

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5284  
**COMPANY NAME** : LOTTE CHEMICAL TITAN HOLDING BERHAD  
**FINANCIAL YEAR** : December 31, 2025

## 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 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.*

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board provides collective leadership to the Group, driving its long-term success and ensuring sustainable value creation for stakeholders. It establishes the Company's core values and standards in alignment with strategic objectives and the desired corporate culture, while providing effective oversight of operations and managing key risks across the Group. The Board also sets the tone from the top, promoting sound governance and ethical business practices throughout the organisation.</p> <p>The governance framework, which outlines the Board's Oversight, Engagement, Delegated Authority and Accountability, is illustrated on page 116 of the Corporate Governance Overview Statement.</p> <p>The Board is committed to maintaining a strong ethical environment in all stakeholder engagements. This commitment is supported by established policies and procedures that reflect the Group's ethical values and approach to business conduct. A summary of the key elements under the Business Ethics &amp; Code of Conduct ("BECOC"), Whistleblowing Policy, Anti-Bribery &amp; Anti-Corruption ("ABAC") Manual, and Conflict of Interest ("COI") framework is provided on page 114 of the 2025 Integrated Annual Report. The full BECOC, Whistleblowing Policy and Anti-Bribery &amp; Anti-Corruption Manual are available on the Company's website at <a href="https://www.lottechem.my/company/gov.asp">https://www.lottechem.my/company/gov.asp</a>.</p> <p>In discharging its responsibilities effectively, the Board is guided by the Company's Constitution, the Board Charter and the Terms of Reference of its Board Committees. These documents are accessible on the Company's website at <a href="https://www.lottechem.my/company/gov.asp">https://www.lottechem.my/company/gov.asp</a>.</p> <p>The following outlines how the Board effectively carried out its responsibilities in 2025:</p>

<b>Key Focus Areas of the Board in 2025</b>	
Strategy	<ul style="list-style-type: none"> <li>• Reviewed the annual budget to ensure alignment with the Group’s vision and strategic objectives.</li> <li>• Assessed the variance analysis of operating profit, comparing budgeted and actual results.</li> <li>• Reviewed cash flow projections.</li> <li>• Reviewed the Ten-Year Ethylene Sale and Purchase Agreement for the supply of Ethylene.</li> <li>• Monitored the progress of the LOTTE Chemical Indonesia New Ethylene (“LINE”) Project and its financing arrangements.</li> <li>• Reviewed business sustainability and Environmental, Social and Governance (“ESG”) strategies.</li> <li>• Reviewed the Investor Relations and Public Relations strategies.</li> </ul>
Financial, Risk Management and Performance Monitoring	<ul style="list-style-type: none"> <li>• Quarterly review of related/ recurrent related party disclosures.</li> <li>• Conducted quarterly reviews of the Group’s financial results.</li> <li>• Monitored the Group’s operational efficiency.</li> <li>• Reviewed corporate finance matters.</li> <li>• Reviewed reports from the Sustainability Working Group (“SWG”), including the Materiality Assessment Approach, Materiality Matrix and Key Sustainability Initiatives.</li> <li>• Conducted quarterly reviews of the Group’s risk management and internal control systems, including post-incident reviews, action plans and accountability tracking.</li> </ul>
Governance, Compliance and Leadership	<ul style="list-style-type: none"> <li>• Reviewed and renewed the Directors’ and Officers’ Liability Insurance Policy.</li> <li>• Reviewed Shariah compliance status.</li> <li>• Monitored public shareholding spread compliance.</li> <li>• Reviewed quarterly updates on compliance with applicable laws and regulations across business divisions.</li> <li>• Conducted quarterly reviews of declarations relating to the BECOC, ABAC Manual, COI and Whistleblowing Policy.</li> </ul>

	<b>Looking Ahead to FY2026:-</b> The Board remains committed to upholding the highest standards of corporate governance with the objective of delivering sustainable growth and long-term value to shareholders.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is Tan Sri Dato' Abdul Rahman Mamat, an Independent Non-Executive Director.</p> <p>The Chairman's role is to provide leadership and direction to the Board, ensuring its effective functioning and that of its Committees. The Chairman also establishes a clear structure to support efficient decision-making and oversight.</p> <p>Healthy and constructive debate is encouraged under the Chairman's guidance, with all Board members given the opportunity to present their views and engage in meaningful discussion. Regular communication is maintained between the Chairman, the Chairmen of Board Committees, the Management team, and other Committee members to support effective governance.</p> <p>The key responsibilities of the Chairman include:</p> <ul style="list-style-type: none"> <li>• Providing leadership to the Board</li> <li>• Leading Board meetings and discussions and encouraging active participation from all members</li> <li>• Managing the interface between the Board and Management</li> <li>• Ensuring effective communication with stakeholders</li> <li>• Leading the Board in establishing and upholding good corporate governance practices across the Group</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The separation of the roles of the Chairman and the President &amp; Chief Executive Officer ("President &amp; CEO") is a requirement set out in the Board Charter, together with a clear division of responsibilities. This demarcation ensures an appropriate balance of authority, promotes objective oversight of Management's performance, and enhances accountability in achieving the Group's strategic objectives.</p> <p>The Chairman, Tan Sri Dato' Abdul Rahman Mamat, is primarily responsible for providing leadership to the Board and ensuring its effective functioning.</p> <p>The President &amp; CEO, Mr Jang Seon Pyo, is responsible for the overall management of the Group's operations, including the implementation of the policies and strategic decisions approved by the Board. He is supported by the Key Management team, with whom he engages regularly to ensure the efficient execution of the Group's business strategies and operational goals.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Company has adopted the Malaysian Code on Corporate Governance ("MCCG") recommendation under Practice 1.4, whereby the Chairman, Tan Sri Dato' Abdul Rahman Mamat, is not a member of the Audit Committee, Risk Management Committee, or Nomination and Remuneration Committee.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported in its governance functions by qualified and experienced Company Secretaries. The Company Secretaries play an advisory and facilitative role by providing guidance on laws, regulations and practices governing Board and Committee processes. They also ensure that the Board is kept informed of developments and changes in regulatory requirements, corporate governance practices and other relevant matters affecting the Company.</p> <p>The Company Secretaries continuously enhance their knowledge and skills by attending relevant training programmes, seminars and professional development sessions to remain abreast of evolving governance standards and regulatory expectations.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>A tentative annual calendar was tabled to the Board in August 2025 and to facilitate the scheduling of Board and Board Committee meetings, as well as the Annual General Meeting (“AGM”), for the forthcoming year.</p> <p>Board papers are prepared with sufficient detail and clarity to enable informed decision-making. All Board and Board Committee papers are circulated to the Directors and Committee members at least five (5) business days prior to the respective meetings, except under exceptional circumstances.</p> <p>Management and, where appropriate, external consultants are invited to present on relevant matters and address queries from the Board. Management also provides regular updates to ensure that the Board remains well-informed of key developments affecting the Group's operations. Directors may request additional information whenever deemed necessary, and open communication between individual Directors, the President &amp; CEO and Management is actively encouraged.</p> <p>Deliberations of the Board and its Committees are documented in a timely manner, capturing key points of discussion and decisions made. Directors are fully aware of their responsibility to declare any actual or potential conflicts of interest on matters tabled for deliberation, and any such declarations are duly recorded, with the affected Directors abstaining from participation or voting as required.</p> <p>Minutes of all Board and Board Committee meetings are documented and subsequently tabled at the next meeting for confirmation to ensure accuracy and completeness. Decisions and recommendations arising from the meetings are communicated promptly to Management for appropriate follow-up action.</p> <p>The status of matters arising from previous Board and Committee meetings is reviewed at subsequent meetings to ensure that agreed actions are duly implemented.</p> <p>The use of circular resolutions is limited to administrative matters or follow-up actions on items previously deliberated at meetings, except in unavoidable circumstances. Sufficient background information is</p>

