

## **BOARD CHARTER**

**LUXCHEM CORPORATION BERHAD**  
**REGISTRATION NO. 199101014102 (224414-D)**

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BOARD CHARTER

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**BOARD CHARTER**

**I. INTRODUCTION**

The Board of Directors (“Board”) representing the shareholders are empowered to ensure the proper management of the entity, including optimising long-term financial returns. The Board is responsible for ensuring that the Company and its subsidiaries (“Group”) are managed to achieve this result. This is an active, not a passive, responsibility. The Board must ensure that in good times, as well as difficult ones, management is capable of executing its responsibilities.

In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to the Group’s customers, employees, suppliers and to the environment, governance and communities where it operates, all of whom are fundamental to a successful business. All of these responsibilities, however, are founded upon the successful continuation of the business.

The duties, powers and functions of the Board are governed by the Constitution of the Company (“Constitution”), the Companies Act 2016 (“the Act”), Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), regulatory guidelines and requirements that are in force.

Having regard to the responsibilities and obligations, the Board will direct and supervise the management of the business and affairs of the Group including:

1. Ensuring that the Group’s goals are clearly established;
2. Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
3. Ensuring that the Group sets strategic direction, priority and targets on sustainability and ethical conduct in business dealing.
4. Ensuring that the Company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.
5. Ensuring that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems;
6. Appointing board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees’ deliberations and reports; and
7. Ensuring that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements.

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8. Taking appropriate action to ensure the Company stay abreast with and understand the sustainability issues relevant to itself and the business, including climate-related risks and opportunities

Directors should consult the Chairman and the Joint-Company Secretaries, as required for any clarifications on their responsibilities and duties and any dealings from which potential conflict of interest situation may arise.

Directors must at all times be aware of their additional role as ambassadors of the Group and as such should be guided accordingly.

A Schedule of Matters reserved for collective decision of the Board is provided in Appendix A.

## **II. BOARD STRUCTURE**

### **1. Board Composition**

- 1.1 The Board must comprise a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors) such that no individual or a group of individuals can dominate the Board's decision making.
- 1.2 The Board must consist of qualified individuals with diverse set of skills, diversity, expertise and experience from different background to govern the Company.
- 1.3 The Constitution of the Company states that unless otherwise determined by the Company in general meeting, the number of Directors must not be less than two (2) (excluding Alternate Director) nor more than fifteen (15). At any one time, half of the Board members must be Independent Directors. The composition and size of the Board will be reviewed from time to time to ensure its effectiveness. Pursuant to Paragraph 15.06 of the Listing Requirements, the Directors must not hold more than five (5) directorships in the listed companies on Bursa Malaysia Securities Berhad.
- 1.4 On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by MCCG. The Board through the NC will continuously review the Board composition taking into consideration the appropriate competence, experience, character, integrity and time to effectively discharge his/her role as a Director. The Board has to comply with the target of 30% women Directors, which is in line with Practice 5.9 of the MCCG.

### **2. Appointments**

- 2.1 The Nominating Committee is responsible for overseeing the selection and reviewing, on an annual basis, the appropriate skills, diversity, experience and characteristics required of Board Members, in the context of the needs of the Group with reference to its Business. The Nominating Committee is also responsible to assess annually the terms of office and performance of the Audit and Risk Management Committee.

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2.2 Upon receipt of the recommendation from the Nominating Committee and/or shareholders of the Company, the Board itself should be responsible for selecting its Board members and Board Committees members. In making its recommendation, the Nominating Committee shall consider the character, experience, competence, integrity and time of the candidates as well as the following factors:

- Skills, knowledge and expertise;
- Age and gender;
- Professionalism;
- Culture background and diversity;
- Commitment;
- Contribution and performance; and
- In the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

2.3 Any Board Member is, while holding office, at liberty to accept other board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group and does not detrimentally affect the Director's performance as a Board Member. All such appointments must first be discussed with the Chairman before being accepted. New Directors are required to commit sufficient time to attend the Company's meetings or matters before accepting his/her appointment to the Board.

2.4 The Board delegates the screening and evaluation process for potential new Directors and Directors to be nominated for re-election to the Nominating Committee. In addition, the Chairman of the Board is required to actively participate in the selection of Board Members. A formal invitation to join the Company as a Board Member would be extended by the Chairman after approval from the Board.

In the event of an Executive Director's service contract with the Group terminates for whatever reason, the said Director is expected to resign from the Board, although the Board may, if it considers it appropriate, and subject to shareholders' approval where necessary, re-appoint the said Director as a Non-Executive member of the Board.

### **3. Tenure of Directors**

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

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3.2 The Directors to retire in every year shall be the Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless otherwise agreed among themselves.

3.3 The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) 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 (9) years, it shall seek annual shareholders' approval through a two-tier voting process in accordance with MCGG.

**4. Board Independence**

4.1 The Board shall ensure that its Chairman is a non-executive member of the Board.

4.2 The MCGG recommends that the Board must comprise at least half of independent Directors where the Chairman of the Board is an independent Director.

4.3 The positions of the Chairman of the Board and the Chief Executive Officer ("CEO") shall be held by different individuals. The roles of the Chairman of the Board, the CEO and the Non-Executive Directors are provided in Appendix B, C and D of this Board Charter respectively.

4.4 Any non-compliance of the MCGG is required to be disclosed in the Corporate Governance Report of the Company.

**5. Induction and Training for New Board Members**

5.1 The Chairman should ensure that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities. New Board Member will also be briefed on the operations of the Group to increase their understanding of the business and the environment and markets in which the Group operates. The new Board Member will be given a copy of the following:

- i. Board Charter;
- ii. Composition of the Board Committees' and their Terms of Reference (Appendix G to I);
- iii. Latest business plan;
- iv. Latest Annual Reports and Audited Financial Statements;
- v. Organisation chart and particulars on Senior Management;
- vi. Business operation structure; and
- vii. Minutes of the past three Board of Directors' meetings,

and will meet with key management.

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- 5.2 All newly appointed Directors are required to complete the Mandatory Accreditation Programme required under the Listing Requirements.
- 5.3 All Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes to enable Directors to effectively discharge their duties and sustain active participation in Board deliberations.
- 5.4 The Board with the assistance of the NRC, shall assess the training needs of the Directors from time to time, to ensure that Directors have access to training courses or seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as continuing education programme in order to update their knowledge and skills to sustain their active participation in Board deliberations and effectively discharge their duties.

