

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5789
COMPANY NAME : LBS BINA GROUP BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of LBS Bina Group Berhad ("LBGB" or "Company") is committed to high standard of corporate governance and strives to ensure that it is applied throughout the Company and its subsidiaries (collectively, "the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.</p> <p>The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Group as well as committed to instil and uphold a strong culture of corporate governance within the Group to deliver the long-term success of the Company.</p> <p>The roles, responsibilities and functions are governed by the Company's Constitution, the Companies Act, 2016 ("the Act"), Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Malaysian Code on Corporate Governance 2021 ("MCCG 2021") and other regulatory guidelines and requirements.</p> <p>The Board is guided by the Board Charter which clearly defined the roles, responsibilities and functions of the Board and delegated specific responsibilities to the Board Committees, managing director, executive directors, Key Senior Management ("KSM") team and executive teams.</p> <p>The Board is supported by Board Committees, comprising Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Risk Management Committee ("RMC") and Sustainability Committee ("SC").</p> <p>The Board Committees will brief the Board on the matters discussed at their respective meetings and minutes of these meetings are circulated to the Board. All Board Committees operate within their clearly defined Terms of Reference ("TOR") and operating procedures whereupon the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.</p> <p>The Board assumes, amongst others, the following roles and responsibilities in discharging its duties and functions :-</p>

1. To formulate, implement and evaluate the strategic plans and direction of the Group

The Board plays a pivotal role in the formulation and development of the Group's strategies, direction, business plans, budgets and programmes as well as monitoring its performance and implementation. The strategic plans have constantly reviewed and evolved to ensure effectively respond to changing economic, market conditions and with the consideration of environmental and social towards achieving the Group's Corporate vision and mission in sustainable manner.

The Board delegates authority and vests accountability for the Group's day-to-day operations with the KSM led by the Group Managing Director/Chief Executive Officer ("GMD/CEO"). The KSM is delegated to the resources management and access to any information pertaining to the Group in order to carry out their duties. The Board and the KSM work together to make decisions for the followings:

- (a) Developing and implementing the strategies, business plans and budgets of the organisation.
- (b) Identifying and managing operational risks on a daily basis where those risks could have a material impact on the businesses, formulating strategies to manage these risks by setting up a Risk Working Team, preparation of Risk Assessment Reports and convening of RMC Meeting for all major investments or divestments transactions prior to final decision being made.
- (c) Managing the Company's current financial and other reporting mechanism as well as control and monitoring systems to ensure that these mechanism and systems capture all relevant material information on a timely basis and are functioning effectively.
- (d) Ensuring that the Board and Board Committees are provided with sufficient and updated information on a timely basis in regard to the Group's businesses and, in particular, with respect to the performance, financial condition, operating results and prospect to enable the Board and Board Committees to fulfil their governance responsibilities.
- (e) The relevant KSM are invited to present at the Meetings to provide explanation or engage in deliberations with the Board as and when required.

2. To oversee the conduct and performance of the Group's businesses

The Board oversees the conduct and performance of the Group's businesses, encompassing the execution of strategic plans, operations progress reports, market and industry overview, stay abreast with economic outlook, compliances, sales, debtor aging, financial performance, monitor the progress of material investments and divestment, potential strategic acquisition or alliances, implementation on risk management, human capital management, corporate compliances, sustainability and governance framework.

