

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5143  
**COMPANY NAME** : Luxchem Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2021

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of Luxchem Corporation Berhad ("Company") is led by three Independent Directors and three Executive Directors. This combination enables the Board to have balanced views and make well-thought-out decisions at the Board level.</p> <p>The Board sets, discusses and reviews matters of strategic interest and make major decisions that impact the areas of corporate governance, audit, internal control, risk management, sustainability, financial and operational compliance as well as matters important to various stakeholders of the Company.</p> <p>The Board has established Board Committees such as Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each committee has distinctive functions, roles and responsibilities. All the Committees are headed by Independent Directors and they are well-resourced. The Board is also being assisted and advised by competent company secretaries, external auditors and internal auditors in carrying out their functions.</p> <p>The Independent Directors are able to contribute through their knowledge and experience in discussions at the Board meetings and where appropriate, the necessary actions are implemented.</p> <p>The three Independent Directors are from different background and industry. They are able to contribute diverse views and insights to the Board.</p> <p>For clarity, the Board Charter sets and states categorically the authority, roles and responsibilities for the Board and the Board Committees. The Board Charter is regularly reviewed and updated in accordance with the changing requirements. The Board Charter is available at the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p>

	<p>During the financial year ended 31 December 2021 (“FY 2021”), the Board had, inter alia, carried out the followings:</p> <p><u>Strategic and Compliance Matters</u></p> <p>The Board discussed and reviewed budget, risk management, internal control, corporate governance, financial, operational and compliance matters in all of its formal and informal meetings.</p> <p>The Board also discussed and approved expenditure and acquisition plans proposed by the Executive Directors.</p> <p>The Board discussed and reviewed the financial performance of the Company on quarterly basis to ensure integrity in its reporting and announcements, meeting and complying with the Malaysian Financial Reporting Standards.</p> <p><u>Review of Management Team’s Performance</u></p> <p>The Executive Directors reviewed and evaluated the Management Team’s performance and contribution. Clear, meaningful and measurable objectives for the years were discussed and set. The review and progress of the objectives were evaluated, tracked and reviewed on monthly or mid-year basis.</p> <p><u>Risk Management and Internal Control</u></p> <p>The Executive Directors and the Group’s Management Team reviewed, discussed, actioned and updated on the Group’s Enterprise Risk Management including the key issue facing by the Group such as Covid-19 pandemic. The Board ensured that the risk management and internal framework remains relevant and applicable.</p> <p>The Board, through its ARMC, assessed and evaluated the Group’s operation risks and the integrity of the Company’s financial and non-financial reporting. With the professional support of internal and external auditors as the “guardian” of the Company, perils and risks could be highlighted and identified to the Board for their swift response.</p> <p><u>Good Corporate Governance</u></p> <p>The Board emphasised the compliance of Section 17A of Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) in the Group since its enforcement on 1 June 2020. The implementation of corporate liability under the new Section 17A of the MACC Act 2009 in the Group was audited and reported to the Board.</p>
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	<p><u>Succession Planning</u></p> <p>The NC is entrusted by the Board with responsibilities to oversee the selection and assessment of Directors and Board Committees as well as succession planning for Directors and Senior Management personnel.</p> <p>However, the Company has not identified a talent in the pipeline during the financial year under review. The Company will continue to search for a suitable candidate to sustain the continuity of operations of the Company.</p> <p><u>Stakeholders Engagement and Communication</u></p> <p>The Company kept its stakeholders informed with the important matters through making and releasing the relevant announcements via Bursa Malaysia Securities Berhad ("Bursa Securities"), media and also publishing the same on the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</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 1.2

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 Datuk Kwan Foh Kwai. He is a well-known person in the construction industry and has extensive experience in the said industry. Hence, he is able to lead the Board in setting the policies for the Company to meet its goals and objectives. Under his leadership, the Board has discharged its responsibilities effectively. His profile is available at the Annual Report 2021 and Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a></p> <p>The roles and responsibilities of the Chairman are provided in Appendix B of the Board Charter, which is published on the Company website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>. The stakeholders may also communicate with the Company at <a href="mailto:luxchem@luxchem.com.my">luxchem@luxchem.com.my</a>.</p> <p>The Chairman is leading the Board towards inculcating good corporate governance practices to safeguard the Company and its Group's interest.</p> <p>In addition, the Chairman also has other responsibilities with regard to the conduct of Board meetings:</p> <ul style="list-style-type: none"><li>• Chairing the meeting;</li><li>• Setting agenda of the meeting with the Board members;</li><li>• Ensuring the meeting is conducted orderly and effectively;</li><li>• Ensuring sufficient information and meeting papers are being provided to the Board members;</li><li>• Leading the meeting and discussion;</li><li>• Encouraging participation and ensuring sufficient time for views of Board members to be expressed;</li><li>• Ensuring and maintaining professional working relationship between members of the Board meeting;</li><li>• Allow shareholders to pose the questions during General Meeting and providing answers to the issues raised by shareholders.</li></ul>
<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

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 positions of Chairman and Managing Director/Chief Executive Officer ("MD/CEO") are held by different individuals to ensure that the roles and responsibilities are held separately for better accountability and transparency.</p> <p>A formal position descriptions for the Chairman and MD/CEO are outlined in the Appendix B and Appendix C of the Board Charter, which is available at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p> <p>The Chairman is responsible for representing the Board to the shareholders and to encourage participation of Board members in resolving matters which required attention of the Board. The Chairman is also responsible for ensuring the independence, integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the MD/CEO in its collective oversight over the management of all operational matters of the Group and will consult with the Board over any matter that gives him cause for concern.</p> <p>All Board's authority conferred on the Management is delegated through the MD/CEO so that the authority and accountability of management is considered to be the authority and accountability of the MD/CEO as far as the Board is concerned.</p> <p>The MD/CEO focuses on the business and day-to-day management of the Company and is accountable to the Board for the achievement of the Company's goals and Group's business performance.</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>	: Departure																								
<b>Explanation on application of the practice</b>	:																								
<b>Explanation for departure</b>	<p>The Chairman of the Board, Datuk Kwan Foh Kwai, is currently a Chairman and a member of the Board Committees as shown in the tables below:</p> <table><tr><th colspan="2">Audit and Risk Management Committee</th></tr><tr><td>Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td><td>Chairman</td></tr><tr><td>Datuk Kwan Foh Kwai</td><td>Member</td></tr><tr><td>Mr Tan Teck Kiong</td><td>Member</td></tr></table> <table><tr><th colspan="2">Remuneration Committee</th></tr><tr><td>Datuk Kwan Foh Kwai</td><td>Chairman</td></tr><tr><td>Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td><td>Member</td></tr><tr><td>Mr Tan Teck Kiong</td><td>Member</td></tr></table> <table><tr><th colspan="2">Nominating Committee</th></tr><tr><td>Mr Tan Teck Kiong</td><td>Chairman</td></tr><tr><td>Datuk Kwan Foh Kwai</td><td>Member</td></tr><tr><td>Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td><td>Member</td></tr></table> <p>After much consideration, the Company has decided to maintain the composition of the Board Committees as status quo based on the following justifications:</p> <ol style="list-style-type: none"><li>1. Through the collective observation/assessment of the Board, the Chairman, Datuk Kwan Foh Kwai, has acted objectively and uphold his independence in all the matters relating to and discussed in the Board and Board Committees of which he is a Chairman or a member.</li><li>2. Datuk Kwan Foh Kwai does not have any conflict of interest in all aspects of the Company and its subsidiaries. He does not hold subsidiary shares nor does he has appointment or dealing in any of the subsidiaries which may affect his independence or influence his judgement.</li></ol>	Audit and Risk Management Committee		Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Chairman	Datuk Kwan Foh Kwai	Member	Mr Tan Teck Kiong	Member	Remuneration Committee		Datuk Kwan Foh Kwai	Chairman	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member	Mr Tan Teck Kiong	Member	Nominating Committee		Mr Tan Teck Kiong	Chairman	Datuk Kwan Foh Kwai	Member	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member
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Datuk Kwan Foh Kwai	Member																								
Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Member																								