**III. DEALINGS IN SECURITIES**

Board Members may hold shares in the Company. A Director must not deal in the Company's securities when he/she is in possession of price sensitive information. All Directors must also comply with the disclosure requirements as prescribed under Chapter 14 of the Listing Requirements when dealing in the Company's securities.

**IV. BOARD AND MEMBER EVALUATIONS**

The Chairman keeps under review, informally, the contributions made by the Board Members. A broad interpretation of contribution is applied, which can be in terms of contribution to meetings of the Board, Board Committee meetings, representing the Company or Group in public events, developing policies etc. The Nominating Committee is given the task to review annually the effectiveness and the performance of the Board, contribution and the independence of individual Board Members especially for Independent Non-Executive Directors to ensure that the Board's size, structure and composition meets the needs of the Company.

The Nominating Committee is required to report annually to the Board an assessment of the performance of the Board and Board Committees. This shall be done following the end of each financial year (or such other time as deemed appropriate).

Every year, the Nominating Committee will evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees. The results of such evaluation will be discussed with the Board Committees and/or the Chairman. The Chairman's own position is discussed with the Deputy Chairman (if any) and the Nominating Committee.

**V. DIRECTORS' REMUNERATION**

The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Company.



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The fees and any benefits payable to the Directors shall be subject to annual shareholders' approval at a general meeting.

The Board will determine the level of remuneration of Directors, taking into consideration the recommendations of the Remuneration Committee for Executive Directors and/or the CEO.

Non-Executive Directors will be paid by a basic fee as ordinary remuneration and will be paid by a sum based on their responsibilities in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission or percentage of profits or turnover. The basic fee for Non-Executive Directors shall be reviewed by the Remuneration Committee.

Executive Directors will not receive any fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company. The remuneration package for Executive Director shall be reviewed by the Remuneration Committee and may not include a commission or percentage of profits or turnover.

**VI. BOARD COMMITTEES**

The Board has set up the following Board Committees with different functions delegated to assist the Board in carrying out its duties and responsibilities:

- Audit and Risk Management Committee (Appendix G);
- Remuneration Committee (Appendix H); and
- Nominating Committee (Appendix I).

Apart from the above Board Committees, the Board may from time to time establish other Board Committees to assist the Board in discharging its responsibilities more effectively.

These Board Committees do not make decision on behalf of the Board. Each Board Committee will have the authority to examine particulars issues within its Terms of Reference and make the necessary recommendation to the Board for its consideration and decision making.

The duties and power delegated to these Board Committees are set out in the Terms of Reference of each Board Committee as approved by the Board. The Terms of Reference of each Board Committee is available on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my)

**VII. BOARD MEETINGS**

**1. Frequency**

The Chairman should ensure that the Board meets at regular intervals throughout the year. At each scheduled meeting, the Board should consider where applicable:

- an operational report from the CEO;
- proposals for significant capital expenditure and acquisitions;

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- proposals for significant disposal of company assets;
- major issues or opportunities for the Group;
- notation on the minutes of the Board Committees and/or Directors' Written Resolutions;
- changes in directorship and disclosure of interest;
- disclosure of dealings by Directors and/or principal officers;
- summary of Directors' shareholdings; and
- any other matters requiring its authority.

In addition, the Board shall, at periodic intervals of not more than one year to:

- review the Company and Group's goals;
- review the strategies for achieving the stated goals;
- consider and, if appropriate, declare or recommend the payment of dividends;
- review Non-Executive Directors' remuneration upon recommendation by the Remuneration Committee;
- review and approve the following reports and recommendations by the Audit and Risk Management Committee:
  - quarterly results and annual audited financial statements;
  - annual report;
  - appointment of the Group's external auditors;
  - risk assessment and control policies; and
  - any reports and recommendations by the Audit and Risk Management Committee.
- review and endorse reports and recommendations by the Nominating Committee on:
  - the Board composition, structure and succession planning;
  - the performance of, necessity for and composition of Board Committees;
  - the term of office and performance of the Audit and Risk Management Committee
  - the Board and individual member's evaluations; and
  - any reports and recommendations by the Nominating Committee.
- review and endorse reports and recommendations by the Remuneration Committee on:
  - the CEO's performance and remuneration;

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- the remuneration policies and practices in general; and
- any reports and recommendations by the Remuneration Committee

**2. Notice and Agenda**

- 2.1 The agenda of Board meeting shall be the responsibility of the Chairman with input from Directors and the Company Secretary. The Chairman may also ask Management to participate in this process, as and when needed.
- 2.2 The notice of each meeting, detail agenda and the supporting Board papers shall be circulated at least five (5) days (except financial report to be circulated at least two (2) working days) before each meeting to the Directors and all those who are required to attend the meeting. Information requested by the Board from Management and/or external consultants shall be received together with the notice of each meeting. However, genuine urgent matters and exceptional circumstances, for example acquisitions, could fall outside these timing requirements and shorter notice would be allowed with Chairman's consent and approval. Directors are expected to review in advance Board papers in order to facilitate meaningful deliberation during each meeting.
- 2.3 The information furnished to the Board should not just be historical or bottom line and financial oriented, but information that goes beyond assessing the quantitative performance of the Group and looks at other performance measures such as customer satisfaction, product and service quality, market share, market reaction, environmental performance and etc when dealing with any items on the agenda.

**3. Quorum**

The quorum necessary for the transaction of the business of Directors shall be two (2).

**4. Chairman's role in meeting**

In the absence of the Chairman, the members present shall elect a Chairman from amongst themselves to chair the meeting. The Chairman encourages constructive and healthy debate and allows the Directors to freely express their views or share information with their peers in the course of deliberation as a participation Board.

**5. Attendance**

- 5.1 All Directors must meet the minimum 50% attendance requirement imposed by the Listing Requirements. Senior Management, who are not Directors, may be invited to attend and speak at Board meetings on certain matters relating to their areas of responsibility. The Board may also invite external parties such as auditors, solicitors and consultants to attend as and when the need arises.
- 5.2 Directors are expected to make every effort to attend Board meetings and prepare thoroughly. Board Members are expected to participate fully, frankly, and constructively in Board discussions and other activities and to bring the benefits of their knowledge, skills and abilities to the Board.