	<p>3. <u>To identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures</u></p> <p>The Board recognises the pivotal connection between risk management, internal controls, strategic planning, and value creation. This nexus is formalised through the harmonisation of the Company's strategy, risk management and internal processes. Such alignment serves to bolster the realisation of the Company's strategic objectives, thereby delivering value to its stakeholders.</p> <p>The Board establishes a clear risk appetite that delineates the parameters within which the Management is expected to operate and mandates the implementation of a robust risk management framework. This framework encompasses the identification, analysis, evaluation, mitigation, and ongoing monitoring of significant financial and non-financial risks. Both the Board and Management endorse the principles outlined in the Statement on Risk Management and Internal Control.</p> <p>The Board and Management have diligently ensured the dissemination of risk management guidelines, the implementation of control measures, and the establishment of robust processes across the Group.</p> <p>RMC is to ensure that the integrated risk management functions within the Group are effectively discharged.</p> <p>4. <u>To establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre</u></p> <p>The Board is supported by NRC to review the succession planning, continuing development and training programme to ensure the Board and senior management personnel positions are sufficient calibre to effectively discharge his/her duties.</p> <p>The NRC reviews the procedures for appointment of Directors and senior management personnel of the Group, recommends remuneration package to Directors and senior management personnel of the Group and annual reviews of the required mix of skills and experience and other qualities of the Board members; examine size of the Board with the optimum number of Directors on the Board to ensure its effectiveness.</p> <p>The newly appointed Directors will be given induction programme supplemented by ongoing training and development programmes which according to individual's improvement area needs. With assistance from the Company Secretary, NRC evaluates and determines the continuous training needs of the Directors from time to time to enhance his/her contribution to the Board and to effectively discharge his/her duties as a Board member.</p> <p>5. <u>To approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad</u></p> <p>The Board is reserved to approve the material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad, prior to the final decision being made, taking into consideration of identified risks and managing the potentials</p>
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	<p>risks where those risks could have material impacts towards the Group's performance and businesses, formulating strategies to manage these risks, preparation of Risk Assessment Reports and/or convening of RMC Meeting.</p> <p>6. <u>To oversee the development and implementation of stakeholder communication policy for the Group</u></p> <p>The Board upholds transparency and accountability in communication to stakeholders and governed by Investor Relations Policy and procedures to ensure broad dissemination of material information in a comprehensive, accurate and timely manner to the stakeholders.</p> <p>The Investor Relations Department plays active role in developing and maintaining a positive relation with all the shareholders and investors through active two-way communication.</p> <p>All information made available to Bursa Malaysia is immediately available to shareholders and the public at large on the Investors section of the Company's corporate website: https://lbs.com.my/announcements/.</p> <p>The Company also maintains continuous engagements with other stakeholders, the full details are available on pages 102 and 103 of the Company's Integrated Annual Report 2023 ("IAR2023).</p> <p>7. <u>To identify and ensure that the strategic plan supports long-term value creation and includes economic, environmental, social and governance ("EESG") considerations underpinning sustainability</u></p> <p>The Board directly, and indirectly through its Board Committees, leads and provides direction to the Management to ensure that the Company's strategic plans support its long-term value creation and includes strategies on the EESG considerations underpinning sustainability. The Company's sustainability goals and journey are detailed out in the Company's Sustainability Report 2023 ("SR 2023") at https://lbs.com.my/sustainability/.</p> <p>8. <u>To oversee the implementation of the Group's sustainability strategies, priorities and targets periodically together with management and to understand and keep abreast with the sustainability issues relevant to the Group and their business, including climate-related risks and opportunities;</u></p> <p>From a sustainability perspective, under the Company's governance structure, the Board oversees the implementation of the Group's sustainability strategies, priorities and target where it is supported by Sustainability Committee. The implementation of the strategies, priorities and target is led by the Group Sustainability ("GS") which ensures sustainability issues are considered across all operations and business units.</p> <p>The GS oversees and monitors sustainability trends, governance and reporting to ensure compliance and in charge of driving periodic materiality assessment. The GS also provides support to the SC and is specially mandated to drive the sustainability and EESG awareness across the Group through on-going engagement activities. Details of the implementation work carried out by GS can</p>
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	<p>be found in the Company's SR2023 at https://lbs.com.my/sustainability/.</p> <p>9. <u>To review the adequacy and the integrity of the Group's management information and internal control system</u></p> <p>The AC is delegated by the Board to oversee on the Group's financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group to ensure high corporate governance practices.</p> <p>In preparing the financial statements for the financial year ended 31 December 2023, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the consolidated financial position of the Company as at 31 December 2023 and of the Company's consolidated financial performance and cash flows for the year.</p> <p>The Company has in place policies and procedures which promote a culture of good governance and ethical, prudent and professional behaviour. Such policies include the Code of Conduct, Board Charter, Anti-Bribery and Corruption Policy, Gifts, Entertainment and Hospitality Policy, Donation and Sponsorship Policy which outline the conduct and responsibilities of the Directors and employees. All Directors and employees of the Group also sign a declaration on integrity pledge.</p> <p>The Board Charter and other policies are available on the Company's website at https://lbs.com.my/corporate-governance/.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP is the Group Executive Chairman of the Board.</p> <p>The Chairman of the Board is mainly responsible to provide leadership for the Board to perform effectively, lead the Board to practise high standard of corporate governance, set the corporate cultural tone from the top, chairing Board meetings and setting Board agendas, and promoting effective Board relationships through the implementation of the followings:</p> <ul style="list-style-type: none">• Chair the Board meetings and ensures that meetings are effective, including setting and ensuring that all relevant issues are on the agenda, ensuring that the agenda and all relevant information is timely received by all Directors and that the Directors are properly briefed on issues discussed at the Board meetings.• Encourage the Directors to actively participate in constructive deliberations, ensures that the Directors are freely able to express their views and able to include diverse opinions and views in the Board deliberations.• Assume the primary responsibility for organising the information necessary for the Board to deal with the agendas and ensure timely dissemination of this information to the Directors with the assistance of the Company Secretary.• Leads the Board in establishing and monitoring good corporate governance practices.• Guides and facilitates the Board's decisions concerning organisational priorities and governance matters.• Serves as the primary liaison between the Board and Management, collaborating closely with Management to ensure effective communication between both parties.• Maintains comprehensive awareness of current events, being regularly briefed by the Management on all topics relevant to the Directors' interests.• Lead the regular reviews of the Company's progress on significant initiatives and issues, with the GMD/CEO and other relevant members of Management.

	<ul style="list-style-type: none"> • Engages in appropriate public relations activities alongside the Management, ensuring effective communication with shareholders and other stakeholders. • Acts as the Company's spokesperson at the Annual General Meeting ("AGM") and in reporting performance and profit figures, together with the Management. <p>The role and responsibilities of the Chairman are specified in the Board Charter which is available for reference at the Company's website at https://lbs.com.my/policies/board-charter/.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the Board Charter, the distinct and separate roles of the Group Executive Chairman and the GMD/CEO, with their clear responsibilities, to ensure balance of power and authority, such that no one individual has unfettered decision making powers.</p> <p>During the financial year 2023, the positions of Group Executive Chairman and the GMD/CEO are held by different individuals. The Group Executive Chairman of the Company is mainly responsible to provide leadership for the Board to perform effectively, lead the board to practise high standard of corporate governance, set the corporate cultural tone from the top, chairing Board meetings and setting Board agendas, and promoting effective Board relationships whilst the GMD/CEO, who leads the KSM, is responsible for assisting the Board in implementing the strategies, policies and procedures adopted by the Board to achieve the Group's objectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Board is chaired by Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP, which he did not hold any position in AC, NRC.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is a person qualified to act as a company secretary under Section 235(2) of the Act and was issued with a practising certificate by the Registrar of Companies under Section 241 of the Act.</p> <p>The Company Secretary is responsible for overall corporate secretarial function and providing advices to the Board regarding the performance of duties in corporate compliances.</p> <p>The Company Secretary assumes, amongst others, the following roles and responsibilities:-</p> <ol style="list-style-type: none">1. acts as a central source of guidance, information and advice to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group;2. provides secretarial services to the Board members and Board Committees;3. updates with new regulatory, regulations or requirements of current developments in the regulatory framework and governance practice concerning the Board and Board Committees' duties and responsibilities;4. monitoring corporate governance compliances as well as applying governance practices;5. facilitates the internal training programmes or external seminars or workshop for Directors;6. facilitates the orientation for new Directors;7. ensures meetings are properly convened and appropriate records of the deliberations and proceedings are accurately recorded;8. facilitates the communications of decisions made and policies set by the Board to the Management for action;9. ensures good information flows within and to the Board and Board Committees, and between the Non-Executive Directors and the Management; and