	provided with each circular resolution to assist the Board or its Committees in making an informed decision. Executive Management may also provide additional briefings to Directors where required.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied		
<b>Explanation on application of the practice</b>	:	The Board has established a Board Charter, which is accessible on the Company's website. The Board Charter clearly delineates the responsibilities of the Board, its Committees, the President & CEO, individual Directors, and the Company Secretary.		
		The specific roles and responsibilities of the Chairman, the President & CEO, and the Directors are also set out in the Board Charter and are available for reference on the Company's website.		
		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	The President & CEO is responsible for leading the day-to-day operations, implementing strategic decisions of the Board and Group's policies. The President & CEO is assisted by the Key Management team in managing the day-to day business of the Company, which he consults regularly.	
		Independent Non-Executive Directors	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.
Non-Independent Non-Executive Directors	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>Matters expressly reserved for the Board are set out in the Board Charter and include:-</p> <p><b>Board Structure</b></p> <ul style="list-style-type: none"> <li>• Appointment and changes in Directors</li> <li>• Appointment and removal of Company Secretary(ies)</li> <li>• Establishment of Board Committees, their members and the specific terms of reference</li> </ul> <p><b>Board Remuneration</b></p> <ul style="list-style-type: none"> <li>• Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders</li> <li>• Approval of remuneration packages, including service contracts for Executive Directors</li> </ul> <p><b>Company's Operation</b></p> <ul style="list-style-type: none"> <li>• Review and approval of the Company's strategic plan and annual budget (including capital expenditure budget)</li> <li>• Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority</li> <li>• Approval of investment or divestment in a company, business, property or undertaking</li> <li>• Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities</li> <li>• Approval of major changes in the activities of the Company</li> <li>• Approval of treasury policies and bank mandates of the Company</li> <li>• Approval of limits of authority for the Company and the Group</li> </ul> <p><b>Financial</b></p> <ul style="list-style-type: none"> <li>• Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad)</li> <li>• Approval of Directors' Report, Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report</li> <li>• Approval of interim dividends for payment and the recommendation of final dividend or other distribution for shareholders' approval</li> </ul>	

	<p><b>Ethics</b></p> <ul style="list-style-type: none"> <li>• Establishment and implementation of ethical policies, procedures and practices to build a strong corporate governance culture</li> <li>• Provide assurance to stakeholders of the Company's compliance with applicable laws and regulatory requirements on anti-corruption</li> <li>• Review of ABAC framework which includes clear policies and objectives that adequately address corruption risk together with a standalone Whistleblowing Policy</li> </ul> <p>The Board Charter shall be reviewed annually or on an ad hoc basis by the Board.</p>	
<p><b>Explanation for departure</b></p>	<p>:</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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company is committed to ensuring that all members of the Board, Management, and employees uphold a high level of professionalism that reflects the Group's core values.</p> <p>A BECOC is in place to establish the standards of behaviour expected of Directors and employees in their interactions with customers, suppliers, shareholders, the community, and one another. The BECOC addresses key ethical principles, including:</p> <ul style="list-style-type: none"><li>• Maintaining a safe and harassment-free workplace;</li><li>• Ensuring compliance with applicable laws at all times;</li><li>• Upholding professional integrity, including avoiding conflicts of interest;</li><li>• Protecting the Group's reputation, assets, resources, information, and records; and</li><li>• Adhering to the no-gift policy, with certain exceptions specified in the BECOC.</li></ul> <p>The BECOC is accessible on the Company's website at <a href="https://www.lottechem.my/company/gov-3.asp">https://www.lottechem.my/company/gov-3.asp</a>.</p> <p>Management oversees the implementation and monitoring of the BECOC to ensure its effective application across the Group.</p> <p>All employees and Directors are required to adhere to the BECOC and act in accordance with its principles. The BECOC incorporates a whistleblowing mechanism to address unethical or illegal conduct.</p> <p>In line with the BECOC, the Company has adopted an ABAC Manual, under which the Board has established a zero-tolerance policy on corruption and committed to compliance with all relevant laws. Comprehensive anti-bribery and anti-corruption processes, integrated into the Group's broader compliance framework, have been implemented.</p>

	<p>Directors are required to declare their interests in the Company's shares, related companies, and in contracts or proposed contracts with the Company or its related companies. Directors with a declared interest abstain from deliberation and voting on matters relating to such transactions. Recurrent related party transactions undertaken by the Group in 2025 are disclosed in the 2025 Integrated Annual Report.</p> <p>Furthermore, Directors with an interest in their own remuneration abstain from voting on such matters.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has implemented a Whistleblowing Policy to foster and support a culture of honest and ethical behaviour. The Policy provides a framework for reporting suspected unethical, illegal, fraudulent, or undesirable conduct, ensuring that individuals can report concerns safely, securely, and with confidence that they will be protected and supported.</p> <p>The Legal &amp; Compliance team provides quarterly updates to the Audit Committee and/or the Board on the number and nature of disclosures received, the status of investigations, and other relevant developments.</p> <p>The Whistleblowing Policy is accessible on the Company's website at <a href="https://www.lottechem.my/company/gov-5.asp">https://www.lottechem.my/company/gov-5.asp</a> and is subject to periodic review to ensure it remains current and relevant.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.