	<p>3. Datuk Kwan Foh Kwai has also offered valuable insight and knowledge to each of the Board Committees he is involved in the Company since appointed to the Board. He voiced his concern as necessary and shown impartiality in his judgement and conduct.</p> <p>4. In the assessment of the Company, the current setup of Board Committees with one Chairman and two members is effective and facilitates fast decision-making processes. It avoids deadlock in board decision and allows faster implementation of decision.</p> <p>In summary, the Company understands the importance of compliance with this Practice. However, the Company is of the view that the current Board Committees are robust (i.e. meeting the objective of the respective Board Committees) and efficient. Adding or reducing number of director towards complying of this practice may not necessarily bring positive results.</p> <p>The Company will assess the practicality of this Practice from time to time and work towards complying with the Practice as necessary.</p>
	Nil
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Nil
<b>Timeframe</b>	: Others

### 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 assisted by three qualified and competent Company Secretaries. One of them is a member of Malaysian Institute of Accountants.</p> <p>During the FY 2021, the Company Secretaries performed the following tasks:</p> <ul style="list-style-type: none"><li>a) Provided support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group;</li><li>b) Played an advisory role to the Board, particularly with regards to the Company's Constitution, Board's policies, Board Charter and procedures as well as updating and, advising the Board on compliance with regulatory and listing requirements, codes, guidelines and legislations from time to time;</li><li>c) Monitored corporate governance developments and assisted the Board in adhering to the principles and practices of best corporate governance practices to meet the Board's needs and stakeholders' expectations; and</li><li>d) Managed and attended Board meetings, Board Committees meetings, shareholders meetings and ensure that deliberations and decisions at the respective meetings were accurately minuted including whether any Director has abstained from voting or deliberating on a particular matter. The minutes were kept in the minutes books and subsequently communicated to the relevant parties for necessary actions to be taken.</li></ul> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries for the purposes of the Board's affairs and the business of the Group. The appointment and removal of Company Secretaries shall be the prerogative of the Board as a whole.</p> <p>As the Company Secretaries will keep the Directors and shareholders informed of their legal responsibilities and ensure documents relating to the management of the Company are up to date and correct, the Board is able to run the Company more effectively to ensure all the</p>

	objectives and goals are met. During the FY 2021, the Company Secretaries undertook continuous professional development by attending trainings/webinars.	
<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>The Board understands that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group.</p> <p>Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including major financial, operational and corporate matters.</p> <p>The Board and/or Board Committees papers are prepared and distributed to the Directors and/or Committee Members at least five days (except financial report to be circulated at least two working days) before the Board and/or Board Committees' meetings to allow the Board and/or Committee Members to receive the information in a timely manner.</p> <p>Notices of meetings and meeting materials are circulated at least five days (except financial report to be circulated at least two working days) before the Board and Board Committees' meetings. Urgent matters falling outside these timing requirements are allowed, and subject to the Board Chairman's approval.</p> <p>Upon conclusion of meetings, the Company Secretaries circulate the minutes within 2 to 3 weeks, and ensure the minutes of meetings accurately reflect the deliberations and decisions of the Board.</p> <p>As meeting materials are distributed in advance, all Board members can prepare ahead and contribute effectively during the meetings. With prompt distribution of minutes, the Board is promptly notified and reminded on the actions and plans. This has aided the Company in decision making to achieve stable growth since its listing.</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 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>	:	<p>The Board has formalised its Board Charter.</p> <p>During FY 2021, the Board Charter was reviewed and approved by the Board on 10 November 2021 to reflect the new requirements of Malaysian Code on Corporate Governance as of 28 April 2021, issued by the Securities Commission Malaysia. Subsequently, the updated Board Charter was uploaded on Company's website on 14 December 2021. It is available at the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p> <p>Board Charter serves as a reference for the fiduciary duties as a Director of the Company (inclusive of Senior Independent Director) and the functions of the Board Committees.</p> <p>The Board reviews the Board Charter periodically and make necessary amendments to ensure that they remain relevant and consistent with the Board's objective and values, current law and best practices to enable the Board to discharge its responsibilities effectively.</p> <p>The Board Charter regulates how the Company's business is conducted and how the decision is made, as well as guiding the Board to discharge its fiduciary duties in the best interests of the Company. With the roles and responsibilities of the Board and senior management clearly defined, this has contributed towards the growth of the Company.</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>	:		
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### 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 Directors' Code of Best Practice ("Code") has been established to promote good corporate behaviours of the Board, Senior Management, employees as well as business partners of the Company and its subsidiaries. The Code and Code of Ethics &amp; Conduct for Business Partners are published on the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p> <p>The Code provides guidance to all the employees in conducting themselves to the highest standards of conduct and ethics during the course of their employment.</p> <p>The Code has also included the latest development on Anti-Money Laundering, Anti-Corruption and abuse of power. During FY 2021, the Code was applied to the major subsidiaries of the Company.</p> <p>Under the Code, Board members are required to declare any personal, professional or business interests that may or can conflict with Directors' responsibilities when discharging their fiduciary duties. The Board members are also required to adhere to the code of professional behaviours during their tenure with the Company.</p> <p>The Code also applies to all Senior Management and selected employees of the Group performing key and significant functions are also required to disclose and declare situation that is of or potentially be of conflict of interest, to the Company annually. They are also required to adhere to the Code of professional behaviours in the Code.</p> <p>It is commonly practiced that Board Members, Senior Management and employees are to be abstained from any decision-making process of which they are the interested parties.</p> <p>During FY 2021, the Company has established and aggressively implemented policies and procedures relating to compliance of the</p>