	10. serves as one of the focal points for stakeholders' communication and engagement on corporate governance issues.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' planning, Board Meetings for each financial year are scheduled in advance before beginning of each year for the Directors and Management to plan their schedules ahead.</p> <p>Board Meetings are usually held a minimum of five (5) times annually. Additional or special meetings would be convened as and when necessary to enable the Board to access information, deliberate and decide on any important proposals and/or agenda.</p> <p>Notice of meetings setting out the agenda and accompanied by the relevant Board papers are given to the Directors at least 5 clear days to enable the Directors to have sufficient time to review, seek additional information and/or clarification on the matters to be deliberated at Board meetings.</p> <p>Materials for Board meetings are disseminated in a paperless manner via an eBook format encrypted with password. The eBook is emailed to the Board Committee at least 5 clear days prior to the meeting to allow them to access and review the meeting documents conveniently at any time by using their devices.</p> <p>To further enhance the completeness of the meeting materials, chairpersons of the Board Committees would report any significant issues noted and/or deliberated by the relevant Board Committees which require the Board's attention and approval for implementation. Relevant Management staff are invited to present at the Meetings to provide explanation or engaged in deliberations with the Board as and when required.</p> <p>The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors/members of the Board Committees within 2 weeks from the meeting date. Meanwhile, Summary of Decision would be prepared by the Company Secretary within 3 days from the meeting date and notify the relevant departments of any appropriate actions to be taken. The Company Secretary will follow-up with action plans or any further updates before the next meeting. The updates and action plans for the items identified as matters arising would be further discussed at the next Board/Board Committee meetings.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has endorsed a Board Charter which serves as a general statement of intent and expectation in discharging its duties and responsibilities of the Board, Board Committees and Directors.</p> <p>The Board Charter upholds high standard of governance and clarifies, outlines the procedure and practices for effective of the Board.</p> <p>The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations.</p> <p>The Board Charter comprises, amongst others, the following key areas:-</p> <ul style="list-style-type: none"> • Board Size and Composition on Size and Mix of Skills, Independence and Board Diversity; • Roles and Responsibilities of the Board, Chairman, GMD/CEO, Senior Independent Non-Executive Director and Individual Directors; • Board Committees on Roles of the Board Committees; • Board Functions on Ethics and Compliance, Risk Management, Policy and Procedures, Sustainability and Stakeholder Communication; • Board Efficiency on Selection of Candidates, Appointments to the Board, Terms of Appointment, Tenure of Independent Directors, Directors' Remuneration, Directors' Insurance, Board Effectiveness, Board and Management, New Directorships and Time Commitment, Restriction of Directorships and Directors' Training and Development; • Company Secretary; and • The Process for Board Meetings, Committee Meetings and Decision-Making. <p>The followings are the key matters reserved for the Board:-</p>

	<ul style="list-style-type: none"> • Review, discuss and approval of corporate strategies, plans, targets and programmes proposed by Management prior to their implementation and execution; • Material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad; • Appointment of new Directors, Board Committee members, Managing Director, Chief Executive Officer, Company Secretary and other Senior Management position based on recommendation of the NRC; • Annual financial statements and the quarterly financial results prior to releasing to Bursa Malaysia; • Material related party transactions and conflict of interest; • Declaration of dividend and approving dividend policy; • Appointment of external auditors; and • Capital financing. <p>The Board Charter is available on the Company's website at https://lbs.com.my/policies/board-charter/.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Company has in place Code of Conduct and Business Ethics for Directors ("Code") and employees to govern the standards of ethics and good conduct expected from the directors and employees.</p> <p>The Code comprises, amongst others, the following principles: -</p> <ul style="list-style-type: none">• To observe high standards of Corporate Governance• To devote sufficient time and effort• To avoid conflict of interest• To avoid misuse of position and information• To ensure integrity of records• To ensure confidentiality of communication and transactions• To ensure compliance with applicable laws• To demonstrate openness and timeliness of communication• To exercise duties and act honestly in the best interest of the Company• To uphold accountability• To maintain positive relationship with shareholders, employees, creditors and customers• Corporate Social Responsibility <p>In addition, the Code is complemented by the Anti-Bribery and Corruption Policy ("ABC Policy") which emphasises our commitment towards upholding business ethics and combating corruption and bribery at all levels. Topics covered in the ABC Policy include our stance against gifts, entertainment, hospitality, charitable contributions, sponsorship, money laundry. This ABC Policy's principles and rules apply to all activities and address business conduct and ethics to support the Group's core values.</p> <p>The Board has also put in place various guidance on business ethics for all employees at work of the Group, including: -</p> <ul style="list-style-type: none">❖ Insider Trading❖ Declaration of Interests❖ Group IT Policies❖ Standard Operating Procedures and Policies❖ Corporate Disclosure Policy and Procedure❖ Employee Code of Conduct❖ Privacy and Personal Data Protection Policy❖ Anti-Bribery and Corruption Policy