<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board holds overall responsibility for LCT's sustainability agenda and provides strategic oversight of its implementation. The SWG, led by the President &amp; CEO and comprising leaders from all key business divisions, is responsible for driving and coordinating the Group's ESG initiatives.</p> <p>Operating within a clear reporting framework, the SWG leads the execution, monitoring and review of sustainability programmes across the Group's key focus areas. Quarterly updates and progress reports are submitted to the SWG Chairman, who in turn presents relevant matters to the President &amp; CEO and escalates material issues to the Board.</p> <p>Quarterly reports are provided to the Board to ensure continuous oversight 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 ("KPI").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>The key focus areas of LCT’s ESG initiatives are detailed below:-</p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 20px;">  <div style="margin-left: 10px;"> <p><b>E</b>NVIRONMENTAL</p> <ul style="list-style-type: none"> <li>• Carbon Policy Compliance</li> <li>• Carbon Management</li> <li>• Resource Management</li> <li>• Circular Economy</li> </ul> </div> </div> <div style="display: flex; align-items: center; margin-bottom: 20px;">  <div style="margin-left: 10px;"> <p><b>S</b>OCIAL</p> <ul style="list-style-type: none"> <li>• Safety and Health</li> <li>• Human Capital Development</li> <li>• Mutual Growth</li> </ul> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p><b>G</b>OVERNANCE</p> <ul style="list-style-type: none"> <li>• Compliance and Corporate Governance</li> <li>• Risk Management</li> </ul> </div> </div> </div> <p>Further information on the strategic management of sustainability matters and the Group’s approach can be found in Section 4 of the Company’s 2025 Integrated Annual Report.</p>
<p><b>Explanation for departure</b></p>	<p>:  </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><b>Measure</b></p>	<p>:  </p>

<b>Timeframe</b>	:		
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**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board remains well-informed on sustainability issues relevant to the Company and its operations. Directors actively promote sustainability principles and consider sustainability risks and opportunities, including climate-related matters, in their decision-making processes.</p> <p>Directors have participated in training sessions covering a range of topics, including clean energy transition and decarbonisation developments; ESG integration and sustainable financing for SMEs; sustainability reporting requirements under the National Sustainability Reporting Framework (NSRF); ESG governance and the risk of greenwashing; sustainable growth and board oversight responsibilities; emerging macroeconomic and systemic risks; and workplace health and safety practices etc.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>ESG and sustainability elements were incorporated into the Board Evaluation questionnaire for 2025.</p> <p>The Board remains actively engaged with ESG and sustainable development matters. Directors continually enhance their understanding of emerging sustainability and ESG issues relevant to the Company’s industry by participating in training sessions, seminars, and forums. This ongoing development supports the Board in guiding the Group’s ESG strategy and ensuring effective implementation in alignment with its strategic objectives.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The President &amp; CEO, Mr Jang Seon Pyo, leads the strategic management of the Group’s sustainability initiatives, ensuring the integration of sustainability considerations into the Group’s operations. He is supported by the SWG, which includes representatives from all business divisions. The SWG Chairman reports to the President &amp; CEO on the progress and status of sustainability initiatives.</p> <p>The Board receives quarterly updates on the Group’s sustainability initiatives to monitor progress and ensure alignment with the Group’s strategic objectives.</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.

<b>Application</b>	:	Applied																							
<b>Explanation on application of the practice</b>	:	<p>The table below details the length of service of the Independent Directors:-</p> <table border="1"> <thead> <tr> <th>Independent Directors</th> <th>Date Of Listing</th> <th>Date Of Appointment</th> <th>Tenure (Years and Months)</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Dato' Abdul Rahman Mamat</td> <td>11 July 2017</td> <td>-</td> <td>8 years 9 months</td> </tr> <tr> <td>Tan Sri Datuk (Dr.) Rafiah binti Salim</td> <td>11 July 2017</td> <td>-</td> <td>8 years 9 months</td> </tr> <tr> <td>Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir</td> <td>-</td> <td>1 February 2019</td> <td>7 years 2 months</td> </tr> <tr> <td>Ang Ah Leck</td> <td>11 July 2017</td> <td>-</td> <td>8 years 9 months</td> </tr> </tbody> </table> <p>The Nomination and Remuneration Committee ("NRC") reviewed the succession plan for Independent Directors and the process for identifying successors for key leadership positions.</p> <p>Tan Sri Dato' Abdul Rahman Mamat and Ang Ah Leck, who are retiring pursuant to Clause 100, will not be offering themselves for re-election at the forthcoming AGM, as they are approaching the nine-year tenure limit for Independent Directors.</p> <p>The NRC will continue to identify and recommend suitable candidates for appointment to the Board, ensuring that its composition remains balanced, diverse, and aligned with the Company's strategic objectives.</p>				Independent Directors	Date Of Listing	Date Of Appointment	Tenure (Years and Months)	Tan Sri Dato' Abdul Rahman Mamat	11 July 2017	-	8 years 9 months	Tan Sri Datuk (Dr.) Rafiah binti Salim	11 July 2017	-	8 years 9 months	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	-	1 February 2019	7 years 2 months	Ang Ah Leck	11 July 2017	-	8 years 9 months
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Ang Ah Leck	11 July 2017	-	8 years 9 months																						
<b>Explanation for departure</b>	:																								
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																									

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors comprises a majority of Independent Directors, in compliance with Practice 5.2 of the Malaysian Code on Corporate Governance. The current Board composition includes four (4) Independent Directors, two (2) Executive Directors, and one (1) Non-Independent Non-Executive Director.</p> <p><b>The four (4) Independent Directors are:</b></p> <ul style="list-style-type: none"> <li>• Tan Sri Dato’ Abdul Rahman Mamat</li> <li>• Ang Ah Leck</li> <li>• Tan Sri Datuk (Dr.) Rafiah binti Salim</li> <li>• Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir</li> </ul> <p><b>The two (2) Executive Directors are:</b></p> <ul style="list-style-type: none"> <li>• Jang Seon Pyo</li> <li>• Yu Seung Yong</li> </ul> <p><b>Non-Independent Non-Executive Director:</b></p> <ul style="list-style-type: none"> <li>• Park Jae Sun</li> </ul> <p>Independent Directors contribute significantly to the Board’s decision-making process by providing diverse perspectives and objective insights. Concerns and recommendations to enhance governance are openly raised during Board deliberations in the presence of Executive Management.</p> <p>The Independent Directors held their annual meeting in November 2025 without the presence of Executive Management, focusing on strategic, governance, and operational matters of the Group. Additionally, Independent Directors serving on the Audit Committee conduct private sessions with the External Auditors and, where necessary, the Internal Auditors, without Executive Management present.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

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

### **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.

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board Charter provides that the tenure of Independent Directors shall not exceed nine years.  As at the date of this report, none of the Independent Directors have exceeded the nine-year tenure limit.