	<p>Section 17A of the Malaysian Anti-Corruption Commission Act 2009 to all the key subsidiaries.</p> <p>The Company will continue to drive the adherence of ethical conduct of business from Board to rank-and-file level and be the trusted chemical supplier as echoed in the Company's tagline.</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 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 Board had established a Whistleblowing Policy in 2018 which is available on the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>. Posters are placed in all offices to create awareness among the employees. The Whistleblowing Committee comprises three Independent Non-Executive Directors.</p> <p>The Whistleblowing Policy provides a structured reporting channel and guidance to all stakeholders to provide information on fraud, wrongdoings or non-compliance to any rule or procedure within the Group.</p> <p>Whistleblowers can report any improper conduct to any of the Whistleblowing Committee members.</p> <p>Whistleblowers may also report directly to an outsourced independent party at <a href="mailto:whistleblower@crowe.my">whistleblower@crowe.my</a> on any fraudulent actions or improper conduct.</p> <p>The identity of the whistleblowers will be kept confidentially by the Whistleblowing Committee and the Management.</p> <p>During the FY 2021, no whistleblowing report was received by the Committee members.</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>Since 2017, the Company has published in annual reports its sustainability statement / report.</p> <p>The Company:</p> <ul style="list-style-type: none"><li>• Set the scope of its sustainability management;</li><li>• Established sustainability framework that requires involvement from both the Board and the Management of the Group;</li><li>• Defined material sustainability matters relevant to the Group and its stakeholders;</li><li>• Determined sustainability focus and considerations;</li><li>• Set measurable sustainable targets; and</li><li>• reported major sustainability activities taken place during the financial year.</li></ul> <p>The Company has fine-tuned its operations and made some progress towards becoming a sustainable organisation since 2017. The Company shall continue its journey towards a truly sustainable organisation in the coming years.</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>	:		
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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 4.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company publishes its sustainability report in annual report. The report highlights the Company's focus and framework in driving and managing sustainability. Key sustainability efforts during the financial years, including KPIs performance, are also reported in the Annual Report.</p> <p>The Company has also made available all of its annual reports at Company's website: <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>. Shareholders and public can download and read the reports.</p> <p>Under the financial year under review, the Company held 2 fully virtual General Meetings. In both occasions, shareholders were given opportunity to raise sustainability issues and concerns, if any.</p> <p>Apart from annual report, the Company has also communicated as frequent as possible with its various stakeholders when certain issue with sustainability interest arisen during the financial year.</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 4.3

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>Since publishing sustainability management of the Group in annual report in 2017, the Company has ensured that related sustainability trainings had been arranged for key employees. Training requests were approved at the Board as well as Management level.</p> <p>During the financial year under review, the Company had begun its assessment of green technology application such as solar power in its manufacturing plants. The work had also commenced in converting the use of diesel fuel to natural gas for its manufacturing plant in Melaka.</p> <p>The Company will continue its efforts in educating all levels of employees in the Group in sustainability matters, applying and adopting technologies and systems beneficial to sustainability in the Group and continue its journey in becoming a truly sustainable organisation.</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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	During the financial year under review, the Nominating Committee has completed the Board's evaluation questionnaire relating to environmental, social and governance or sustainability, however, the performance evaluations of Senior Management of the Group did not cover sustainability performance evaluation.	
<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>As disclosed in the Sustainability Report, the Managing Director/Chief Executive Officer of the Company is leading and driving the sustainability initiatives of the Group, including advising, discussing, reviewing and monitoring the progress of sustainability projects.</p> <p>The Sustainability Managers are generally the Heads of Subsidiaries, Divisions, Departments and Branches, who are tasked or responsible for assessing and identifying sustainability factors, undertaking actions necessary to address sustainability concerns and reporting the progress to the Managing Director or Board of Directors.</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 Nominating Committee ("NC") continue to discharge their functions and to ensure that the board composition and tenure of each director are reviewed periodically. The NC also ensure that the re-election of directors is carried out annually and evaluation of the directors are done objectively.</p> <p>The Board recognised that the Directors' performance is used as a basis in recommending their re-election to the shareholders.</p> <p>During the FY 2021, the following Directors are subject to retirement pursuant to the Constitution of the Company at the 29<sup>th</sup> AGM of the Company held on 27 May 2021:</p> <p>(a) Madam Chin Song Mooi (b) Madam Chen Moi Kew</p> <p>Both Madam Chin Song Mooi and Madam Chen Moi Kew had indicated their willingness to seek for re-election at the 29<sup>th</sup> AGM of the Company held on 27 May 2021.</p> <p>The NC are of the view that the Directors had discharged their duties effectively and had provided valuable contribution to the leadership of the Group. With that, upon the recommendation of the NC, the Board resolved to recommend the re-election of abovementioned Directors at the 29<sup>th</sup> AGM of the Company.</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>	:		
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### 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 consists of a total of six members with three Independent Directors and three Executive Directors.</p> <table border="1"><thead><tr><th>Independence</th><th>%</th></tr></thead><tbody><tr><td>Independent Directors</td><td>50%</td></tr><tr><td>Non-Independent Directors</td><td>50%</td></tr></tbody></table> <p>The Boards provides a diversity of perspectives and views to ensure a thoughtful and objective discussion and where necessary, before a decision is made, and the appropriate actions are implemented subsequently.</p>		Independence	%	Independent Directors	50%	Non-Independent Directors	50%
Independence	%								
Independent Directors	50%								
Non-Independent Directors	50%								
<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 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	During the FY 2021, none of the Independent Directors in the Company have exceeded a cumulative term limit of nine years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.4 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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 consists of three Executive Directors (inclusive of Managing Director/Chief Executive Officer) and three Independent Directors.</p> <p>The Board is qualified, with diverse background, skills and experience to assess risk, anticipate challenges and identify opportunities. The Company attributes its growth as partly due to its Board composition, as it gives the advantage to the Board by adding varying perspectives when deliberating and making its decisions.</p> <p>Before recommending candidates to be appointed by the Board, the Nominating Committee ("NC") would apply the following criteria in screening and evaluating new candidates:</p> <ul style="list-style-type: none"><li>a. skills, knowledge, expertise and experience;</li><li>b. professionalism;</li><li>c. integrity;</li><li>d. education;</li><li>e. cultural background;</li><li>f. gender;</li><li>g. time commitment; and</li><li>h. in the case of candidates for the position of Independent Directors, the NC also evaluates the candidate's ability to discharge its responsibilities/functions as expected from the Independent Directors.</li></ul> <p>Upon selection and appointment, a formal invitation to join the Company as a Board member would be extended by the Chairman of the Board.</p> <p>The composition of the Board is well balanced to address any business challenges and to drive the business of the Group to greater heights.</p> <p>There is no new appointment to the position of Senior Management in FY 2021. When appointing Senior Management in the Group, if any, the</p>