	<ul style="list-style-type: none"> ❖ Whistleblowing Policy ❖ Gift, Entertainment and Hospitality Policy ❖ Donations and Sponsorships Policy ❖ Workplace Harassment Policy ❖ Environmental Policy Statement ❖ Human Rights Policy ❖ Occupational Safety and Health Policy ❖ Personal Data Protection Act Policy ❖ Group Sustainability Policy ❖ Group Sustainability Procurement Policy <p>The Group is committed to operate its business professionally, fairly and with integrity in dealings and relationships, and in compliance with the applicable laws and regulations.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible, and transparent manner.</p> <p>A Whistleblowing Policy have been established to encourage employees and/or stakeholders to report or disclose any improper conduct committed or to be about committed within the Group. The Whistleblower made the disclosure or report shall be in good faith, not malicious intent or ill will and not for personal gain or agenda.</p> <p>The Board believes that a whistleblowing system strengthens and supports good management and at the same time demonstrates accountability, provides good risk management and sound corporate governance practices, and this increases investors' confidence in the Company.</p> <p>The disclosure or report made for the improper conduct includes, but not limited, the following:</p> <ul style="list-style-type: none">• Fraud• Bribery / Corruption• Money Laundering• Abuse of Power• Conflict of Interest• Theft or embezzlement• Misuse of the Group's Property• Non-compliance with procedure <p>In accordance with the Whistleblowing Policy, the Whistleblower's identity is treated confidential unless such disclosure is required by laws and the Whistleblower is protected against reprisals or retaliation and immunity from disciplinary action.</p> <p>The Whistleblowing Policy has been reviewed and updated in 2024 to enhance its appropriateness and relevance to the Company and its compliance with the relevant laws, rules and regulations.</p> <p>The full version of the Whistleblowing Policy and Whistleblowing Form are published on the Company's website at https://lbs.com.my/policies/whistle-blowing-policy/.</p>

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

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a governance structure in place whereby the Board has ultimate responsibilities for the strategic sustainability matters including climate change and supply chain matters within the Group. One of its principal responsibilities is to ensure that the strategic plan of the Company supports long-term value creation and includes economic, environmental, social and governance considerations underpinning sustainability.</p> <p>The SC is chaired by Executive Director, Dato' Lim Mooi Pang with members comprising:-</p> <ul style="list-style-type: none">• Group Executive Chairman, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP• GMD/CEO, Datuk Wira Lim Hock Guan, JP• Senior Independent Non-Executive Director ("INED"), Dato' Lim Han Boon• INED, Dato' Yong Lei Choo• INED, Puan Nuraini Binti Ismail <p>Throughout the reporting period, Chairperson of SC was the Executive Director responsible for sustainability matters, including climate-related risk and opportunities with on-going oversight of climate-related issues delegated to the SC, a dedicate Board-level committee.</p> <p>The SC supports the Board in overseeing the sustainability strategy, provides guidance on strategic alignment of the Group's ESG strategies and initiatives, sustainable long-term business directions, reviews implementation on initiatives against commitments as well as provides advices and recommendations on sustainability strategies and policies for Board's approval, and monitor their implementation on a quarterly basis. SC also responsible to review the TOR, policies and procedures relevant to sustainability agenda, and to ensure adequate resources, systems and process are in place for managing sustainability matters.</p> <p>The GS acts as Management-level Committee, led by Head of Sustainability, is responsible to oversee material ESG concerns including climate change and supply chain matters. GS facilitates</p>

	<p>communication between senior leadership, operate as a weekly interactive platform, oversees sustainability trends and significant environmental, social and governance issues, integrating the collaborative efforts of the Group. It also drives the awareness across the Group through on-going engagement activities.</p> <p>At the Executive-level Working Group, composed of both Sustainability Team and Safety and Health Team. The Sustainability Team, led by Heads of Department, supports the GS in making informed decisions and to ensure that sustainability strategies are integrated across the organisation's operations. The Safety & Health Team, responsible for overseeing all aspects of Occupational Safety and Health (OSH) across the operations. This includes ensuring the safety and security of all operational sites, with a particular emphasis on construction sites. The primary focus is on maintaining safe operations and achieving a high level of compliance with regulatory requirements set forth by the Department of Occupational Safety and Health (DOSH).</p> <p>In 2023, the Company undertook extensive research to analyse and compare the Company's material topics with those of local, regional, and global industry peers. By identifying the key material issues, the Company enhanced the supplier registration process. All new suppliers are now required to undergo a "Know Your Supplier" procedure, which includes providing necessary details, undergoing a CTOS check, and participating in a comprehensive environmental and social risk assessment. Through these initiatives, the Company aims to proactively identify and mitigate potential risks associated with the suppliers.</p> <p>Moreover, we have bolstered our Human Rights Policy by introducing a grievance mechanism, providing our employees with an additional channel to voice concerns or lodge complaints regarding workplace issues. For more information, please refer to https://lbs.com.my/policies/human-rights-policy-2/.</p> <p>The Company is committed to combatting climate change by striving to achieve Net Zero Carbon Emissions by 2050 and implementing a roadmap with short, medium, and long-term strategies. The Company has also been disclosing climate risks since 2022 in line with recommendations of the Task Force on Climate-Related Financing Disclosure (TCFD) and have established short-term Key Performance Indicators related to ESG factors.</p> <p>For more information, please refer to SR2023 on Good Governance and Climate Resilience section.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>One of the responsibilities of the Board is 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.</p> <p>The Company's approach to stakeholder engagement is reflective of the multi-dimensional nature of the relationships and includes the use of various channels of communication throughout the year, such as amongst others, media releases, publication, meetings and engagement sessions.</p> <p>The Company issues a Sustainability Report annually to all its stakeholders. In producing the Sustainability Report, the Company is guided by the local and international statutory and reporting frameworks, particularly MMLR and Sustainability Guidelines relating to Sustainability Statements of Bursa Malaysia, as well as the FTSE4Good indicators and GRI Standards. By aligning with selected United Nations Sustainable Development Goals (UN SDGs), the Company aims to provide a broader context for its sustainability journey and ensure positive outcomes that contribute to a more equitable society and a better world.</p> <p>Through the Sustainability Report, the external stakeholders were engaged on the material matters which have the most impact on the Company's ability to create long-term value.</p> <p>In addition to the Sustainability Report, internally, the Board and employees were engaged with the Company's Sustainability agenda through the following ways:-</p> <ul style="list-style-type: none">• Quarterly performance updates by GS to the SC and the Board.• Corporate website.• LBGB Townhall.• Intranet and internal newsletter: ESG Spotlight, EESG Brews & Bites.• Periodic employee awareness programmes. <p>For more information, please refer to SR2023.</p>
Explanation for departure	:	