## 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.

<b>Application</b>	: Applied																												
<b>Explanation on application of the practice</b>	<p>: The Board has established a Boardroom Diversity Policy, which outlines the approach to promoting diversity at Board level.</p> <p>The policy takes into account various aspects of diversity, including professional and business experience, skills, knowledge, gender, age, ethnicity, and educational background.</p> <p>Senior management appointments are made based on objective criteria and merit, with due consideration for diversity in skills, experience, age, cultural background, and gender.</p> <p>The current Board diversity mix is as follows:</p> <div data-bbox="555 1249 1391 1736"> <p><b>BOARD COMPOSITION</b></p> <table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Independent Non-Executive Directors</td><td>57%</td></tr> <tr><td>Executive Directors (Including President &amp; CEO)</td><td>29%</td></tr> <tr><td>Non-Independent Non-Executive Director</td><td>14%</td></tr> </table> <p><b>AGE RANGE</b></p> <table border="1"> <tr><th>Age Range</th><th>Percentage</th></tr> <tr><td>50-59</td><td>57%</td></tr> <tr><td>70-79</td><td>43%</td></tr> </table> <p><b>GENDER DIVERSITY</b></p> <table border="1"> <tr><th>Gender</th><th>Percentage</th></tr> <tr><td>Male</td><td>57%</td></tr> <tr><td>Female</td><td>43%</td></tr> </table> <p><b>ETHNICITY</b></p> <table border="1"> <tr><th>Ethnicity</th><th>Percentage</th></tr> <tr><td>Bumiputra</td><td>43%</td></tr> <tr><td>Korean</td><td>43%</td></tr> <tr><td>Chinese</td><td>14%</td></tr> </table> </div> <p>Factors considered in the assessment process for Board appointments include:</p> <ul style="list-style-type: none"> <li>• Size of the Board</li> <li>• Character, experience, and time commitment of Directors</li> <li>• Directors' fit and proper criteria</li> <li>• Board diversity</li> </ul>	Category	Percentage	Independent Non-Executive Directors	57%	Executive Directors (Including President & CEO)	29%	Non-Independent Non-Executive Director	14%	Age Range	Percentage	50-59	57%	70-79	43%	Gender	Percentage	Male	57%	Female	43%	Ethnicity	Percentage	Bumiputra	43%	Korean	43%	Chinese	14%
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	<ul style="list-style-type: none"> <li>• Potential conflicts of interest</li> <li>• Skills, experience, and attributes matrix</li> </ul> <p>Directors devote adequate time to discharge their responsibilities effectively.</p> <p>The number of directorships held by Directors in other listed entities is summarised below:</p> <p><b>DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES</b></p> <div style="background-color: #e1f5fe; padding: 10px; border-radius: 10px; margin-bottom: 10px;"> <p><b>1 One (1) Director</b> holding three (3) Listed Directorships in other listed entities</p> </div> <div style="background-color: #e1f5fe; padding: 10px; border-radius: 10px;"> <p><b>2 Two (2) Directors</b> holding one (1) Listed Directorship in other listed entities</p> </div>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC assesses potential Board candidates based on the Board's competencies, fit and proper criteria, skills and attributes, the future needs of the business, and gender diversity targets.</p> <p>The NRC conducts a formal, transparent, and rigorous process to identify candidates who can address gaps in Board composition, particularly in relation to independence and gender diversity, as highlighted in previous Board evaluation exercises.</p> <p>Potential candidates are thoroughly evaluated to ensure they complement and enhance the overall skills, experience, and expertise of the Board. This evaluation considers the balance of skills across the Board, individual merits, Board composition requirements, and alignment with the Boardroom Diversity Policy, including gender considerations.</p> <p>The search process includes soliciting recommendations from existing Directors and major shareholders, as well as engaging external sources where necessary. In assessing candidates, the NRC also considers their time commitments, particularly if they hold multiple directorships, and their independence when the appointment is for an Independent Director.</p> <p>Recommendations from the NRC are submitted to the Board for approval. Upon Board approval and acceptance by the candidates, appointments are formally 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] --&gt; A[Assess]     A --&gt; S2[Step 2: Search]     S2 --&gt; S3[Step 3: Selection]     S3 --&gt; S4[Step 4: Nomination]     S4 --&gt; S5[Step 5: Appointment]     S5 --&gt; OI{Organise introduction}     OI --&gt; LA[Letter of Appointment, Directors' contract]          A --&gt; SM[Skills, experience and attributes matrix]     SM --&gt; A          S2 --&gt; PS[Potential sources]     PS --&gt; S3          S4 --&gt; MR[Make recommendations to the Board]     MR --&gt; BA{Board approval}     BA --&gt; S5   </pre>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Details of the Directors who will be retiring at the forthcoming AGM are set out on pages 100 and 102 of the Company’s 2025 Integrated Annual Report.</p> <p>As the retiring Directors will not be seeking re-election, no statement of Board support for re-election is included in this year’s Corporate Governance disclosures.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is chaired by Tan Sri Datuk (Dr.) Rafiah binti Salim, an Independent Non-Executive Director. She was appointed to lead the Committee in view of her strong grasp of the Group's business, culture and values, as well as her extensive experience in human resources, governance and leadership.</p> <p>In her role, she oversees the evaluation of candidates for Board appointments and the assessment of the Board, its Committees and individual Directors. Her leadership and expertise contribute significantly to the selection and assessment processes, as well as to the continual enhancement of governance practices.</p> <p>Her profile is provided on page 103 of the Company's Integrated Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Boardroom Diversity Policy outlines the Board's approach to diversity.</p> <p>Board candidate selection considers a range of diverse perspectives, including professional and business experience, skills, knowledge, gender, ethnicity, and educational background. Appointments are ultimately made based on merit and the value that candidates are expected to contribute to the Board.</p> <p>Senior management appointments are made on the basis of objective criteria and merit, with due consideration given to diversity in skills, experience, age, cultural background, and gender.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Board evaluation process was facilitated by the External Company Secretary under the oversight of the NRC, which was considered appropriate given the Company's current scale. The evaluation process remained comprehensive, covering the performance of the Board, Board Committees, individual Directors, internal audit, and external auditors.  The evaluation commenced with the completion of questionnaires, assessing areas including: <ul style="list-style-type: none"><li>• Efficiency and effectiveness of Board leadership</li><li>• Directors' fitness and propriety</li><li>• Directors' independence</li><li>• Management of conflicts of interest</li><li>• Meeting administration and information processes</li><li>• Quality of boardroom discussions and relationships</li><li>• Board's engagement with Management</li><li>• Board diversity, including skills, tenure, and gender</li><li>• Effectiveness of Board Committees</li><li>• Oversight of ESG elements and relevant skills to drive ESG strategy and implementation</li><li>• Time commitment of Directors</li></ul> Feedback from Directors indicated that, despite challenges during the year, the Board, its Committees, and the Chair continued to operate effectively. The NRC and the Board concluded that the current skills matrix remains adequate to support the Group's strategic objectives, while placing greater focus on ESG strategy implementation and monitoring progress against planned objectives.