**6. Meeting Mode**

The Directors may participate at a Board Meeting or any Board Committee meeting by conference telephone, video, electronic or such other communication facilities which would permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. The physical presence of Director(s) is not compulsory and participation at such Board Meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating at any such Board Meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. All information and documents must be made equally available to all participants prior to, at or during the Board Meeting. The participation in a meeting by means of a conference telephone or similar electronic telecommunication device shall be treated with confidence, and he/she shall not perpetrate any leakage of information/materials to any third party.

**7. Minutes and Directors' Written Resolution**

- 7.1 The minutes of meetings shall accurately record the proceedings of the meeting, pertinent issues, inquiries or responses, members' suggestions and the decisions made. Such minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall be circulated to all members of the Board in a timely manner.
- 7.2 In the event matters requiring the Board's decision arise between Board Meetings, such matters shall be resolved through written resolutions which shall be supported by relevant papers setting out details of the subject matter. Such written resolutions signed or approved by a majority of the Directors entitled to vote and sign on the resolution, if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by the Director shall be as valid and effectual as if it were a resolution duly passed at a Board Meeting. Such resolutions may consist of several documents in like form, each signed by one or more Board members.

**8. Voting**

- 8.1 Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote.
- 8.2 All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

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- 8.3 All resolutions of the Board shall be adopted by a simple majority vote, each member having one vote. In the case of equality of votes, where two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote. Otherwise in the case of an equality of votes the Chairman shall have a second or casting vote.
- 8.4 Directors are required to inform the Board of conflicts or potential conflict of interest that they may have in relation to a particular subject matter or business transaction. These Directors shall abstain from deliberation and voting on those matters.

**VIII. PROVISION OF BUSINESS OR PROFESSIONAL SERVICES BY BOARD MEMBERS**

To avoid a conflict of interest (actual or perceived), Board Members should not, generally provide business or professional services of an ongoing nature to the Group. Notwithstanding the general rule, the Company and/or Group is at liberty to:

- engage the services of any Board Members having special expertise in the particular field for the purpose of a special assignment; or
- engage the services of a firm or company of which the Board Member is a partner, Director or major shareholder as long as the terms of engagement are competitive, are clearly recorded and all regulatory and legal requirements of the engagement are properly observed.

**IX. ACCESS TO INDEPENDENT PROFESSIONAL ADVICE**

- 1.1 In discharging Directors' duties, each Board member is entitled to obtain independent professional advice which is deemed relevant and necessary in order for the Board member to discharge their duties for the overall benefit of the Company, at the cost of the Company.
- 1.2 In such circumstances, the Director shall first discuss it with the Chairman and provide the request to seek professional independent advice for the Board's consideration and approval. The Director should provide proper notice to the Company Secretary of the intention to seek independent advice and shall provide the names(s) of the professional advisors that he/she intends to contact, together with a brief summary of the subject matter for which professional advice is sought. The Company Secretary shall provide written acknowledgement of acceptance of notification. In the event that one or more Directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.
- 1.3 Fees for the independent professional advice will be payable by the Company but proper approval from the Chairman will be required.
- 1.4 For avoidance of doubt, the above restriction is not applicable to the Executive Director who is acting in his/her capacity of the furtherance of his/her executive responsibilities and within his/her delegate powers.

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- 1.5 For the purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisor and consultants. Independent professional advice shall exclude any advice concerning the personal interests of the Directors (such as with respect to his/her contracts or disputes with the Group), unless these are matters affecting the Board as a whole.

**X. COMPANY SECRETARY**

- 1.1 The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Board is supported by suitably qualified and competent Company Secretaries who play an important role to provide sound governance advice, ensure adherence to rules and procedures, and advocate the adoption of corporate governance best practices.
- 1.2 The responsibilities of the Joint-Company Secretaries are, amongst others, the following:-
- (a) ensuring that the Board procedures are followed while a meeting is conducted;
  - (b) managing all Board and Board Committee Meeting logistics, and attending and recording minutes of all Board and Board Committee meetings;
  - (c) advising the Board on its roles and responsibilities;
  - (d) advising the Board on corporate disclosures and compliance with company law and securities regulations and Listing Requirements;
  - (e) managing procedures pertaining to AGM; and
  - (f) monitoring corporate governance developments and assisting the Board in adopting good corporate governance practices to meet the Board's needs and stakeholders' expectations.

**XI. ACCESS TO INFORMATION**

All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

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**XII. RELATIONSHIP OF THE BOARD WITH MANAGEMENT**

1. Board Members have complete access to the Group's management. Board Members have unrestricted access to the information pertaining to the Company and/or Group including the Company and/or Group's auditors and consultants.
2. It is assumed that Board Members will use judgement to be sure that this contact is not distracting to the business operation of the Group and that such contact, if in writing, be copied to the CEO and Chairman.
3. Furthermore, the Board encourages Management to, from time to time, involves managers in Board meetings who:
  - can provide additional insight into the items being discussed because of personal involvement in these areas; and/or
  - represent managers with future potential that Management believes should be given exposure to the Board.

**XIII. POSITION OF THE CEO**

The Board will link the Company's governance and management functions through the CEO. All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned. The Board shall regularly review the division of responsibilities to ensure that the needs of the Company are consistently met.

Between Board meetings, the Chairman maintains an informal link between the Board and the CEO, and expects to be kept informed by the CEO of all important matters, and is available to the CEO to provide counsel and advice, where appropriate. Only decisions of the Board acting as a body are binding on the CEO. Decisions or instructions of individual Board Members, officers or committees are not binding except in those instances where specific authorisation is given by the Board.

**1. Accountability of the CEO to the Board**

The CEO is accountable to the Board for the achievement of the Company goals and for the observance of the management authorities.

At each normal Board meeting, the Board should expect to receive from or through the CEO:

- the operational and other reports and proposals referred to under the section on Board Meetings and Appendix A: Schedule of Matters Reserved for Collective Decision of the Board; and
- such assurances as the Board considers necessary to confirm that the management authorities are being observed.

## **2. Management Authorities**

The CEO is expected to act within all specific authorities delegated to him/her by the Board.

The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the Company and/or Group, the CEO is expected to adhere to the Company and/or Group goals. He/She is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.

The assets of the Group are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In managing the risks of the Group, the CEO is expected to not cause or permit anyone to substitute their own risk preference for those of the shareholders as a whole.