	assessment will take into consideration criteria point (a) to point (g) as stated above in determining the overall suitability of the candidate.	
<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 5.6

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 Board delegates to the Nominating Committee ("NC") the responsibility to nominate and appoint new Directors to the Board. Such responsibilities include screening and conducting an initial selection by assessing the capabilities, qualities and commitment of the potential candidates.</p> <p>The NC also ensures the potential candidates possess the appropriate skills, core competences and experiences to discharge their role as directors.</p> <p>The Board does not solely rely on recommendations from the existing board members, management or major shareholders.</p> <p>If the new appointment of Independent Non-Executive Director is necessary, the Board will utilise independent sources for sourcing suitably qualified candidates.</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 5.7

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>Prior to the appointment or re-appointment of director to the Board, the Nominating Committee ("NC") ensures that all information and background of the directors are discussed, reviewed, considered and screened accordingly.</p> <p>Personal details of the directors, including his/her biodata, working experience, qualification, membership, past performance, competencies and cultural background are discussed and reviewed by the NC.</p> <p>Details of interest, position and relationship that may influence independent judgement upon appointment or re-appointment of director will also be disclosed for discussion and deliberation by the NC.</p> <p>Upon satisfactory assessment and with the recommendation of appointment or re-appointment of director by the NC, the Board shall then proceed with consideration and approval on appointment or re-appointment of director.</p> <p>To ensure shareholders have sufficient information on re-appointment of director, the profiles of the directors with details of background, qualification and experience of the directors, including relationship with the key directors if any, are disclosed and published in the Annual Report and Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p> <p>During the financial year under review, Madam Ching Song Moi and Madam Chen Moi Kew were recommended by the NC to the Board for re-appointment on 19 February 2021 in view of their satisfactory performance, contribution and experience. Their re-appointment was accepted by the Board and subsequently approved in the 29<sup>th</sup> AGM held on 27 May 2021.</p> <p>The Notice of AGM for 2021 was issued on 6 April 2021 which is prior to the release of the latest Malaysian Code on Corporate Governance (as at 28 April 2021).</p>

	The information for the Directors standing for re-election and the justifications from the Board to support the re-election of directors have been disclosed in the Explanatory Notes to the Notice of 29 <sup>th</sup> 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>	:	

### 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 Nominating Committee (“NC”) is responsible for overseeing and reviewing, on annual basis, the skills, experience, knowledge, time commitment, integrity, and characteristics required of the Directors and the Board’s effectiveness in considering the needs of the Group and its business. The Terms of Reference of the NC and Senior Independent Director are included in the Board Charter and available on the Company’s website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>.</p> <p>In order to ensure that the selection and evaluation of Directors are done objectively, the NC members are solely made up of Independent Directors and the NC is chaired by the Independent Director. The composition of NC for FY 2021 are as follows:</p> <table><tr><th>Members of NC</th><th>Position</th></tr><tr><td><u>Chairman</u> Mr Tan Teck Kiong</td><td>Independent Non-Executive Director</td></tr><tr><td><u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td><td>Independent Non-Executive Director</td></tr><tr><td>Datuk Kwan Foh Kwai</td><td>Independent Non-Executive Chairman</td></tr></table> <p>As of to-date, the Company has not appointed any Senior Independent Non-Executive Director after the resignation of Mr Chan Wan Siew, the former Senior Independent Non-Executive Director of the Company on 13 March 2020. Senior Independent Non-Executive Director will be appointed/considered in due course.</p>	Members of NC	Position	<u>Chairman</u> Mr Tan Teck Kiong	Independent Non-Executive Director	<u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Independent Non-Executive Director	Datuk Kwan Foh Kwai	Independent Non-Executive Chairman
Members of NC	Position									
<u>Chairman</u> Mr Tan Teck Kiong	Independent Non-Executive Director									
<u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	Independent Non-Executive Director									
Datuk Kwan Foh Kwai	Independent Non-Executive Chairman									
<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.

Application	:	Applied							
Explanation on application of the practice	:	A summary of the Board composition based on gender in FY 2021 is set out as below:							
		<table><tr><td>Gender</td><td>%</td></tr><tr><td>Male</td><td>67%</td></tr><tr><td>Female</td><td>33%</td></tr></table>		Gender	%	Male	67%	Female	33%
		Gender	%						
Male	67%								
Female	33%								
Out of the six Board members, two of them are female Directors namely Madam Chin Song Mooi and Madam Chen Moi Kew. This represents 33.33% of the total Board members.									
The Company has met the nation’s target of 30% representation of women directors on the board of public listed companies.									
Explanation for departure	:								
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.									
Measure	:								
Timeframe	:								

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Company has not established policy on gender diversity for the Board and Senior Management.</p> <p>The Company is of the view that the gender diversity for Board and Senior Management is a noble objective and will try its best effort to achieve such objective. However, the Company is also taking a more realistic approach that meritocracy should be the right criteria in appointing any individuals at Board and Senior Management level of the Group. In addition, the achievement of gender diversity is also subject to the limitation and availability of right talent in job market and certain professions.</p>	
<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.