	<p>The NRC also conducted its annual review of the Audit Committee (“AC”) and its members, assessing the following areas:</p> <p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>• Quality and composition</li> <li>• Skills and competencies</li> <li>• Meeting administration and conduct</li> </ul> <p><b>Individual AC Members:</b></p> <ul style="list-style-type: none"> <li>• Skills, experience, and understanding</li> <li>• Calibre and personality</li> <li>• Participation and contribution</li> </ul> <p>No negative feedback was received from the AC or its members.</p> <p>Following a review of the AC’s composition, skills, experience, and performance, the NRC recommended to the Board the renewal of the AC’s term of office for another year. The Board concurred with the recommendation.</p>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</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.

<b>Application</b>	:	Applied													
<b>Explanation on application of the practice</b>	:	<p>The Board has established policies and processes to determine the remuneration of Directors and Key Senior Management. These policies consider the Company's complexity and performance, the skills and experience required, market benchmarks for comparable positions, time commitments, and additional responsibilities, including that of the Board Chairman.</p> <p>Executive Directors' remuneration comprises:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Fixed remuneration</th> <th style="width: 50%; text-align: center;">Variable rewards</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Salary, Allowances, Benefits-In-Kind, and Other Emoluments</td> <td style="text-align: center;">Performance-Based Bonus</td> </tr> </tbody> </table> <p>Independent Directors' remuneration comprises:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Component</th> <th style="width: 33%;">Payment Mode</th> <th style="width: 34%;">Details</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Fixed fees</td> <td style="text-align: center;">Cash</td> <td>Fees are paid for service as Directors. Fees paid to the Chairman reflect the additional responsibilities as Board Chairman.</td> </tr> <tr> <td style="text-align: center;">Meeting allowance</td> <td style="text-align: center;">Cash</td> <td>Paid for attendance at Board and Committee meetings.</td> </tr> </tbody> </table> <p>In accordance with the Companies Act 2016 and the Main Market Listing Requirements, Directors' fees and benefits are subject to annual shareholder approval.</p> <p>Directors' fees for the financial year 2026, and Directors' remuneration and benefits (excluding fees) payable to Independent Non-Executive</p>	Fixed remuneration	Variable rewards	Salary, Allowances, Benefits-In-Kind, and Other Emoluments	Performance-Based Bonus	Component	Payment Mode	Details	Fixed fees	Cash	Fees are paid for service as Directors. Fees paid to the Chairman reflect the additional responsibilities as Board Chairman.	Meeting allowance	Cash	Paid for attendance at Board and Committee meetings.
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Meeting allowance	Cash	Paid for attendance at Board and Committee meetings.													

	<p>Directors from the 2026 Annual General Meeting until the 2027 Annual General Meeting, will be tabled for shareholder approval at the 2026 AGM. Independent Directors abstained from deliberations concerning their own remuneration.</p> <p>The Company's Remuneration Policy is available on the Company's website at <a href="https://www.lottechem.my/company/gov-2.asp">https://www.lottechem.my/company/gov-2.asp</a>.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established an NRC comprising a majority of Independent Directors.</p> <p>The roles and responsibilities of the NRC are set out in its Terms of Reference, which are available on the Company's website at <a href="https://www.lottechem.my/company/gov.asp">https://www.lottechem.my/company/gov.asp</a>.</p> <p>In February 2026, the NRC reviewed the proposed 2025 performance bonus provisions and the 2026 annual salary increments for Key Senior Management. The NRC submitted its recommendations to the Board, taking into account factors such as the Company's financial performance for 2025, relevant financial metrics, and prevailing economic conditions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the Directors' remuneration paid/payable for the financial year ended 31 December 2025 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	244.8	19.5	0	0	0	0	264.3	244.8	19.5	0	0	0	0	264.3
2	Tan Sri Datuk (Dr.) Rafiah binti Salim	Independent Director	170.1	34.1	0	0	0	0	204.2	170.1	34.1	0	0	0	0	204.2
3	Ang Ah Leck	Independent Director	170.1	36.4	0	0	0	0	206.5	170.1	36.4	0	0	0	0	206.5
4	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Independent Director	170.1	33.45	0	0	0	0	203.55	170.1	33.45	0	0	0	0	203.55
5	Jang Seon Pyo	Executive Director	0	0	0	0	0	0	0	0	0	1,109.874	0	220.849	0	1,330.723
6	Yu Seung Yong	Executive Director	0	0	0	0	0	0	0	0	0	990.603	0	191.5	99.089	1,281.192
7	Park Jae Sun	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	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
9	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
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
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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.