The CEO is expected to not permit employees and other parties working for the Group to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe

## **XIV. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION**

The Board recognises and values the importance of an effective and clear communication with its shareholders as well as with its potential investors and the public. It is fully committed that the highest standard of transparency and accountability in the disclosure of pertinent information relating to the Group, are adopted. To achieve this, the Company has implemented amongst others, the following:-

- (a) timely release of announcements to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contracts awarded and any other material information that may affect investors' investment decision;
- (b) conducts regular dialogues with financial analysts as a means of effective communication, which enables the Board and Management to convey information relating to the Group's performance, corporate strategy and other matters affecting shareholders' interests;
- (c) encourage full participation of shareholders at the AGM to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company shall invite the external auditors to attend the AGM and be available to answer to shareholders' questions about the conduct of the audit and the preparation of the auditor's report; and
- (d) shareholders can gain access to information about the Company including the summary of the Group's investor relation activities and media releases through the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my)



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**XV. ABSENCE OF THE CHIEF EXECUTIVE OFFICER**

In the event that the Company does not have a CEO in office, during the period of such absence, all the provisions of this Board Charter (including the Appendices) that apply to the CEO shall apply to such other person appointed by the Board to have overall charge of the Company, unless the Board or Board Committee decides otherwise that certain provisions are not to apply or are to apply with modification. The Board and Board Committees may also put in place additional rules and guidelines pertaining to this person's role. This Section XIII shall cease to apply upon the appointment of the CEO.

**XVI. WHISTLEBLOWING POLICY**

The Board is committed to ensure that its business and operations are conducted in an ethical, honesty and integrity manner. To achieve this purpose, the Board has established a Whistleblowing Policy.

The objective of this policy is to provide an avenue for employees and other stakeholders to report genuine concerns in relation to breach of a legal obligation, miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these issues in the workplace, without the risk of reprisal, separation, demotion, suspension or loss of benefits because of the report.

The Whistleblowing Policy is made available for reference on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

**XVII. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

The Group is committed to conduct its business in an ethical and honest manner, and to implement and enforce a system that ensure corrupt gratification is prevented. The Group has adopted a zero-tolerance approach against all forms of bribery and corrupt gratification and its associated activities.

The Board and top-level management are committed to acting professionally, fairly and with integrity in all Group's business, in whichever country the Company operates in.

This Anti-Bribery and Anti-Corruption Policy sets out the responsibilities of the Group and those who work for the Group on the requirements to observe and uphold the Group's zero-tolerance position on "Bribery and Corruption".

The Anti-Bribery and Anti-Corruption Policy is made available for reference in the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

**XVIII. DIRECTORS' FIT AND PROPER POLICY**

The objective of this policy is to enhance the governance of the Company in relation to the Board's quality and integrity, as well as ensure that each of its Director has the character, experience, integrity, competence, time and commitment to effectively discharge his role as a Director.

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The Fit and Proper Policy is made available for reference on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

**XIX. REVIEW OF THE CHARTER**

This Board Charter shall be periodically reviewed and updated by the Board taking into consideration the needs of the Group as well as any development in the rules and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

This Board Charter was reviewed and approved by the Board on 10 November 2021 and is made available for reference on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

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**Appendix A**

**SCHEDULE OF MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD**

- A) Financial and Business Matters
1. Approval of quarterly financial results and audited financial statements
  2. Dividend policy or declaration of dividends
  3. Approval of any significant change in accounting policies or practices
  4. Proposed appointment of external auditors and their audit fees
  5. Capital expenditures, investment or disposal exceeding RM5 million
  6. Charitable donations exceeding RM1 million
  7. Acquisition of companies or Mergers and Acquisitions
  8. Disposal and write off of material operating assets and accounts exceeding RM1 million
  9. Capital issues; material changes relating to the company's capital structure of its status as a listed company
  10. Any announcement to Bursa Malaysia Securities Berhad
- B) Board/Directorate matters
1. Terms and conditions applicable to Directors
  2. Succession planning for Executive and Non-Executive Directors
  3. Board appointments and removals
  4. Constitution and Terms of Reference of Board Committees
  5. Appointment of Senior Independent Director
  6. Reports of all meetings of Board Committees
  7. Appointment and removal of Company Secretary
- C) Public Reporting
1. Approval of all circulars, notice of general meetings and resolutions to be proposed to shareholders
  2. Approval of press releases
  3. Approval of Annual Report and accounts, including Directors' report
- D) Miscellaneous
1. Calling of shareholders' meetings
  2. Employees' Share Option Scheme, allocation of executive share options
  3. Major changes in Employees' Share Schemes; allocation of executive share
  4. Recommendation of any changes to the Constitution of the Company
  5. Prosecution, defence or settlement of litigation material to the interests of the Company
  6. Strategic issues and planning, including sustainability
  7. Key human resources issues
  8. Any change to the matters included in this schedule

The above schedule indicates those matters which the Board specifically reserves to themselves. The schedule is not, however, exclusive and does not derogate from the Board's overall duties and responsibilities.

The Board may, at their discretion, delegate consideration and /or approval of any of the above matters to a Board Committee specifically constituted for that purpose. Furthermore, Audit and Risk Management Committee, the Nominating Committee and the Remuneration Committee shall consider and determine such matters for which they are responsible in accordance with their Terms of Reference in force from time to time.

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**Appendix B**  
**ROLE OF THE CHAIRMAN**

The responsibilities of the Chairman include:

1. Providing leadership at Board level and represents the Board to the shareholders and other stakeholders and act independently in the best interest of the Group;
2. Ensuring Board effectiveness and promoting the highest standards of integrity, probity and corporate governance throughout the Group;
3. Chairing Board Meetings in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Board Members;
4. Chairing meetings of shareholders and to ensure that general meetings support meaningful engagement between the Board, Senior Management and shareholders including discussion on the Company's financial and non-financial performance as well as the Company's long-term strategies;
5. Ensuring shareholders be provided with opportunity to pose questions during the general meetings and all the questions should receive a meaningful response.
6. Establishing procedures to govern the Board and ensure the Board members discharge of its duties;
7. Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
8. Ensuring proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of Management's proposal and review of performance of the Company and/or Group;
9. Ensuring adequate lead time for effective study and discussion of business under consideration;
10. Identifying guidelines for the conduct of Directors and ensuring that each Director is making a significant contribution. The Chairman keeps under review, informally, the contributions made by Board Members;
11. Acting as liaison between the Board and Management. The Chairman should act as the main informal link between the Board and Management and particularly between the Board and the CEO;
12. Ensuring that all Board Members, when taking up office, are fully briefed on the terms of their appointment, duties and responsibilities and the business of the Group;
13. Together with the CEO, playing a leading role in:
  - formulating the Board's strategic direction and planning process;
  - encouraging high standards of propriety and promoting efficient and effective use of staff and other resources throughout the organisation; and

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- fostering high corporate ethical standards and positive relationships with the Company's shareholders;
14. Working with the Nominating Committee, actively participate in the selection of Board Members and ensuring the membership is balanced;
  15. Working with the Nominating Committee, ensuring proper structure of the Board Committees, including assignment of members and chairman of the Board Committees. The Chairman should also ensure that a formal succession plan for the Board is in place;
  16. Carrying out other duties as requested by the Board as a whole, depending on the needs and circumstances;
  17. Ensuring that Board Committee Meetings are not combined with the main Board Meeting
  18. The positions of Chairman and CEO are held by different individuals.