*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.*

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee (“NC”) will meet at any time when the need arises. During FY 2021, the NC held meeting on 19 February 2021 to review and assess the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of both Independent Directors and Executive Directors, the contribution of each individual Director, the effectiveness of the Board as a whole and the Board Committees. The NC also discussed, assessed and recommended the re-election of Madam Chin Song Mooi and Madam Chen Moi Kew in this meeting.</p> <p>In FY 2021, the details of attendance of each member at the NC meeting are as follows:</p> <table><tr><th><b>Name of NC Members</b></th><th><b>Attendance</b></th></tr><tr><td>Mr Tan Teck Kiong</td><td>1/1</td></tr><tr><td>Datuk Kwan Foh Kwai</td><td>1/1</td></tr><tr><td>Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td><td>1/1</td></tr></table> <p>During the FY 2021, the NC had carried out evaluation on Board and Board Committees by using criteria as follows:</p> <p><b>a) Board and Board Committee Evaluation Form</b></p> <ul style="list-style-type: none"><li>• Contribution to interactions, roles and duties, knowledge and integrity</li><li>• Oversight over the effectiveness and quality of the internal and external audits, risk management and internal control and financial reporting</li><li>• Governance, independence and risk management, ability to discharge roles and duties as well as knowledge and contribution to the Company</li></ul>	<b>Name of NC Members</b>	<b>Attendance</b>	Mr Tan Teck Kiong	1/1	Datuk Kwan Foh Kwai	1/1	Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1/1
<b>Name of NC Members</b>	<b>Attendance</b>									
Mr Tan Teck Kiong	1/1									
Datuk Kwan Foh Kwai	1/1									
Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	1/1									



	<p><b>b) Board Skills Matrix Form</b></p> <ul style="list-style-type: none"> <li>Assess the composition, knowledge, skills and experience of the Board</li> </ul> <p><b>c) Directors’/Key Officers’ Evaluation Form</b></p> <ul style="list-style-type: none"> <li>Ability to give input at meetings</li> <li>Ability to demonstrate a high level of professionalism and integrity in the decision making process</li> <li>Competency and contribution</li> </ul> <p><b>d) ARMC and ARMC Members’ Self and Peer Evaluation Form</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>e) Financial Literacy Questionnaire for ARMC members</b></p> <ul style="list-style-type: none"> <li>Ability and competency to read, analyse and interpret financial statements.</li> </ul> <p><b>f) Assessment of independence of the Independent Directors</b></p> <p>These forms were sent to Directors for their self and/or peer assessment and for them to provide their feedback, views and suggestions for improvement. The results of the assessment were compiled by the Company Secretary and a summary of the evaluations was tabled to the NC and Board for review and deliberation on 19 February 2021.</p> <p>All assessments and evaluations carried out by the NC in the discharge of its functions are properly documented.</p> <p>Based on the assessment conducted for the financial year under review, the NC concluded that the existing structure of the Board and Board Committees is appropriate and effective due to the following:</p> <ul style="list-style-type: none"> <li>The Company has a well-balanced Board. It comprises three members, all of whom are Independent Non-Executive Directors and three Executive Directors;</li> <li>The Board is of the right size and comprises individuals who have diverse skills, knowledge, experience and expertise that combines to provide different perspectives and effective board dynamics. Thus, it enables effective and constructive deliberations whereby any decision made is founded on detailed and balance considerations;</li> <li>Each Board member understands its role and responsibilities and is committed in discharging its fiduciary duties; and</li> <li>The Board has sound knowledge and understanding of the Group’s business and challenges as well as the industry in which the Group operates and is able to chart strategic directions for the Group.</li> </ul>
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	The NC was satisfied with its existing number and composition and is of the view that, with the current mix of skills, knowledge, experience and strength, the Board as a whole is able to discharge its duties effectively.	
<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 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 a formal and transparent process for approving the remuneration of the Board, Board Committees and Senior Management ("Remuneration Policy"). The Remuneration Policy is available at the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a></p> <p>The Board determines and evaluates the level of remuneration of its Directors which enables the Group to attract, retain and motivate Directors with relevant experience and expertise needed after considering the recommendations of the Remuneration Committee to assist in managing the Group effectively.</p> <p>All Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined based on their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. Directors do not participate in decisions regarding their own remuneration packages.</p> <p>The Board is remunerated based on the respective qualifications, experience and contribution to the Group.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

### Practice 7.2

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

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

Application	:	Applied			
Explanation on application of the practice	:	<p>The Remuneration Committee (“RC”) is responsible for reviewing and recommending to the Board, the remuneration of the Executive Directors and Senior Management. Determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be determined by the Board of Directors as a whole and the individuals concerned should abstain from discussion their own remuneration.</p> <p>The RC has a written Terms of Reference which deals with its authority and duties and it can be found in the Board Charter on the Company’s website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a></p> <p>It is the procedure of the Company and the Group that all Executive Directors and Senior Management are remunerated based on the Group’s performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and / or special skills and expertise they bring to the Board.</p> <p>The members of the RC for FY 2021 are as follows:</p> <table><tr><td><b>Members of RC</b></td></tr><tr><td><u>Chairman</u> Datuk Kwan Foh Kwai</td></tr><tr><td><u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali Mr Tan Teck Kiong</td></tr></table> <p>The RC meets at least once in a year with additional meetings to be convened, if necessary. For FY 2021, the RC had met once on 19 February</p>	<b>Members of RC</b>	<u>Chairman</u> Datuk Kwan Foh Kwai	<u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali Mr Tan Teck Kiong
<b>Members of RC</b>					
<u>Chairman</u> Datuk Kwan Foh Kwai					
<u>Members</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali Mr Tan Teck Kiong					

	<p>2021 to review and assess the remuneration package of the Board members and Senior Management, taking into consideration the skills, expertise, composition, size and experience of the Board, including the core-competencies of both Executive and Non-Executive Directors and the contribution of each individual Director.</p> <p>The Board believes that the existing remuneration practices and processes are sufficient and producing desired and positive result.</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 aggregate remuneration paid or payable to all Directors of the Company for the FY 2021 is listed on named basis with the detailed remuneration breakdown in the table as follows:

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	Datuk Kwan Foh Kwai	Independent Director	38,000	Input info here	Input info here	Input info here	Input info here	5,000	43,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Encik Taufiq Ahmad @ Ahmad Mustapha	Independent Director	38,000	Input info here	Input info here	Input info here	Input info here	5,000	43,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Mr Tan Teck Kiong	Independent Director	38,000	Input info here	Input info here	Input info here	Input info here	5,000	43,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Mr Tang Ying See	Executive Director	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	960,000	640,000	18,684.96	192,592.80	1,811,277.76
5	Madam Chin Song Mooi	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	33,600	120,000	12,500	Input info here	20,524.80	186,624.80
6	Madam Chen Moi Kew	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	10,000	Input info here	445,032	302,688	16,845.24	91,857.40	866,422.64
7	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
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