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

<p>Measure</p>	<p>:</p> <p>The Company has reinforced its commitment to Climate Resilience by establishing a comprehensive Roadmap, aimed at achieving Net Zero Carbon Emissions by 2050. This Roadmap is constructed around a series of sustainability objectives, stratified across short-term, medium-term, and long-term horizons. Each target is supported by performance indicators that are monitored to ensure consistent progress towards carbon neutrality.</p> <p>Established time-bound:</p> <ul style="list-style-type: none"> • Short-term: 2022 – 2025 • Medium-term: 2025 – 2030 • Long-term: 2030 - 2050 <p>For more information, please refer to SR 2023 on Sustainability Targets and Climate Resilience section.</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board were supported by the Company Secretary and the Management on regular updates on the changes of the MMLR, which are relevant to the Company and provide advice on corporate disclosures and compliances which includes understanding of sustainability issues.</p> <p>On a quarterly basis, the Directors were updated with the progress of the Group's sustainability initiatives on the EESG at the Board meeting.</p> <p>The NRC has sought to ensure the Group has directors with the appropriate level of sustainability knowledge. During the year under review, the Board maintained its practice of adding diverse experience and fresh perspectives through the appointment new INEDs, Dato' Aminudin Zaki Bin Hashim and Puan Nuraini Binti Ismail</p> <p>All the Directors have attended the "Mandatory Accreditation Programme Part II: Leading For Impact", an initiative by Securities Commission Malaysia's Corporate Governance Strategic Priorities 2021-2023, which aims to provide directors with foundation to understand their duties and responsibilities on sustainability and address sustainability risks and opportunities. For more information on the training programmes attended by Board members, please refer to IAR 2023 on Corporate Governance Overview Statement.</p> <p>In line with its commitment to address climate change and adhering to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Company has conducted a Climate Change Risk Assessment and Preliminary Scenario Planning Exercise. This analysis considers both physical and transitional risks under various future scenarios, including RCP 3.4, NGFS Net Zero 2050, and an intermediate pathway, to inform its strategic planning and risk management processes. For more information, please refer to SR 2023 on Climate Action: Our Approach to Net Zero Carbon Emissions by 2050 section.</p> <p>Further, the GS is entrusted to provide stewardship and guidance on sustainability related matters on EESG.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance review and assessment Director's contribution and knowledge in relation to the Company's and sustainability agenda were conducted. The review covered economic performance, environment impact, CSR contribution, and governance compliances. The outcome of the review helps to identify any required ESG training to enhance the Board's ESG knowledge, thus bolstering the sustainability narrative and goals.</p> <p>The Board and the Senior Management have performed their respective roles in addressing the company's material sustainability risks and opportunities. For detailed information on the sustainability risks and opportunities, kindly refer to Matters Material to Enterprise Value Creation of the IAR 2023.</p> <p>The Group has also conducted a review and identified the need to realign the Key Performance Indicators (KPIs) with the current materiality assessment, ensuring a more strategic and impactful alignment that enhances overall business performance. These short-term KPIs, approved by the Board, involve active participation from both employees and senior executives, directly linking their performance to the achievement of ESG targets. Furthermore, strategic measures have been implemented to incentivise and reward the attainment of annual ESG performance targets.</p> <p>Going forward, the Company is considering linking the remuneration of its Board and Senior Management to the achievement of ESG goals and targets. This is part of its commitment in its long-term strategy and success, it is also in line with the aspirations of Bursa Malaysia and various sustainability reporting frameworks that guide the Group's ESG plans.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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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 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company has established GS which is led by Head of GS, Ms Shany Lim.</p> <p>GS was entrusted with responsibility to oversee material ESG concerns, to develop and implement action plans for the realisation of set goals and targets. The Company has taken significant steps towards sustainability by developing ESG strategies, framework, and goals. Also, sustainability awareness programs were conducted to ensure that the Board and staff are well-versed in the sustainability agenda.</p> <p>To drive this agenda forward, GS has conducted gap analysis workshops with relevant parties within the organisation and organised periodic meetings to ensure that they are progressing in the right direction and action plans is in place for sustainability consideration. Additionally, GC provides regular updates to the SC regarding the progress of sustainability targets and decarbonisation strategies.</p>