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**Appendix C**  
**ROLE OF THE CEO**

The CEO is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline. This includes promoting by leadership and example. The CEO's authority is explicitly provided for the Limits of Authority. Board Members should support the CEO in undertaking this responsibility.

The role of the CEO can be summarised as follows:

1. Fosters a corporate culture that promotes ethical practices, encourages individual integrity, and fulfil social responsibility;
2. Maintains a positive and ethical work climate that is conducive to attract, retain, and motivate a diverse group of top-quality employees at all levels;
3. Develops the Company and/or Group's operational and business plan and recommends short and long-term strategies to the Board ;
4. Manages the day-to-day business operations of the Company;
5. Ensures continuous improvement in the quality and value of the products and services provided by the Group;
6. Ensures that the Company achieves and maintains a satisfactory competitive positions within its industry;
7. Recommends management structure and operating authority levels which include delegation of responsibilities to Management;
8. Ensures that the Company has an effective Management Team below the level of the CEO;
9. Ensures, in cooperation with the Nominating Committee and/or Board, that there is an effective succession plan in place for the CEO position;
10. Formulates and oversees the implementation of major corporate policies;
11. Accountable to the Board for the propriety and regularity of the finances;
12. Responsible for the financial management of the Company and/or Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources;
13. Reports to the Board periodically on the financial positions of the Group which include forecast results as required from time to time;

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14. Reports to the Board on key performance indicators in relation to the financial results, market conditions and other developments;
15. Recommends annual management salary increment and Employees' Share Option entitlement to the Remuneration Committee;
16. Reports on significant business decisions;
17. Represents the Group as the key spokesperson with all stakeholders including investors, regulators and business partners;
18. Ensuring that the Company and/or Group maintains high social responsibility wherever it does business;
19. Creating and implementing the Company's vision and mission; and
20. Refers to the Board Committees on matters requested from time to time.

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**Appendix D**

**ROLE OF THE:**

**(I) NON-INDEPENDENT NON-EXECUTIVE DIRECTORS**

Non-Independent Non-Executive Directors are:

- Those who have no direct or indirect pecuniary interest in the Company other than their Directors' emoluments and their "permitted" shareholdings in the Company; or
- Those who are not employees of the Company or affiliated with it in any other way and are not involved in the day-to-day running of business but may have pecuniary interest in the Company, whether direct or indirect; or
- Those who are not employees of the Company but are standing as nominees for substantial shareholders.

The roles of the Non-Independent Non-Executive Directors can be summarised as follows:

1. Act as a bridge between Management and stakeholders, particularly shareholders. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.
2. For the Board to create an environment that allows the expression of disagreement when discussing strategic issues.
3. Bring dispassionate objectivity that a Director with a relationship with the Company cannot provide.

**(II) INDEPENDENT NON-EXECUTIVE DIRECTORS**

Independent Directors are essential for protecting the interests of minority shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Since an Independent Director has no conflict of interests in the discharge of his duties, he ought to approach any approval that is being sought at Board level for a transaction or any matter with a watchful eye and with an inquiring mind.

Paragraph 1.01 of the Listing Requirements states that an Independent Director means a Director who is independent of management and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Without limiting the generality of the foregoing, an Independent Director is one who:

- is not an Executive Director of the Company or any related corporation of the Company (each corporation is referred to as "said Corporation");

[Note : Corporation has the meaning given in Section 2(1) of Capital Market and Services Act 2007]



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- is not, and has not been within three (3) years, an officer (except as an Independent Director) of the said Corporation. For this purpose, “officer” has the meaning given in Section 2 of the Act;
- is not a major shareholder of the said Corporation;
- is not a family member of any Executive Director, officer or major shareholder of the said Corporation;
- is not acting as a nominee or representative of any Executive Director or major shareholder of the said Corporation;
- has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad, or is not presently a partner, Director (except as an independent Director) or a major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad; or
- has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad or is not presently a partner, Director or a major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Malaysia Securities Berhad.

In accordance to Practice 5.3 of the MCCG, the tenure of an independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) 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 (9) years, it should provide justification and seek annual shareholders’ approval through a two-tier voting process. An independent Director must not serve on the Board beyond 12 years.

**Appendix E**

**DIRECTORS' CODE OF BEST PRACTICE**

Board members are required to observe the Directors' Code of Best Practice as follows:

1. Comply with this Directors' Code of Best Practice and the Board Charter at all times.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interests of the Company and Group.
5. Not misuse information gained in the course of duties for personal gain or for political purposes, nor seeks to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
6. Uphold accountability at all time. This includes ensuring that the Company's resources are properly safeguarded, and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
7. Declaration of any personal, professional or business interests that may conflict with Directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interests" below.
8. Follow the guidance on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.
9. Must ensure questions by shareholders posed during virtual or hybrid general meeting be made visible to all meeting participants.
10. Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

**Declaration of interests**

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, Board members are required to notify the Company Secretary if there are any changes in the following:

1. Shareholdings in the Company or its related corporations, whether direct or indirect; and
2. Directorships or interests in any other corporations.

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In addition to the above, Board members who has a material interest, either directly or through a partner, spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to Senior Management.

Relevant interests in this context are as follows:

1. Executive and Non-Executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
2. Ownership or part-ownership of, or employment by, businesses or consultancies likely or possibly seeking to do business with the Company.

**Register of Interests**

The Code of Best Practice requires a formal register of interests to be established. The register should include details of all directorships and other relevant interests declared by Board Members and Senior Management.

The register should be kept up to date and maintained by the Company Secretary.

**Conduct in Meetings**

Any Board Members who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Members concerned should withdraw from the meeting during the relevant discussion or decision.