<b>Application</b>	:	Departure										
<b>Explanation on application of the practice</b>	:											
<b>Explanation for departure</b>	:	<p>The Company does not disclose the detailed remuneration of Key Senior Management on a named basis within RM50,000 bands. This approach is adopted to preserve confidentiality, mitigate potential negative impacts from disclosure, and maintain a stable work environment that supports the achievement of the Group's long-term strategic objectives.</p> <p>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 2025 in the CG Overview Statement which provides an indication of the remuneration paid to Key Senior Management and is detailed below:-</p> <table border="1" data-bbox="555 1370 1398 1509"> <thead> <tr> <th>Remuneration</th> <th>For the Financial Year Ended 31 December 2025</th> </tr> </thead> <tbody> <tr> <td>Salaries</td> <td>RM300,000 – 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>-</td> </tr> </tbody> </table>	Remuneration	For the Financial Year Ended 31 December 2025	Salaries	RM300,000 – RM550,000	Bonus and allowances	RM0 – RM150,000	Benefits-in-kind	-	Other Emoluments	-
Remuneration	For the Financial Year Ended 31 December 2025											
Salaries	RM300,000 – RM550,000											
Bonus and allowances	RM0 – RM150,000											
Benefits-in-kind	-											
Other Emoluments	-											
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>												
<b>Measure</b>	:											
<b>Timeframe</b>	:											

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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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
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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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is chaired by Mr Ang Ah Leck, an Independent Director who is not the Chairman of the Board.</p> <p>Mr Ang is a qualified accountant with extensive experience in audit, finance, corporate advisory, risk management, regulatory compliance, and governance. He was formerly an audit partner at KPMG PLT from 1997 to 2011 and joined BDO as Executive Director, Advisory, in August 2014, where he serves as Engagement Director for Internal Audit, Enterprise Risk Management, Corporate Governance, forensic accounting, and litigation support services.</p> <p>As Chairman of the AC, Mr Ang reports all matters and concerns raised during AC meetings to the Board, ensuring that the Board has sufficient information to make informed decisions on matters recommended by the AC.</p> <p>He also maintains ongoing dialogue with Management, as well as internal and external auditors, to address issues raised during meetings or any other matters of concern that require attention.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC conducted its annual assessment of the External Auditors, evaluating the timeliness, competence, audit quality, and adequacy of resources, as well as the nature and extent of non-audit services provided and the appropriateness of the fees charged.</p> <p>The Committee was satisfied with the outcome of the External Auditors’ performance assessment for the financial year 2025.</p> <p>In addition, the AC obtained confirmation from the External Auditors that they remain independent in accordance with all relevant professional and regulatory requirements.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC is composed entirely of Independent Directors. The members are:  <ol style="list-style-type: none"><li>1. Ang Ah Leck – Independent Non-Executive Director (Chairman)</li><li>2. Tan Sri Datuk (Dr.) Rafiah binti Salim – Independent Non-Executive Director</li><li>3. Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir – Independent Non-Executive Director</li></ol>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is chaired by Mr Ang Ah Leck, 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 brings extensive financial expertise, enabling him to provide valuable input on financial matters.</p> <p>The AC also includes members with extensive experience in international trade, corporate governance, investments, risk and internal controls, corporate finance, and business transformation. All members are financially literate and contribute diverse perspectives, enhancing the quality of the Committee's deliberations.</p> <p>The AC undertakes a rigorous review of transactions, financial information, and key accounting policies and judgements adopted by the Company in its financial reporting. AC members approach their responsibilities with professionalism and dedicate the necessary time and effort to ensure the integrity of both financial and non-financial reporting under the Committee's oversight.</p> <p>The AC members remain updated on developments and changes in accounting and auditing standards, practices, and regulations through briefings provided by the external auditors during the audit review process.</p> <p>Details of the training attended by the AC members in 2025 are set out below:</p>

	Directors	Training/Seminar	Attended Date
	<b>Ang Ah Leck</b>	<ol style="list-style-type: none"> <li>1. Capital Market Director Programme for Equities and Futures Broking (Modules 1, 2A, 3&amp;4) by Securities Industry Development Corporation ("SIDC")</li> <li>2. Capital Market Director Programme for Fund Management (Modules 2B) by SIDC</li> <li>3. Cybersecurity Awareness by Pavilion REIT Management</li> <li>4. Audit Oversight Board's ("AOB") Conversation with Audit Committees by Securities Commission Malaysia</li> <li>5. Navigating the National Sustainability Reporting Framework ("NSRF"): Insights on Implementation by AOB</li> <li>6. ICDM Director Series 2025: Elevating Boardroom Mastery: From Accountability to Action – Trust on Trial – The Fiduciary Compass for Modern Boards</li> </ol>	<p>16 to 18 April 2025</p> <p>18 April 2025</p> <p>15 July 2025</p> <p>25 November 2025</p> <p>25 November 2025</p> <p>17 December 2025</p>
	<b>Tan Sri Datuk (Dr.) Rafiah binti Salim</b>	<ol style="list-style-type: none"> <li>1. The Sanctity of Malaysia's Federal Constitution: Threats, Solutions and Impact on National Governance – Allianz Centre for Governance by YABhg Tun Tengku Maimun Tuan Mat</li> <li>2. Khazanah Megatrends Forum 2025: Debugging Uncertainty – Lessons from the Grasshopper and the Ant on Living with Risk by Khazanah Nasional</li> </ol>	<p>19 August 2025</p> <p>6 and 7 October 2025</p>
	<b>Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir</b>	<ol style="list-style-type: none"> <li>1. Speaker at Women Leadership Foundation ("WLF") Roundtable Session on Championing Excellence: The Leadership Endurance</li> <li>2. ASEAN Women Economic Summit 2025 – Empowering Women, Energizing ASEAN: Pioneering Economic Integration For A Resilient Tomorrow by WLF and the Malaysia's Ministry of Investment, Trade, and Industry ("MITI")</li> <li>3. Speaker at WLF with Yayasan Peneraju on Breaking Barriers – Pioneering Leadership that Inspires Generations</li> <li>4. Tea Talk Session on "AI, Ethics &amp; Accountability: Who Owns The Risk?" by Institute of Enterprise Risk Practitioners ("IERP")</li> <li>5. Speaker at WLF on Resilient Leadership</li> <li>6. IERP Directors Networking Session, "Corporate Cultism – The Silent Threat in The Boardroom" by IERP</li> <li>7. Boardroom Under Fire: D&amp;O Protection &amp; Director Liability in Malaysia's Evolving Risk Landscape by ICDM</li> <li>8. Tea Talk Session on "Beyond ESG Reporting: The Risk of Greenwashing in 2025" by IERP</li> <li>9. Audit Oversight Board's ("AOB") Conversation with Audit Committees by Securities Commission Malaysia</li> <li>10. Financial Scandals: Deceit, Lies &amp; Greed by ICDM</li> <li>11. Trust on Trial: Fiduciary Duties in the Modern Boardroom by ICDM</li> <li>12. Tea Talk Session on "Decoding Risk – Compliance-Audit Relationship" by IERP</li> </ol>	<p>25 April 2025</p> <p>24 and 25 May 2025</p> <p>25 October 2025</p> <p>31 October 2025</p> <p>7 November 2025</p> <p>7 November 2025</p> <p>20 November 2025</p> <p>21 November 2025</p> <p>25 November 2025</p> <p>27 November 2025</p> <p>17 December 2025</p> <p>19 December 2025</p>
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for reviewing and monitoring the Group’s system of risk management and internal controls to ensure their adequacy, integrity, and alignment with business objectives.</p> <p>It is important to note that risk management and internal control systems are designed to manage, not eliminate, risks entirely. Consequently, they provide reasonable—but not absolute—assurance against material loss or failure. The Board has established processes to identify, evaluate, monitor, and manage extreme and high risks that could adversely impact the Group’s operations, financial performance, cash flow, and overall financial condition, while continuously enhancing these processes as required.</p> <p>The Company’s risk management framework aligns with ISO 31000:2018, which provides internationally recognised guidelines on the implementation of risk management.</p> <p>The Board regularly reviews the effectiveness, adequacy, and integrity of the Group’s risk management framework and internal control systems to ensure that significant and emerging risks are appropriately managed and remain aligned with business objectives amid changing business environments.</p> <p>The effectiveness of risk management and internal controls is assessed through several mechanisms:</p> <ul style="list-style-type: none"><li>• <b>Oversight by the Risk Management Committee (“RMC”):</b> The RMC monitors identified risks, ensures processes are in place to identify new risks, and oversees the implementation of recommendations.</li><li>• <b>Risk Management Working Committee:</b> Comprising Senior Management, this Committee sets the direction, defines policy, and monitors risk management activities. The Risk Management Function reports to the Committee and collaborates with business units and functional lines to continuously identify, assess, and monitor risks.</li></ul>