Intended Outcome

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

Practice 5.1

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

Application	: Applied
Explanation on application of the practice	<p>Based on the TOR, the NRC, among others, shall: -</p> <ul style="list-style-type: none">(a) regularly review the structure, size and composition of the Board and make recommendations to the Board regarding any adjustments that are deemed necessary;(b) be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise;(c) keep under review the core competencies and skills required of Directors to best serve the business and operations of the Company and its Group with a view to ensure the continued ability to compete effectively in the marketplace;(d) review the independence of INEDs on an annual basis;(e) to facilitate annual evaluation and assessment of the effectiveness of the Board as a whole and the Board Committees, as well as the contributions and performance of individual Directors and Board Committee members; and(f) To review and facilitate Board's induction program and training needs in areas which the Directors could improve on. <p>The Board took the opportunity to refresh the composition of the Board, with the appointment of two new Directors, Dato' Aminudin Zaki Bin Hashim and Puan Nuraini Binti Ismail, both were appointed on 18 April 2023, who bring with them diverse set of skills, expertise and knowledge strengthening further the composition of the Board as well as the composition of the female directors increased to 37.5%.</p> <p>On an annual basis, the NRC reviews the tenure of each Director and carries out appraisal to ensure that the Board as a whole and the Board Committees have been effective and fulfilling its roles and responsibilities. Datuk Dr. Haji Baharum bin Haji Mohamed and Datuk Lim Si Cheng, the INEDs who have served the Board for a tenure of 9 years had retired on 18 April 2023. The vacancies arising from the retirement of the 2 INEDs are filled up by Dato' Aminudin Zaki Bin Hashim and Puan Nuraini Binti Ismail as the new INEDs on 18 April 2023.</p> <p>The performance and contribution of each individual Director are also assessed as part of the appraisal process. In addition, the independence</p>

	<p>of all INEDs is reviewed by the NRC annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgements.</p> <p>For those Directors who are retiring and eligible for re-election, the NRC would make recommendations for their re-election upon their satisfactory evaluation of their performance and contribution to the Board and the Committees, together with the overall balance of knowledge, skills, experience, and diversity. The NRC and Board are satisfied with the performance and contribution made to the Board of the following Directors who are retiring and eligible for re-election at the 24th AGM pursuant to Clause 100 of the Company's Constitution:</p> <ol style="list-style-type: none"> 1. Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP 2. Datuk Wira Lim Hock Guan, JP 3. Dato' Lim Mooi Pang <p>The TOR of NRC is available on the Company's website at https://lbs.com.my/policies/term-of-reference-of-nomination-and-remuneration-committee/.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of the Company comprises eight (8) members out of which four (4) are INEDs, representing 50% of the composition of the Board as below: -</p> <ol style="list-style-type: none">1. Dato' Lim Han Boon2. Dato' Yong Lei Choo3. Dato' Aminudin Zaki Bin Hisham4. Puan Nuraini Binti Ismail <p>Based on the review of the Board composition conducted by the NRC on 29 January 2024, the NRC views that the existing number of independent directors is adequate to provide a fair check and balance in bringing independence of judgement and ensure board decisions are made objectively in the best interest of the Company.</p> <p>The composition of the Board consists of qualified individuals with a broad base of industry knowledge, experience and technical skills necessary in the management and direction of the Group. The Board believes that its present composition constitutes an optimal size for the Group's current business profile, which is appropriate for leading the Group effectively on its future business growth.</p> <p>The Board through its NRC will review annually the composition and size of the Board to ensure its appropriateness and effectiveness. The performance of the Independent Directors is reviewed annually to ensure that they continue demonstrate independent judgements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.3

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

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

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

Intended Outcome

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

Practice 5.4 - Step Up

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

<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>	
Application	: Adopted
Explanation on adoption of the practice	: In accordance with the Board Charter, the tenure of service of Independent Directors is capped at the maximum limit of nine (9) years as recommended by the MCCG 2021. The Board Charter is available on the Company's website at https://lbs.com.my/policies/board-charter/ .

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted Directors' Fit and Proper Policy as a guide to NRC and Board to ensure each Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as Directors of the Company.</p> <p>Prior to the appointment or re-election/re-appointment of Directors, the NRC and Board will review and assess each candidate Declaration of Fit and Proper Form for re-election/re-appointment as a Director and Form of Particular and Declaration of the person to be appointed as Director taking into consideration the following criteria when determine whether a candidate is fit and proper to hold the directorship in the Group:</p> <ul style="list-style-type: none">a) Character and integrityb) Experience and competencec) Time and commitment <p>In 2023, the Company revised the Diversity Policy, which recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also consider factors based on its own business model and specific needs from time to time. The Human Resources Department adopted the similar criteria in its recommendation for selection and appointment process for Senior Management.</p> <p>The NRC is delegated by the Board to perform initial process of review and selection of candidates identified for appointment to the Board for approval. The appointment of Board members will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, ethnicity, age, skills, regional and industry experience and exposure, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.</p> <p>The NRC is responsible in ensuring that diversity principles are adopted in the Board and the Senior Management appointments, Board performance evaluation and succession planning processes.</p>