**Membership of Committees**

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

**Guidelines on Acceptance of Gifts**

The following set out the guidelines on acceptance of gifts:

1. The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
2. Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company;
3. Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
4. Gifts other than of token value should generally be refused.

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**Money Laundering**

Board Members are prohibited from engaging in money laundering, offences covered by anti-money laundering legislation include prejudicing or obstructing an investigation and failing to report suspicious activity.

**Abuse of Power**

There should be control over the corporate resources that can be misused for the Board Members' personal benefits and operational checks and balances should be in place.

**Commitment against Corrupt Practices**

Board Members are committed to ensure that payments of bribe or kickback of any kind, whether in dealings with public officials or individuals in the private sector will not be permitted.

**Appendix F**

**TERMS OF REFERENCE OF SENIOR INDEPENDENT DIRECTOR**

**1. SENIOR INDEPENDENT DIRECTOR**

The Senior Independent Director (“SID”) shall be elected by the Board of Directors amongst their members. The SID shall be the Chairman of the Nominating Committee. Any concerns with regards to the Group may be conveyed to SID.

**2. ROLES AND RESPONSIBILITIES**

**a) A Channel for Shareholders’ Concerns**

The SID plays an important role in the relationship between shareholders and the Board of Directors. The SID should be available to shareholders, if the shareholders have reason for concern that contact through normal channels of chairman/chief executive had failed to resolve. The SID should also chair meetings between Non-Executive Directors where both the Chairman and Executive Directors do not attend.

**b) Performance Evaluation**

The SID should normally lead the succession planning and appointment of Board members, including the future Chairman and CEO.

The SID leads the annual review of Board effectiveness, ensuring that the performance of each individual Director is assessed objectively and holistically. During the evaluation/review of the Chairman’s performance, an external third party/SID should act as a facilitator.

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**Appendix G**

**TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE**

**1. COMPOSITION**

- 1.1 The members of the Audit and Risk Management Committee (“ARMC”) shall be appointed by the Board amongst its Directors and shall be composed of no fewer than three (3) members. All ARMC members must be Non-Executive Directors, with a majority of them being Independent Directors
- 1.2 In the event of any vacancy in ARMC resulting in the non-compliance of Paragraphs 1.4 and 1.5 below, the Board shall base on the recommendation of the Nominating Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.3 All members of the ARMC should be financially literate and have sufficient understanding of the Company’s business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company’s reporting process.
- 1.4 At least one (1) member of the ARMC:
- (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - (ii) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:
    - (i) he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 1.5 No Alternate Director shall be appointed as a member of the ARMC.
- 1.6 A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.
- 1.7 The members of the ARMC shall elect a Chairman from amongst themselves who shall be an Independent Director (“Chairman”) ensuring the overall effectiveness and independence of the ARMC.

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1.8 The term of office, the effectiveness and performance of the ARMC and each of its members shall be reviewed by the Nominating Committee annually to determine whether the ARMC and its members have carried out their duties in accordance with this Terms of Reference.

**2. DUTIES AND RESPONSIBILITIES**

The main duties and responsibilities of the ARMC are as follows:

**2.1 Financial Reporting**

- (a) Ensure the integrity of the Company's financial and non-financial reporting;
- (b) Review the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted in the financial statements including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and evaluate how these matters are being addressed;
  - (iii) significant adjustments arising from the external audit;
  - (iv) compliance with applicable approved accounting standards and other legal requirements;
  - (v) appropriateness of going concern assumptions used in preparation of financial statements;
  - (vi) review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance; and
  - (vii) where there are significant matters requiring judgement, the ARMC should probe to ascertain whether the financial statements are consistent with operational and other information known.

**2.2 External Auditors**

- (a) Review the following with the external auditors and report the same to the Board of the Company:
  - (i) the audit scope and plan;

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- (ii) evaluation of the system of internal controls;
  - (iii) evaluation of the quality and effectiveness of the accounting system;
  - (iv) audit report;
  - (v) the assistance given by the employees of the Company to the external auditors to facilitate the discharge of the role of the external auditors;
  - (vi) external auditor's management letter and management's response therein;
  - (vii) coordination of their audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor; and
  - (viii) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor.
- (b) Nominate and recommend the appointment/re-appointment of the external auditors, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors, if applicable and report the same to the Board. In considering the appointment/ re-appointment of the external auditors, to consider among others:
- (i) the adequacy of the experience and resources of the accounting firm;
  - (ii) the persons assigned to the audit;
  - (iii) the accounting firm's audit engagements;
  - (iv) the size and complexity of the listed issuer's group being audited; and
  - (v) the number and experience of supervisory and professional staff assigned to the particular audit.

The assessment on the appointment and re-appointment of external auditors should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.

- (c) Discuss problems and reservations arising from the audits and any matter the external auditors may wish to discuss in the absence of the Management, where necessary.



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- (d) Review and approve (if applicable) the scope and nature of non-audit services provided by the external auditors and its affiliates before they are rendered to the Company and Group including recurring and non-recurring audit services to ensure that they are not likely to create conflicts of interest, as to maintain the objectivity and independence in the conduct of the external audit.
- (e) Obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (f) To conduct an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

**2.3 Internal Audit**

- (a) Review the following with the internal auditors and report the same to the Board:
  - (i) the adequacy of the scope, functions, competency, experience and resources of the internal audit function, and that it has the necessary authority and resources to carry out its work;
  - (ii) the internal audit plan and processes, results of the internal audit assessments, investigations undertaken and whether or not appropriate action is taken based on the recommendations;
  - (iii) the adequacy and effectiveness of the internal control system which includes financial, operational, controls, environmental and compliance nature; and
  - (iv) major audit findings, reservations or material weaknesses and the Management's response and actions undertaken to resolve the audit issues reported during the year and other activities as authorised by the Board.
- (b) Establish effective internal audit and an internal audit function which is independent of the activities it audits to accomplish the Company's goals.
- (c) Ensure the internal auditors report directly to the ARMC.
- (d) Ensure the internal audit function is carried out in accordance with a recognised framework.
- (e) Ensure that the system of internal control manage risks and forms part of its corporate culture.
- (f) Review the performance assessment (including suitability, objectivity and independence) of the internal audit function on an annual basis.