**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>While the Independent Directors and Executive Directors' remuneration are disclosed under Practice 8.1, the Board is of the view that remuneration disclosure of the other Executive Directors (at the subsidiary level) and Senior Management would have an adverse effect on the Company's overall talent retention in this highly competitive industry.</p> <p>The Independent Directors are being evaluated and their remuneration packages is being reviewed through the decisions of Remuneration Committee ("RC"). All the other Executive Directors (at the subsidiary level) and Senior Management of the Group are measured, evaluated and rewarded yearly according to the market competitiveness, level of contributions and business/individual's performance and achievement for the year.</p> <p>The full details of remuneration packages of the other Executive Directors (at the subsidiary level) and Senior Management are also reviewed by the Board/RC annually for discussion and action, if necessary.</p> <p>The Board believes that the existing remuneration related policies, practices and processes are sufficient and produced the desired and positive result at Senior Management level.</p> <p>The Board is of the opinion that the disclosure on a named basis for the Senior Management would not be in the best interest of the Group due to confidentiality concerns.</p>

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

<b>Measure</b>	:	Nil	
<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
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied			
<b>Explanation on application of the practice</b>	:	For FY 2021, the Audit and Risk Management Committee ("ARMC") comprises of three Independent Non-Executive Directors:			
		<table border="1"><tr><td><b>Members of ARMC</b></td></tr><tr><td><u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td></tr><tr><td><u>Members</u> Datuk Kwan Foh Kwai Mr Tan Teck Kiong</td></tr></table> <p>Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, the current ARMC Chairman, is not the Chairman of the Board. This is to ensure overall effectiveness and independence of the ARMC from the Board.</p> <p>He is a member of the Malaysian Institute of Accountants, a Fellow of the Association Chartered Certified Accountants (UK), Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants.</p> <p>With an independent ARMC, there is an objective and independent review of among others, the financial reporting process, related party transactions and conflict of interests' situation that may arise within the Company or Group and any transaction, procedure or course of conduct that raises questions of management integrity.</p>		<b>Members of ARMC</b>	<u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali
<b>Members of ARMC</b>					
<u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali					
<u>Members</u> Datuk Kwan Foh Kwai Mr Tan Teck Kiong					
<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>	:	<p>There is no former key audit partner being appointed as a member of the Audit and Risk Management Committee ("ARMC").</p> <p>Any former key audit partner shall observe a cooling off period of at least three years before being appointed as a member of ARMC pursuant to the Terms of Reference of the ARMC.</p> <p>The ARMC is effective and independent, therefore, providing assurance to stakeholders of the accuracy in the disclosure of financial information.</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 9.3**

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 Audit and Risk Management Committee ("ARMC") is responsible to evaluate the performance and independence of External Auditors as set out in the Terms of Reference of ARMC in the Board Charter which is published on the Company's website at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a></p> <p>The ARMC has evaluated the performance of the External Auditors, Messrs BDO PLT, including assessment of the following during the FY 2021:</p> <ul style="list-style-type: none"> <li>a) tenure;</li> <li>b) independence and objectivity;</li> <li>c) technical competency, audit quality and adequacy of resources; and</li> <li>d) nature and extent of non-audit services rendered and appropriateness of their level of non-audit fees.</li> </ul> <p>As part of the review process, the ARMC has sought and reviewed the Management's comments and feedback on the performance of the External Auditors.</p> <p>During FY 2021, the Company held one private session with the External Auditors on 19 February 2021, without the presence of the Executive Directors and the Management team. This review process ensures that critical issues, if any, are objectively brought up to the attention of the ARMC.</p> <p>For further details, please refer to the ARMC Report, included in the Annual Report 2021.</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

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted			
Explanation on adoption of the practice	:	<p>The Audit and Risk Management Committee (“ARMC”) of the Company comprises solely of Independent Directors. The composition of the ARMC as at 31 December 2021 was as follows:</p> <table><tr><td><b>Members of ARMC</b></td></tr><tr><td><u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali</td></tr><tr><td><u>Members</u> Datuk Kwan Foh Kwai Mr Tan Teck Kiong</td></tr></table>	<b>Members of ARMC</b>	<u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	<u>Members</u> Datuk Kwan Foh Kwai Mr Tan Teck Kiong
<b>Members of ARMC</b>					
<u>Chairman</u> Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali					
<u>Members</u> Datuk Kwan Foh Kwai Mr Tan Teck Kiong					

### 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 Chairman of Audit and Risk Management Committee ("ARMC"), Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, is a member of the Malaysian Institute of Accountants, a Fellow of the Association Chartered Certified Accountants (UK), a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Malaysian Institute of Certified Public Accountants. He holds a Master in Business Administration (MBA) from the University of Leicester, England and MSc in International Business Administration from School of Oriental and African Studies, University of London, England. He also has more than 30 years of professional experience including being a partner of Deloitte, one of the Big Four accounting firms.</p> <p>Based on his experience, Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali is suitable to head the ARMC.</p> <p>The ARMC members have vast working experience with the requisite knowledge and skills from different industries. They are qualified to review the accuracy of the Group's financial statements prior to recommending the same to the Board for approval.</p> <p>All ARMC members of the Company are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards given the changes and development in this area from time to time.</p> <p>During the FY 2021, the ARMC members had attended trainings and seminar to keep abreast with development in accounting, auditing standards and financial reporting 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