	<ul style="list-style-type: none"> <li>• <b>Internal Audit:</b> Reporting directly to the Audit Committee, the Internal Audit team provides independent assurance on the adequacy and reliability of governance, internal control, and risk management processes.</li> <li>• <b>Integration into Operations:</b> Internal control and risk management processes are embedded into the Company's operations. Areas for improvement identified by Management or the Board are addressed continuously and are subject to rigorous scrutiny.</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

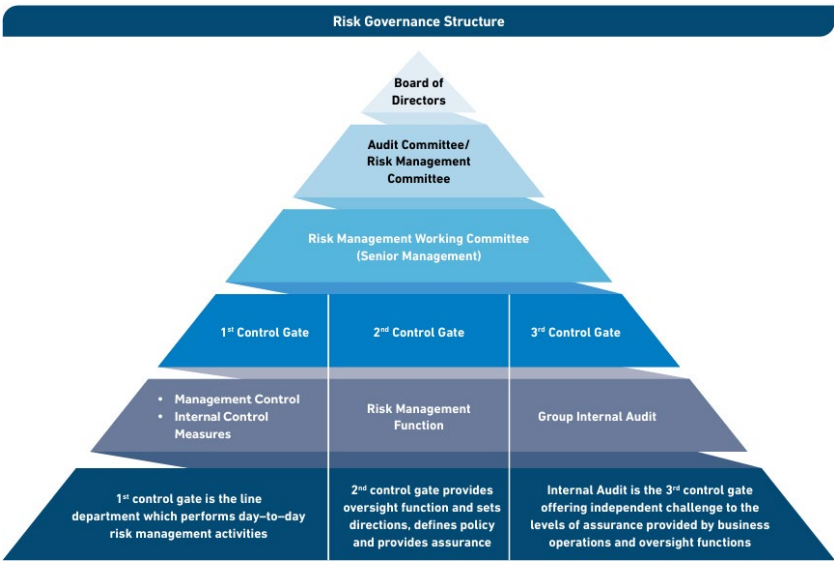
**Intended Outcome**

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.

<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>: <u>Risk Governance and Oversight</u></p> <p>The risk governance structure is depicted in the diagram below:-</p>  <p>The risk governance structure is supported by the Three Control Gates approach to ensure effective risk management:-</p> <ol style="list-style-type: none"> <li><b>1. First Control Gate:</b> Heads of Departments, together with their teams, are accountable for all risks within their respective areas. They are responsible for developing their staff’s risk management capabilities and embedding risk management into key processes and activities.</li> <li><b>2. Second Control Gate:</b> The Risk Management Function (“RMF”), overseen by the Risk Management Working Committee (“RMWC”), sets direction, defines policies, and monitors the Group’s risk management activities.</li> <li><b>3. Third Control Gate:</b> The Internal Audit (“IA”) team provides independent assurance of the adequacy and effectiveness of</li> </ol>

governance, internal controls, and risk management processes. The IA team reports directly to the Audit Committee.

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

**Risk Management Framework and Process**



The risk management process encompasses communication and consultation, defining scope, context and criteria, risk assessment (identification, analysis, and evaluation), risk treatment, monitoring and review, recording, and reporting on risks and mitigation effectiveness.

In 2025, the Company implemented a scheduled review programme for moderate and high-risk registers to strengthen risk oversight. An annual review of the Business Impact Analysis (“BIA”), Business Continuity Management (“BCM”) policies, procedures and plans, and the Risk Management Policy and Procedure Manual was also conducted.

On an annual basis, the Board receives written assurance from the President & CEO and Chief Financial Officer confirming 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 of the Statement on Risk Management and Internal Control.

