practices Framework issued by The Institute of Internal Auditors, Internal Audit Charter and Annual Audit Plan that was approved by the AC. The Annual Audit Plan is developed based on the information provided by Management through the Risk Register as well as areas of concern deemed important by AC and/or Management.</p> <p>The AC is responsible to decide on the appointment and removal of the Head of Internal Audit and any external consultants appointed as well as evaluate the internal audit function.</p> <p>The details of the internal audit activities undertaken by the internal audit function include:-</p> <ol style="list-style-type: none">1 Presented the revised IA plan for 2024 to 2026 and tabled the 2024 annual budget to the AC for consideration and approval.2. Conducting IA engagements according to the scheduled annual audit plan/revised audit plan and recommending improvements, where necessary. <p>Internal audit engagements included the following areas:-</p> <ul style="list-style-type: none">❖ Polypropylene (PP) Plant Management (PP1, PP2 and PP3)❖ O&D Business Management❖ Vendor's Declaration❖ HR succession planning❖ Environment compliance (Emission and Effluent) <p>Areas identified were strengthening of compliance, systems and process enhancement and document management improvement.</p>

	<ol style="list-style-type: none"> 3. Presented the IA plan 2024 and reviewed the IA report on the audit review of K-SOX testing, Petty Cash Management, Procurement Management and Warehouse Management of Indonesian subsidiary, PT Lotte Chemical Titan Tbk. 4. Performing follow-up reviews to ensure that Management implements audit recommendations and action plans. 5. Performing quarterly reviews on Financial Statements, focusing on accuracy against management accounts and disclosure of related party transactions in the Quarterly Bursa Report. 6. Conducted internal investigations on whistleblowing reports received and tabled the findings to the AC for review. 7. Performed External Quality Assessment Review ("EQAR") on the Internal Audit team by engaging qualified external assessors from the Institute of Internal Auditors. The overall assessment revealed that the Internal Audit team "Generally Conforms" to the Standards. <p>The IA independently reviews the adequacy and integrity of the system of internal controls in managing the key risks and reports accordingly to the Audit Committee on a quarterly basis. Each internal audit conducted is followed up by a detailed report. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls and follow-up audits are conducted by the IA to assess the status of implementation thereof by Management. In carrying out its work, the IA focuses on areas of priority as directed and approved by the Audit Committee.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The In-house IA function is headed by Cik Wan Julaiha Wan Sulong who is a member of the Malaysian Institute of Accountants (MIA) and a member of the Institute of Internal Auditors (IIA). She holds a Bachelor of Accounting degree from the International Islamic University, Malaysia. She is supported by two full time staff. Cik Wan Julaiha retired at the end of May 2024. Mr Wong Poh Tan has since assumed her role. The Group's Internal Auditor Director, Mr Wong is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the MIA and a professional member of the IIA with more than twenty-three (23) years of IA and enterprise risk management experience.</p> <p>Internal audit personnel exercise objectivity and are free from conflict of interest or undue influence of Management.</p> <p>The Internal Audit team is working towards performing the services in accordance with the International Professional Practices Framework (IPPF) that is issued by The Institute of Internal Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>Having an effective communication platform with stakeholders is a strategic priority of the Board.</p> <p>The Company's Stakeholder Engagement Initiatives for the year include:-</p> <ul style="list-style-type: none">- Shareholders' Meetings and Engagements- Investors' Meetings and Engagements- Research Analysts' Meeting and Engagements- Quarterly Results Briefings- Site visits- Press Releases- Media Meetings and Engagements <p>The Board is updated quarterly on the activities carried out by the Investor Relations unit during the quarter and the scheduled calendar of events proposed for the year.</p> <p>The Board also prioritises community outreach programmes and are updated on programmes undertaken by the Company on a regular basis.</p> <p>2024 CSR activities included the following:-</p> <ul style="list-style-type: none">• Providing financial assistance to underserved groups.• Providing learning skills development, learning tools and financial incentives to underprivileged students.• Assisting local communities to improve their wellbeing by enhancing public amenities and facilities.• Increasing environmental awareness by organising recycling programmes in collaboration with the local community, local authorities and industrial associations. <p>Details are contained on page 64 of the 2024 Integrated Annual Report.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board remains committed to continue LCT’s journey of integrated reporting in alignment with the International Integrated Reporting Council Framework to provide a holistic view of our financial and non-financial strategic goals and how we continue to create value for our brand, business and stakeholders.</p> <p>This Integrated Annual Report serves as our communication to our stakeholders. It is structured to concisely share how we create value and how we utilise various business inputs to ensure business sustainability whilst creating value for our stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice for the Annual General Meeting (“AGM”) was given to shareholders by giving 28 days’ notice prior to the Meeting so that shareholders are given sufficient time to consider the resolutions that will be discussed at the AGM.</p> <p>A copy of the notice can be found on pages 145 to 148 of the Integrated Annual Report and it is also available on the Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>Barring unforeseen circumstances, all Directors attend General Meetings.</p> <p>The Chair of the Audit Committee, Risk Management Committee and Key Senior Management personnel were present at the 2024 Annual General Meeting. Shareholders were thus accorded the opportunities to pose questions directly to them.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>In 2024, the Company held its Annual General Meeting on a virtual basis through live streaming and online electronic voting. Shareholders were able to attend, participate and vote from any location.</p> <p>The meeting online platform “TIH Online” is hosted by Tricor Malaysia. Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls and data classification for cyber hygiene practices of the staff. Stress test and penetration testing have been performed on TIH Online to test its resiliency. To provide further assurance to the public, Tricor Malaysia is ISO27001 certified. In addition to this, TIH Online is hosted in a secure cloud platform and the data center is ISO27001 certified.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	We recognise that the general meeting is an important interaction platform with shareholders. The Annual General Meeting ("AGM") was led by our Chairman, Tan Sri Dato' Abdul Rahman Mamat. Shareholders were accorded the opportunity to raise questions or seek clarification on matters relating to the Company's performance both financial and non-financial by posing their questions prior to the AGM and at the chat box during the AGM.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>For 2024, our Company carried out the 2024 Annual General Meeting ("AGM") on 30 April 2024 virtually.</p> <p>The required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders were in place.</p> <p>Questions posed by shareholders prior to and during the 2024 AGM and by the Minority Shareholders Watch Group ("MSWG") as well as the Company's responses were presented and read out/answered at the 2024 AGM. All shareholders' and MSWG questions and responses were subsequently uploaded to the Company's website.</p> <p>We will continue to put in place various processes and measures to provide meaningful interaction with shareholders during general meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the Annual General Meeting ("AGM") held on 30 April 2024 was uploaded to the Company's website within 30 business days after the AGM.
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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