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 acknowledges its overall responsibility for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, identifying principal risks and establishing an appropriate control environment and framework to manage risk to safeguard shareholders' interests and the Group's assets.</p> <p>The Board had established a Risk Management and Internal Control framework, which all the risk elements in all the business segments and operation areas are identified, evaluated, actioned and monitored systematically on annual basis. During the FY 2021, the risk elements were reviewed, re-evaluated, updated and monitored.</p> <p>The Group's Risk Management and Internal Control process involves Heads of Subsidiaries / Divisions / Departments / Branches identifying risk elements in the respective companies / functions, evaluating risk tolerance, initiating necessary actions for managing the risks as well as reviewing and updating the risk areas on a yearly basis. All the risk management actions are recorded in the Risk Register which would be reviewed, discussed and assessed by Audit and Risk Management Committee and the Board for its adequacy and effectiveness in the meeting. During the FY 2021, the Group also identified new risk element relating to the outbreak of Covid-19 pandemic.</p> <p>Further details on the key elements of the Group's risk management and internal control systems are available in the Statement on Risk Management and Internal Control, included in the Annual Report 2021.</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>	:		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control systems; identifying the principal risks in the Group; and establishing appropriate control environment and framework to manage risks.</p> <p>Key elements of the Group's risk management and internal control systems have been established to facilitate the proper conduct of the Group's businesses.</p> <p>The Board is committed to maintain a strong control structure to facilitate the achievement of the Group's business objectives. Internal controls have been designed to provide reasonable assurance that the likelihood of significant adverse impact on business objectives arising from an event is at acceptable level to the Group.</p> <p>The Board has received assurance from the Managing Director/Chief Executive Officer and Executive Director/Chief Financial Officer on 17 February 2022 that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material respects during the financial year under review and up to the date of issuance of this Statement.</p> <p>Further details on the features of Group's risk management and internal control framework and the Board's responsibilities for reviewing the adequacy and effectiveness of the framework are provided in Statement on Risk Management and Internal Control, included in the Annual Report 2021.</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 10.3 - 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>On 30 April 2019, the Board approved the audit and risk management functions be combined and renamed as Audit and Risk Management Committee ("ARMC") and lead by three experienced Independent Directors.</p> <p>The ARMC is entirely comprised of Independent Directors and apart from overseeing the Group's audit functions, the Independent Directors, who are suitably qualified and experienced, are also overseeing the Risk Management functions of the Group. To reflect such changes, the Terms of Reference of ARMC, which is available at <a href="http://www.luxchem.com.my">www.luxchem.com.my</a>, has been revised to include, inter alia, financial reporting, external audit, internal audit and Risk Management.</p> <p>The three Independent Directors are not involved in the management and operations of the Group in any way. This will assure their independent, fair and proper assessment in overseeing all the matters of audit and risk management.</p> <p>The Risk Management Committee of the Group is established in 2018 when the Group implemented Enterprise Risk Management on the same year and by default, all the Heads of Subsidiaries, Heads of Divisions / Departments of the Group are the members of Risk Management Committee. The Enterprise Risk Management system includes Risk Management Register that requires yearly review by respective Heads for assessment on the risk elements, the tolerance level and actions necessary to manage / address the risks in the respective functions of the Heads. The review of the risk elements in the Risk Register is conducted yearly for year 2019, 2020 and 2021. The reviewed and updated Risk Register for the year 2021 was presented to all the Board members on 11 August 2021.</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 Group outsourced its Internal Audit Function to a professional internal audit service provider, Crowe Governance Sdn Bhd to assist the Audit and Risk Management Committee ("ARMC") and the Board in providing an independent assessment and objective assurance on the internal control systems of the Group.</p> <p>The Internal Audit Function reports directly to the ARMC in respect of its appraisal of the Group's internal control systems. For the FY 2021, the internal audit plan, processes, performance evaluation and budget were reviewed and approved by the ARMC during the year.</p> <p>The ARMC was satisfied that the internal auditors met the competency required and expected for the independent audits.</p> <p>The internal audits were performed in accordance with the International Professional Practice Framework issued by The Institute of Internal Auditors Malaysia for FY 2021.</p> <p>The internal auditors were given sufficient resources and access to confidential information necessary to enable them to carry out their audits effectively and efficiently.</p> <p>The internal audit reports were presented to the ARMC on a quarterly basis. The internal auditors would review the audit findings and action plans taken by the Management to address the issues raised in the internal audit reports. The ARMC also updated the Board on the outcome of the above internal audit reports.</p> <p>Stakeholders are provided with information to assess the effectiveness of the Company's Internal Audit function, from the summary of works described in the ARMC Report as included in the Annual Report 2021.</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 Group has outsourced its internal audit function to an independent professional internal audit service provider, i.e. Crowe Governance Sdn. Bhd. ("Internal Auditors"). The Internal Auditors conduct their assessment and provide independent and objective assurance to the Audit and Risk Management Committee ("ARMC") and the Board on the adequacy and effectiveness of the risk management and internal control system of the Group.</p> <p>All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence. All employees in the firm are required to complete the Independence Declaration Form on annual basis. In addition, all the internal audit personnel involved are required to acknowledge on the Employee Professional Conduct and Ethics Declaration on assignment basis. The Internal Auditors are led by Mr Amos Law, and his qualification is as follows:</p> <table><tr><td>Name</td><td>:</td><td>Amos Law, Executive Director</td></tr><tr><td>Professional Qualification</td><td>:</td><td>Certified Internal Auditor ("CIA"), Chartered Institute of Internal Auditors ("CIMA") and Certification in Risk Management Assurance ("CRMA")</td></tr></table> <p>All the internal audit functions were carried out in accordance with International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia.</p> <p>The Internal Auditors report directly to the ARMC on the outcome of its appraisal of the Group's risk management activities which includes its internal control system. The Internal Auditors organised their work in accordance to the principles of the internal auditing standards covering the conduct of audit planning, execution,</p>	Name	:	Amos Law, Executive Director	Professional Qualification	:	Certified Internal Auditor ("CIA"), Chartered Institute of Internal Auditors ("CIMA") and Certification in Risk Management Assurance ("CRMA")
Name	:	Amos Law, Executive Director						
Professional Qualification	:	Certified Internal Auditor ("CIA"), Chartered Institute of Internal Auditors ("CIMA") and Certification in Risk Management Assurance ("CRMA")						