	Please refer to the Profile of Directors and the KSM in the IAR2023 for further information of the Directors and KSM at https://lbs.com.my/annual-reports/ .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated the responsibility for recommending potential candidate to fill Board's vacancy to the NRC. The Company has established "Board Appointment Process" with regards to maintaining a formal and transparent process for Board appointments.</p> <p>The NRC assists the Board in ensuring the existence of the right mixture of skills, knowledge, experience, qualities, gender, personal attributes etc. that are relevant and contributing to the effective functioning of the Board. The NRC will perform initial process of review and selection of candidates identified for appointment to the Board.</p> <p>The NRC leverages on the Directors' network, shareholders' recommendation, industry database and independent executive search firm to source for potential candidate for appointment of Director.</p> <p>The candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity, time, etc. to effectively discharge the role as director before potential candidate is recommended to the Board for consideration and approval. Besides, the diversity of the Board's composition which include, inter-alia, gender, ethnicity, age, cultural background will also be taken into consideration in the board appointment process.</p> <p>In early of the year 2023, the NRC, through internal and external sources, have been seeking for suitable candidates to fill the potential vacancies for the INEDs in view of the existing two INEDs are approaching 9-year tenure. The process of sourcing and selection was assisted by an independent consultancy firm. Upon recommendation of the NRC, Dato' Aminudin Zaki bin Hisham and Puan Nuraini Binti Ismail were appointed to the Board in 18 April 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure shareholders have sufficient information on re-appointment of Directors, the profiles of Directors are set out in the "Profile of Directors" in the IAR2023. These include their age, gender, nationality, qualification, date first appointed to the Board, membership of Board Committees, working experience, occupation, present/past appointment, family relationship and any conflict of interest. Their interests in the Company are detailed in the "Statistics of Shareholdings" session of the IAR2023.</p> <p>The IAR2023 is sent together with the Notice of 24th AGM at least 28 days in advance to the shareholders.</p> <p>Prior to recommending a Director for re-election, the Board, facilitated by the NRC carries out an evaluation of the Director's contribution and performance and an assessment of the independency of INEDs. Only upon a satisfactory outcome the Board would make the recommendations.</p> <p>The Company has adopted the Directors' Fit and Proper Policy as a guide to NRC and Board to ensure each Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as Directors of the Group.</p> <p>Prior to the appointment or re-election/re-appointment of Directors, the NRC and Board will review and assess each candidate's Declaration of Fit and Proper Form for re-election/re-appointment as a Director and Form of Particular and Declaration of the person to be appointed as Director taking into consideration the following criteria when determine whether a candidate is fit and proper to hold the directorship in the Group:</p> <ul style="list-style-type: none">a) Character and integrityb) Experience and competencec) Time and commitment <p>The Declaration of Fit and Proper Form for re-election/re-appointment as a Director and Form of Particular and Declaration of the person to be appointed as Director are available at: https://lbs.com.my/policies/directors-fit-and-proper-policy/.</p>

	<p>The NRC has carried out annual assessment of all the Directors of the Company in February 2024. The assessment parameters included their attendance record, contributions to interaction, the quality of their input, and their understanding of their roles and responsibilities. The NRC collectively viewed that the retiring Directors met the criteria as prescribed by Paragraph 2.20A of the MMLR of Bursa Malaysia.</p> <p>Upon the recommendation by the NRC, the Board supported the re-election of Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP, Datuk Wira Lim Hock Guan, JP and Dato' Lim Mooi Pang who are seeking for re-election as Directors under Clause 100 of the Constitution of the Company, and reasonably believed that with their vast experience, ability and exposure, they are able to carry out their position effectively and to act in the best interests of the Company.</p>	
Explanation for departure	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	<p>:</p>	
Timeframe	<p>:</p>	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC comprises entirely INEDs as recommended by MCCG 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at end of the year under review, the Board comprises eight (8) Directors, of whom three (3) are women directors, representing 37.5% of woman directorship in the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board promotes and welcomes diversity and gender mix in composition of the Board and Management level as an essential element in supporting the attainment of its strategic objectives and its sustainable development, which includes a diverse set of skills, backgrounds, knowledge, professional experience, ethnicity, educational background, culture, age and gender which can strengthen governance structure and widen the Board’s perspective in effectively discharging its duties and responsibilities as well as assists the Board in its decision-making process. The Diversity Policy which sets out the approaches is available at https://lbs.com.my/policies/diversity-policy/.</p> <p>As at current, the Board comprises 37.5% women whereas KSM consists of 42.9% female. The Company believes that gender diversity is an essential element in maintaining its competitive advantage and supporting its sustainable development.</p> <p>The Board has disclosed in its IAR2023 the Company’s policy on gender diversity for the Board at https://lbs.com.my/annual-reports/ while gender diversity for the Management is disclosed in the SR2023 which is available at https://lbs.com.my/sustainability/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>NRC conducts an annual evaluation to assess and determine the effectiveness of the Board as a whole, as well as the Board Committees. The assessment questionnaires facilitated evaluation of the Board and Board Committee. The assessment parameters included Board structure, operations, tenure, roles and responsibilities and the effectiveness of the Board.</p> <p>The Board has, through Evaluation Panel, comprising Chairman of the Board, Chairman of NRC and Chairman of AC, assessed each Director's contribution to the effectiveness of the Board. The assessment parameters include time commitment, contribution to interaction, quality of input and understand of roles and responsibilities.</p> <p>The evaluation process is a constructive mechanism for improving Board effectiveness, maximising strengths and tackling weaknesses, leading to an immediate improvement of performance throughout the organisation. When assessing performance of Board members, the assessment forms will be distributed to every member of the Evaluation Panel. Upon completion, the Company Secretaries gathered the forms, summarised and presented the results of the performance assessment to the NRC.</p> <p>The assessment for the Board as a whole and Board Committees will be carried out by the NRC at the meeting. A questionnaire which forms part of the meeting documents will be completed by the NRC after discussion. The findings of the all evaluations will be reported to the Board. The following evaluation forms are used: -</p> <ul style="list-style-type: none">(a) Independent Director's Self-Assessment Checklist;(b) Director's Performance Evaluation;(c) Board and Board Committees Performance Evaluation;(d) Audit Committee Evaluation Sheet;(e) Audit Committee Member's Self & Peer Performance Evaluation Sheet; and(f) Declaration of Fit and Proper Form <p>The Board assesses the independence of the Independent Directors annually for appropriate proper functioning of the Board and provides effective check and balance in discharging its responsibilities. No</p>