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- (g) Recommend appointment or re-appointment of the internal auditors and their fee.
- (h) Review any letters of resignation or suggestions for change of internal auditors and recommend the appropriate next course of action to the Board.
- (i) Investigate or cause to be investigated any activity within this Terms of Reference.
- (j) To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.
- (k) To review the adequacy and appropriateness of Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy, when necessary.
- (l) Discuss problems and reservations arising from the audits and any matter the internal auditors may wish to discuss in the absence of the Management, where necessary.

**2.4 Related Party Transactions (“RPTs”), Recurrent RPTs (“RRPTs”) and Conflict of Interest (“COI”)**

- (a) Monitor, review and report to the Board any RPTs and RRPTs that may arise within the Company and/or Group, including any transaction, procedures or course of conduct that raises question on management integrity.
- (b) Review and report to the Board of Directors, any COI or potential COI situations that arose, persist or may arise within the Company and/or Group (applies to all Directors and Employees of the Group) including any transaction, procedure or course of conduct that raises questions or management integrity, together with the measures taken to resolve, eliminate, or mitigate such conflicts.

In reviewing the COI, the ARMC should consider the following factors:

- i. The nature and potential duration of COI situations, and the impact on the Group; and
- ii. Controls in place/corrective actions to be taken – to ensure that the Conflicted Director or Conflicted Employee does not abuse his or her power to gain an unfair advantage.

**2.5 Risk Management**

- (a) Oversight of risk management matters relating to the activities of the Group in order to assist the Board to manage the overall risk exposure of the Group.
- (b) Ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.
- (c) To conduct an annual review and periodic testing of the Company’s risk management framework to ensure its adequacy and effectiveness.

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- (d) Review and assess the Group's risk management strategies, policies and risk tolerance based on the recommendation of the Management so that the Group continues to meet best practices.
- (e) Review the annual Statement on Risk Management and Internal Control.
- (f) Ensure that the risk management framework adopted by the Company is based on an internationally recognised risk management framework and establish an effective framework.

**3. AUTHORITY AND RIGHTS**

3.1 ARMC shall in accordance with a procedure determined by the Board and at the cost of the Company:

- (a) have the explicit authority to investigate any matters within this Terms of Reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to all information and documents which are required to perform its duties as well as to the internal and external auditors and Management of the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- (e) be fully informed about significant matters related to the Company's audit and its financial statements and to address these matters;
- (f) to obtain external professional advise or other advice and invite persons with relevant experience and expertise to attend the ARMC meetings, if required;
- (g) to report any matter which was brought up, but has not been satisfactorily resolved by the Board which resulting in a breach of the Listing Requirements to Bursa Malaysia Securities Berhad.

**4. MEETINGS**

**4.1 Frequency of meetings**

- (a) Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances may dictate.

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- (b) If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or to be counted in a quorum accordingly.

**4.2 Quorum**

The quorum for the meeting shall be two (2) members.

**4.3 Chairman**

The Chairman of ARMC shall preside at the meetings. In the absence of the Chairman of ARMC, the other members of the ARMC shall amongst themselves elect a Chairman to chair the meeting.

**4.4 Secretary, Meeting Procedures and Minutes**

- (a) Any one of the Joint-Company Secretaries shall be the Secretary of the ARMC and shall be responsible for drawing up the agenda of the meeting in the consultation with the Chairman of ARMC.
- (b) The agenda together with the Meeting papers shall be circulated to all ARMC members at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the ARMC members in making well-informed decisions.
- (c) The Secretary shall cause minutes of all proceedings of the ARMC meeting to be entered in books for that purpose. The minutes of the ARMC meeting should be circulated to all the ARMC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any ARMC member.
- (d) A matter put to vote at the ARMC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote.
- (e) A member of the ARMC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.
- (f) The ARMC members shall meet at least once a year with the internal and external auditors without the presence of any executive Board members, Management or employees. The Chairman of ARMC may request for additional meetings if they consider it is necessary.

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**4.5 Attendance**

- (a) ARMC may, as and when deemed necessary, invite any Board members or any member of Management or any employee of the Company, who the ARMC thinks fit, to attend its meetings to assist and provide pertinent information as necessary.
- (b) Upon request of any member of the ARMC, the internal auditors and/or external auditors, the Chairman of ARMC shall convene a ARMC meeting to consider any matters brought to its attention.

**4.6 Circular Resolution**

- (a) A resolution in writing signed by a majority of the ARMC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the ARMC duly called and constituted.
- (b) The resolution may consist of several documents in like form, each signed by one (1) or more ARMC members. Such document may be accepted as sufficiently signed by a ARMC member if it is transmitted to the Company by electronic or digital written message, which include a signature of the ARMC member.

**4.7 ARMC may regulate the proceedings of its meetings, in particular:**

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

**5. REVIEW OF ARMC**

The Nominating Committee of the Company must review the term of office and performance of ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with this Terms of Reference to ensure that the Company is able to adapt to changing business circumstances.

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**6. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

Any amendments to this Terms of Reference, as proposed by the ARMC, shall first be presented to the Board for its approval. Upon Board's approval, the said amendments shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended. The written Terms of Reference will be made to public on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

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**Appendix H**

**TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

**1. MEMBERSHIP**

- (a) Members of the Remuneration Committee (“RC”) shall be appointed by the Board amongst its Directors and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.
- (b) The appointment of a RC member terminates when the member ceases to be a Director, or as determined by the Board.
- (c) Where the members of the RC for any reason are reduced to less than three (3), the Board shall base on the recommendation of the Nominating Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (d) The Board must review the term of office and performance of the RC and each of its members at least once every three (3) years to determine whether such RC and its members have carried out their duties in accordance with this Terms of Reference.

**2. CHAIRMAN**

- (a) The Chairman of the Committee shall be an Independent Non-Executive Director.
- (b) In the absent of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

**3. QUORUM**

- (a) The quorum for the meeting shall be two (2) members.
- (b) The RC should meet at least once a year, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities.

**4. SECRETARY, MINUTES AND MEETING PROCEDURES**

- (a) Any one of the Joint-Company Secretaries shall be the Secretary of the RC and shall be responsible for drawing up the agenda of the meeting in the consultation with the Chairman of RC.
- (b) The agenda together with the Meeting papers shall be circulated to all RC members at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the RC members in making well-informed decisions.

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- (c) If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or to be counted in a quorum accordingly.
- (d) The Secretary shall cause minutes of all proceedings of the RC meeting to be entered in books for that purpose. The minutes of the RC meeting should be circulated to all the RC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any RC member.
- (e) A matter put to vote at the RC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote.
- (f) A member of the RC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

**5. CIRCULAR RESOLUTION**

- (a) A resolution in writing signed by a majority of the RC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the RC duly called and constituted.
- (b) The resolution may consist of several documents in like form, each signed by one (1) or more RC members. Such document may be accepted as sufficiently signed by a RC member if it is transmitted to the Company by electronic or digital written message, which include a signature of the RC member.