	<p>documentations, communication of findings and consultation with key stakeholders on audit concerns.</p> <p>The internal audit plan was reviewed and approved by the ARMC. The internal audit reports were presented to the ARMC on a quarterly basis. The ARMC reviews the audit findings and action plans taken by the Management to address the audit findings and issues, before reporting to the Board. The Internal Auditors also follow up on the implementation of its recommendations and areas for improvement by the Management.</p> <p>The Internal Auditors attended four ARMC meetings during the FY 2021 and conducted their reviews on the following entities and their respective key audit areas:</p> <ul style="list-style-type: none"> <li>(i) Malaysian Anti-Corruption Post-Implementation Review;</li> <li>(ii) Transform Master Sdn. Bhd. on Production, Quality Assurance and Inventory Management;</li> <li>(iii) Luxchem Polymer Industries Sdn. Bhd. on Production, Quality Assurance and Inventory Management; and</li> <li>(iv) Follow-Up Report for Latex Division of Luxchem Trading Sdn. Bhd. &amp; Penang Branch.</li> </ul> <p>The Internal Auditors concluded that the Group provides an adequate and effective internal control system on all relevant processes to safeguard shareholders' interests. There were no major weaknesses on the existing level of operations and the Management continues to take actions to improve the level of operations and internal control system.</p> <p>The fee incurred for the internal audit function in respect of FY 2021 was RM84,000 (2020: RM84,000).</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>The Board believes that stakeholders engagement is the basis for good corporate governance and important for our business economic sustainability. One of our key stakeholders is our shareholders.</p> <p>At our virtual AGM held on 27 May 2021 and virtual EGM held on 11 August 2021, all shareholders were invited to raise questions to the members of the Board.</p> <p>The Board provided clear explanation to address all the shareholders' questions. Shareholders' needs and expectations were evaluated and appropriately considered.</p> <p>Thereafter, minutes of the AGM and EGM were uploaded to the Company's website pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Company had provided a general email address to all its shareholders to send in their queries. All email queries were reviewed and promptly attended to by the Executive Director/Chief Financial Officer or authorised personnel.</p> <p>The Company recognises the importance of providing timely and accurate information to its shareholders. Therefore, the Company had announced its quarterly results ahead of the deadline set by Bursa Securities.</p> <table><tr><th>Quarter Result</th><th>Bursa Deadline</th><th>Announcement Date</th><th>Remarks</th></tr><tr><td>Q1'21</td><td>30 June 2021</td><td>21 April 2021</td><td>Bursa deadline was extended from 31 May 2021 to 30 June 2021 due to Covid-19 pandemic.</td></tr><tr><td>Q2'21</td><td>30 August 2021 (last market day in August 2021)</td><td>11 August 2021</td><td>Released quarterly results ahead of the deadline</td></tr></table>				Quarter Result	Bursa Deadline	Announcement Date	Remarks	Q1'21	30 June 2021	21 April 2021	Bursa deadline was extended from 31 May 2021 to 30 June 2021 due to Covid-19 pandemic.	Q2'21	30 August 2021 (last market day in August 2021)	11 August 2021	Released quarterly results ahead of the deadline
Quarter Result	Bursa Deadline	Announcement Date	Remarks														
Q1'21	30 June 2021	21 April 2021	Bursa deadline was extended from 31 May 2021 to 30 June 2021 due to Covid-19 pandemic.														
Q2'21	30 August 2021 (last market day in August 2021)	11 August 2021	Released quarterly results ahead of the deadline														



	Q3'21	30 November 2021	10 November 2021	
	Q4'21	28 February 2022	17 February 2022	
		<p>Due to Covid-19 pandemic, the Company did not meet analysts to update the Group's performance in FY 2021. However, the Company replied to queries from analysts by emails.</p> <p>With these on-going communications, stakeholders were kept informed of the Company's performance and have continued to support the Company, as evidenced by stability in the Company's share price.</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**

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>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not a large company as defined under the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Nil	
<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>The Notice of AGM had included detailed explanatory notes and background information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the business agenda of the AGM.</p> <p>The Notice of 29<sup>th</sup> AGM was sent to the shareholders on 6 April 2021 through emails and newspaper advertisement, which was set at least 28 days' notice prior to the date of the AGM, held on 27 May 2021. In addition, the Company also published the Notice of AGM on its website, released to the public via Bursa LINK and advertised in a local newspaper.</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>All Directors attended the AGM and EGM, both held virtually on 27 May 2021 and 11 August 2021 respectively. All shareholders’ questions were responded accordingly by the relevant members of the Board.</p> <p>The dates of AGM for each financial year were fixed in advance to ensure that all Directors would be able to attend the meetings.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the 29<sup>th</sup> AGM and EGM, the Company leveraged on technology in conducting Remote Participation Voting ("RPV") in accordance with the Constitution of the Company.</p> <p>The entire AGM and EGM's proceedings were held through RPV facilities provided by the Share Registrar of the Company, Tricor Investor &amp; Issuing House Services Sdn. Bhd. ("TIIH"), via its TIIH Online Website at <a href="https://tiih.online">https://tiih.online</a></p> <p>With the RPV facilities provided by TIIH, shareholders able to participate and vote remotely.</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 13.4

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>	<p>During the FY 2021, the Company conducted its first fully virtual Annual General Meeting on 27 May 2021 and first fully virtual Extraordinary General Meeting on 11 August 2021 ("Meetings") respectively. The meetings also adopted the latest technology that facilitate voting in absentia and remote shareholders' participation.</p> <p>The Company had given at least 28 days' notice and all Board of Directors attended the meetings in both occasions. Apart from Notice of Meetings, all pertinent documents relating to the meetings were available for perusal and download from the Company's website besides published at Bursa's website. The notices of meetings had included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding to the respective business agenda of the meetings.</p> <p>Pre-meeting questions relating to financial performance, non-financial performance and company strategies were collected from shareholders prior to the meetings and answered by the Board during the meetings. In addition, shareholders were able to post live questions to the Board of Directors during the meetings for immediate interaction and deliberation with the Board as necessary. In both meetings, shareholders were given ample opportunities and information to raise questions and seek answers directly from the Board of Directors before voting. The meetings were interactive.</p> <p>Nonetheless, the shareholders are allowed to share their feedback with the Company via its Company's website at: <a href="mailto:luxchem@luxchem.com.my">luxchem@luxchem.com.my</a> outside of the general meeting.</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 13.5

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the FY 2021, the Company conducted its first fully virtual Annual General Meeting on 27 May 2021 and first fully virtual Extraordinary General Meeting on 11 August 2021 ("Meetings") respectively. The meetings also adopted the latest technology that facilitate voting in absentia and remote shareholders' participation.</p> <p>The Company had chosen virtual general meetings over hybrid / physical general meetings in year 2021 due to the reasons as follows:</p> <ul style="list-style-type: none"><li>• To respond to Government's call for preventing the spread of Covid-19 due to face-to-face or physical meeting;</li><li>• To prevent Company's shareholders from contacting Covid-19; and</li><li>• To adopt the technology of virtual general meetings that has been proven for both of its reliability and ease of use.</li></ul> <p>In order to prepare for the meetings and ensure that they were run smoothly and professionally, the Company had engaged Tricor Investor &amp; Issuing House Services Sdn Bhd ("TIIH") for the meetings. TIIH has the infrastructure, tools and proven experienced in running the virtual meetings for listed issuers.</p> <p>The Company's meetings were run smoothly and the responses to the questions posed by shareholders were provided during the meetings. All questions submitted by the shareholders of the Company prior to and during the AGM and the EGM and the responses to the questions were read out by the Managing Director/Chief Executive Officer and the Executive Director at the online broadcasting AGM and EGM.</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 13.6**

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>	:	During the FY 2021, the Company had held its 29 <sup>th</sup> AGM on 27 May 2021 and an Extraordinary General Meeting on 11 August 2021 ("Meetings") respectively. The Minutes of the Meetings, issues or concerns raised by shareholders and responses by the Company were uploaded on the Company's website for shareholder's perusal within 30 business days after the completion of the Meetings.
<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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