	The Statement on Risk Management and Internal Control can be found on pages 137 to 143 of the Company's 2025 Integrated Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board complies with Step-Up Practice 10.3, having established a separate RMC comprising a majority of Independent Directors to oversee the Company's risk management framework and policies.</p> <p>The current members of the RMC are:</p> <ol style="list-style-type: none"><li>1. Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir – Chairperson (Independent Non-Executive Director)</li><li>2. Jang Seon Pyo – Non-Independent Executive Director, President &amp; CEO</li><li>3. Ang Ah Leck – Independent Non-Executive Director</li><li>4. Tan Sri Datuk (Dr.) Rafiah binti Salim – Independent Non-Executive Director</li></ol> <p>The Terms of Reference of the Risk Management Committee are available on the Company's corporate website at <a href="https://www.lottechem.my/company/gov.asp">https://www.lottechem.my/company/gov.asp</a>.</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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company's internal audit function is performed by an in-house Internal Audit ("IA") team and is supported by an external consultant, Moore Risk Consulting Sdn. Bhd. The IA function reports directly to the AC.</p> <p>The IA function operates in accordance with the International Professional Practices Framework issued by The Institute of Internal Auditors, the Internal Audit Charter, and the Annual Audit Plan approved by the AC. The Annual Audit Plan is developed based on input from Management, the Group's Risk Register, and areas of concern highlighted by the AC and/or Management.</p> <p>The AC is responsible for the appointment and removal of the Head of Internal Audit and any external consultants, as well as for evaluating the internal audit function.</p> <p>Key internal audit activities in 2025 included:-</p> <ol style="list-style-type: none"><li>1. Presented revised IA plan for 2025 to 2028 and tabled the 2025 annual budget to the AC for consideration and approval.</li><li>2. Conducting IA engagements according to the scheduled annual audit plan/revised audit plan and recommending improvements, where necessary. IA engagements included the following areas:<ul style="list-style-type: none"><li>• Anti-Bribery and Corruption ("ABAC") Compliance Management</li><li>• Material Store and Warehouse Management on Inventory</li><li>• Polyethylene (PE) Plant Management (PE1, PE2 and PE3)</li><li>• Sales Polymer and Marketing (conducted in Q4, 2025, presented to the AC in February 2026)</li></ul></li></ol> <p>Areas identified were strengthening of compliance, systems and process enhancement and document management improvement.</p> <ol style="list-style-type: none"><li>3. Presented the 2025 Internal Audit (IA) Plan and reviewed the IA reports covering audits of the Commercial Department (Domestic Sales), Human Resources Department, Health, Safety, Environment and Risk Department, Warehouse Department and Store Department of the Indonesian subsidiary, PT LOTTE Chemical Titan TBK.</li></ol>

	<ol style="list-style-type: none"> <li>4. Reporting results of internal audit reviews and other activities to the AC on a quarterly basis.</li> <li>5. Performing follow-up reviews to ensure that Management implements audit recommendations and action plans.</li> <li>6. Performed quarterly reviews of related party transaction disclosures in the Quarterly Bursa Report.</li> <li>7. Conducted internal investigations on whistleblowing reports received and tabled the findings to the AC for review</li> </ol> <p>The IA function provides independent assurance on the adequacy and integrity of the Group’s internal controls in managing key risks. Detailed reports are prepared for each audit, and follow-up audits are conducted to verify implementation of recommended improvements. Audit priorities are directed and approved by the AC, ensuring focus on areas critical to the Group’s operations and governance.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The In-house IA function is headed by Puan Siti Khadija binti Aziz, who is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and an Associate Member of the Institute of Internal Auditors Malaysia. She holds a Bachelor of Accountancy (Hons.) from Universiti Teknologi MARA.</p> <p>The in-house IA function is also supported by an external consultant, Moore Risk Consulting Sdn. Bhd., which is headed by Mr Joe Lee, who holds the Certified Internal Auditor (CIA), Certified Professional in Supply Management (CPSM), Certified Public Accountant (CPA), and Chartered Accountant (CA) qualifications.</p> <p>Internal audit personnel maintain objectivity and independence, free from conflicts of interest or undue influence from Management. The Internal Audit team continues to deliver its services in accordance with the International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Effective communication with stakeholders remains a strategic priority for the Board.</p> <p>Key stakeholder engagement initiatives undertaken by the Company during the year include:</p> <ul style="list-style-type: none"> <li>• Shareholders' Meetings and Engagements</li> <li>• Investor Engagements</li> <li>• Research Analyst Engagements</li> <li>• Quarterly Results Briefings</li> <li>• Press Releases</li> </ul> <p>The Board receives quarterly updates on the activities conducted by the Investor Relations unit and the proposed calendar of engagement events for the year.</p> <p>Community outreach is also a key focus, and the Board is regularly informed of initiatives undertaken by the Company. The 2025 corporate social responsibility (CSR) activities included:</p> <ul style="list-style-type: none"> <li>• Providing financial assistance to underserved groups</li> <li>• Providing learning skills development, learning tools and financial assistance to underprivileged students</li> <li>• Supporting local communities by enhancing public amenities and facilities to improve overall wellbeing</li> <li>• Increasing environmental awareness through the organisation of environmental programmes in collaboration with local communities, authorities and industrial associations</li> </ul> <p>Further details of these initiatives are set out on pages 67 and 68 of the 2025 Integrated Annual Report.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Notice of the AGM was issued to shareholders at least 28 days in advance, ensuring adequate time for shareholders to review and consider the resolutions to be tabled.</p> <p>A copy of the AGM notice is available on pages 234 to 238 of the Integrated Annual Report and can also be accessed on the Company's website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Except under unforeseen circumstances, all Directors attend General Meetings.</p> <p>At the 2025 AGM, the Chairs of the AC and RMC, along with Key Senior Management personnel, were present, providing shareholders with the opportunity to engage directly and raise questions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Effective 1 March 2025, a joint directive from Bursa Malaysia and the Securities Commission Malaysia requires all listed entities to conduct their AGMs and other general meetings in either a hybrid or fully physical format.</p> <p>In compliance with the requirement, the 2025 AGM of the Company held on 5 May 2025 was held physically at Ballroom 1 and 2, Level 2, Renaissance Johor Bahru Hotel, 2 Jalan Permas 11, Bandar Baru Permas Jaya, 81750 Masai, Johor.</p> <p>Notwithstanding the departure, the Board has implemented the following alternative measures to ensure that shareholders are able to participate effectively and make informed voting decisions:-</p> <ul style="list-style-type: none"><li>a) Shareholders were provided with adequate notice of the AGM together with comprehensive explanatory notes for each resolution tabled.</li><li>b) Shareholders who were unable to attend the AGM in person may appoint proxies to vote on their behalf.</li><li>c) The Chairman allocated sufficient time during the AGM for questions and answers, allowing shareholders to seek clarification on the Company's affairs, performance and resolutions proposed.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### 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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Board recognises that the general meeting serves as an important platform for engagement with shareholders.  Both the AGM and the Extraordinary General Meeting held in 2025 were chaired by Tan Sri Dato' Abdul Rahman Mamat. Shareholders were given the opportunity to seek clarification or raise questions regarding the Company's financial and non-financial performance, as well as on the resolutions tabled for approval.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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>	
<b>Application</b> :	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the AGM held on 5 May 2025 was uploaded to the Company's website within 30 business days after the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*

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