**6. FUNCTION**

- (a) The RC shall review and recommend to the Board, the remuneration policies, procedures and framework of Directors and Senior Management and whether the remuneration remains appropriate to each Director's and Senior Management's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken.
- (b) In determining the remuneration packages of Directors and Senior Management, the RC should take into consideration the following:-
  - technical competency, skills, expertise and experience;
  - qualification and professionalism;
  - integrity;
  - roles and responsibilities;
  - company's performance in managing material sustainability risks and opportunities; and
  - aligned with the business and risks strategies, and long-term objectives of the Group.



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- (c) The RC shall review and recommend to the Board, the total individual remuneration package of the Executive Directors and Senior Management, drawing from outside advice as necessary and the Executive Directors shall play no part in decisions on their own remuneration.
- (d) Review and recommend to the Board, the appropriate remuneration packages of Non-Executive Directors and Chairman, such as Directors' fees and meeting allowances by taking into the level of expertise, commitment and responsibilities undertaken.

**7. ACCESS TO ADVICE**

In furtherance to their duties as the RC members of the Company, there should be an agreed procedure for the RC members, whether as a full RC or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

**8. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

Any amendments to this Terms of Reference to be approved by the Board. These Terms of Reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.

The written Terms of Reference will be made to public on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).

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**Appendix I**

**TERMS OF REFERENCE OF NOMINATING COMMITTEE**

**1. MEMBERSHIP**

- (a) The members of the Nominating Committee (“NC”) shall be appointed by the Board amongst its Directors and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.
- (b) The appointment of a NC member terminates when the member ceases to be a Director, or as determined by the Board. No Alternate Director shall be appointed as the NC member unless he/she is the Alternate to the NC member.
- (c) Where the members of the NC for any reason are reduced to less than three (3), the Board shall base on the recommendation of the NC, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

**2. CHAIRMAN**

The Chairman of the NC shall be elected by the members of the NC amongst their members. The Chairman of the NC shall be an Independent Non-Executive Director or the Senior Independent Non-Executive Director. In the absence of the NC Chairman, the remaining members of the NC shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

**3. QUORUM**

- (a) The quorum for the meeting shall be two (2) members.
- (b) The NC should meet at least once a year, with due notice of issues to be discussed and should record its conclusion in discharging its duties and responsibilities.

**4. SECRETARY, MINUTES AND MEETING PROCEDURES**

- (a) Any one of the Joint-Company Secretaries shall be the Secretary of the NC and shall be responsible for drawing up the agenda of the meeting in the consultation with the Chairman of NC.
- (b) The agenda together with the Meeting papers shall be circulated to all NC members at least five (5) business days in advance or a timeline set and agreed between the Chairman and the Secretary before the meetings for perusal and deliberating at the meetings. However, confidential papers may be distributed during the meeting but presentations or briefings will be made by Management to aid the NC members in making well-informed decisions.
- (c) If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or to be counted in a quorum accordingly.

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- (d) The Secretary shall cause minutes of all proceedings of the NC meeting to be entered in books for that purpose. The minutes of the NC meeting should be circulated to all the NC members. Minutes shall be kept by the Company at the Registered Office and shall be opened for inspection by any NC member.
- (e) A matter put to vote at the NC meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote.
- (f) A member of the NC who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

**5. CIRCULAR RESOLUTION**

- (a) A resolution in writing signed by a majority of the NC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the NC duly called and constituted.
- (b) The resolution may consist of several documents in like form, each signed by one (1) or more NC members. Such document may be accepted as sufficiently signed by a NC member if it is transmitted to the Company by electronic or digital written message, which include a signature of the NC member.

**6. FUNCTION**

The NC shall:-

- (a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board including making recommendations to the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board. The NC shall keep under review the leadership needs of the organization with a view of ensuring the continued ability to compete effectively in the organization's marketplace. In making its recommendations, the NC should consider the candidates':-
  - 1. skills, knowledge, expertise and experience;
  - 2. professionalism;
  - 3. integrity;
  - 4. education;
  - 5. cultural background;
  - 6. gender;
  - 7. time commitment; and
  - 8. in the case of candidates for the position of Independent Non-Executive Directors, the NC should also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- (b) in identifying candidates for appointment of Director, the NC will consider the utilise independent sources to identify suitably qualified candidates. If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the NC should explain why other sources were not used.

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- (c) review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board including core competencies which Non-Executive Directors should bring to the Board, at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary.
- (d) Review the tenure of each director and ensure that the annual re-election of a director is based on satisfactory evaluation of the director's performance and contribution to the Board.
- (e) Conduct the fit and proper assessment prior to the appointment of any candidate as a Director, or making recommendation for the re-election of an existing Director.
- (f) recommend to the Board, Directors to fill the seats on Board Committees.
- (g) assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director and thereafter, recommend its findings to the Board.
- (h) assess annually the term of office and performance of the Audit and Risk Management Committee ("ARMC") and each of its members to determine whether such ARMC and members have carried out their duties in accordance with their Terms of Reference.
- (i) ensure that all Directors undergo appropriate induction programs and receive continuous training from time to time.
- (j) oversee appointment, management succession planning and performance evaluation of key senior officers and recommending to the Board the removal of key senior officers if they are ineffective, errant and negligent in discharging their responsibilities.
- (k) apply the process as determined by the Board, for assessing the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution of each individual Director, including the independence of the Independent Non-Executive Directors, as well as the CEO and Chief Financial Officer where all assessments and evaluations carried out by the NC in the discharge of all its functions should be properly documented.
- (l) review the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.
- (m) Ensure the Board comprises at least 30% women directors and to review the participation of women in senior management so that there is gender equality and a healthy-mix in the talent pipeline.

**7. ACCESS TO ADVICE**

In furtherance to their duties as the NC members of the Company, there should be an agreed procedure for the NC members, whether as a full NC or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

**8. REVIEW OF THE WRITTEN TERMS OF REFERENCE**

Any amendments to this Terms of Reference to be approved by the Board. These Terms of Reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.

The written Terms of Reference will be made to public on the Company's website at [www.luxchem.com.my](http://www.luxchem.com.my).