	<p>individual or small group of individuals dominates the Board's decision making. The Independent Directors provide unbiased and independent views, advice and judgement to issues and decisions and act in the best interest of the Company and its shareholders. For the purpose of determination of independence, the Independent Directors are not related to the substantial shareholders of the Company and provide declarations regarding their independences.</p> <p>When reviewing the independence of the Independent Directors, the NRC has considered their other directorships, annual declaration regarding their independence, disclosure of interest in transactions in which they have a direct or indirect interest, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions and their ability to maintain objectivity in their conduct as Directors of the Company.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	: Applied
Explanation on application of the practice	<p>The Company has established the Remuneration Policy which is published on the Company's website at https://lbs.com.my/policies/remuneration-policy/.</p> <p>In reviewing the remuneration of Executive Directors and Senior Management, NRC with the assistance of Human Resources Department, considers whether their remuneration have achieved the following main objectives of the Directors' remuneration: -</p> <ul style="list-style-type: none">• to ensure remuneration package is competitive to attract and retain them who are capable in meeting the Company's goal;• to reward them for achieving corporate and individual performance targets in a fair and equitable way;• to ensure the remuneration package reflects their duties and responsibilities and contain incentives to motivate them to deliver the Group's performance objectives without encouraging excessive risk taking; and• the remuneration policy must be sufficiently flexible to take account of changes in the Group's business environment and market practices. <p>The remuneration package for them comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (which includes variable performance bonus, retirement benefits).</p> <p>When reviewing and determining the structure of Directors' remuneration, the NRC takes into the following criteria: -</p> <ul style="list-style-type: none">• Individual performance;• Duties and responsibilities• Skills and knowledge;• Involvement in the Group's affairs;• Achievement of the Group's internal targets; and

	<ul style="list-style-type: none"> • Performance and profitability of the Group. <p>The NRC also considers other factors such as salary paid by comparable companies, time commitment, scope of duties and responsibilities. Relevant information on Directors' remuneration from independent consultant or survey data, when available, would also be used as reference by the NRC.</p> <p>The Board recommends the proposed fees for the Independent Directors with the individual directors concerned abstaining from decisions in respect of their individual remuneration. The payment of Directors' fees, allowance and benefits-in-kind to the Directors are subject to the approval of shareholders at the Company's AGM.</p> <p>The remuneration packages of the KSM are taking into consideration of their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain talents.</p> <p>Further information on the remuneration structure is set out in the Corporate Governance Overview Statement in IAR2023 at https://lbs.com.my/annual-reports/.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The 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>NRC is established as a Board Committee and the TOR of NRC assists the members of NRC in discharging their duties delegated by the Board.</p> <p>The NRC's duties are to assist the Board in fulfilling its responsibilities to go through a formal process of reviewing the balance and effectiveness of its Board, identifying the skills needed and those individuals who might best provide them and reviewing and making recommendations to the Board of Directors the terms of employment of and all elements of the remuneration of the executive directors and Senior Management of the Company.</p> <p>NRC is authorised by the Board to undertake the remuneration of the Directors, which the duties and functions as below:</p> <ol style="list-style-type: none">1. To establish and agree with the Board of Directors the framework or board policy for the remuneration of the executive directors and senior management;2. To provide an objective and independent assessment of benefits and incentives granted to the executive directors and senior management of the Company to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;3. Within the terms of the agreed policy, recommend the total individual remuneration package of new executive director including, where appropriate, benefits and incentive payments;4. Establish the policy for and scope of termination payments and compensation commitments;5. Oversee any major changes in the benefit structures of the Directors and Senior Management; and6. Ensure that provisions regarding disclosure of remuneration under the MMLR.

	<p>The composition of NRC comprises three (3) members exclusively are Independent Directors pursuant to Paragraph 15.08A (1) of MMLR of Bursa Malaysia.</p> <p>The TOR of NRC is available on the Company's website at https://lbs.com.my/policies/term-of-reference-of-nomination-and-remuneration-committee/.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company discloses in detail, on a named basis, the remuneration of its individual directors which includes fees, salary, emoluments and benefits.</p> <p>The breakdown of the Directors' remuneration paid/payable in the financial year 2023 is set out in the table below. The fees for the INEDs as disclosed are based on the proposed Directors' fees for the financial year ended 31 December 2023 which is subject to the approval of the shareholders at the forthcoming 24th AGM.</p>

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	Dato' Lim Han Boon	Independent Director	69	12	-	-	-	1	82	69	12	-	-	-	1	82
2	Dato' Yong Lei Choo	Independent Director	69	9	-	-	-	2	80	69	9	-	-	-	2	80
3	Dato' Aminudin Zaki Bin Hashim (Appointed on 18 April 2023)	Independent Director	49	5	-	-	-	1	55	55	5	-	-	-	1	55
4	Nuraini Binti Ismail (Appointed on 18 April 2023)	Independent Director	49	5	-	-	-	1	55	55	5	-	-	-	1	55
5	Datuk Lim Si Cheng (Retired on 18 April 2023)	Independent Director	20	6	-	-	-	181	207	20	6	-	-	-	181	207
6	Datuk Dr. Haji Baharum Bin Haji Mohamed (Retired on 18 April 2023)	Independent Director	20	6	-	-	-	180	206	20	18	-	-	-	180	218
7	Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San	Executive Director	-	-	-	-	-	-	-	373	-	2448	1647	198	646	5312
8	Datuk Wira Lim Hock Guan	Executive Director	-	-	-	-	-	-	-	269	-	2088	1377	243	551	4528
9	Maj (Hon) Dato' Sri Lim Hock Sing	Executive Director	-	-	-	-	-	-	-	84	-	1200	600	122	295	2301
10	Dato' Lim Mooi Pang	Executive Director	-	-	-	-	-	-	-	-	-	1140	570	127	280	2117
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the recommendation of the MCCG 2021 to disclose the remuneration of top five (5) Senior Management on a named basis in bands of RM50,000.</p> <p>However, the Board considered the confidential and commercial sensitivities related with staff remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced executive team in place.</p> <p>The remuneration of the top five (5) Key Senior Management for the FY2023 totalling RM4.3 million which was paid in the form of salary, bonus, allowances, benefits-in-kind and other emoluments comprising insurance, medical, employer's provident fund, social welfare contributions and employment insurance system (EIS).</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Choose an item.

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The AC comprises 3 INEDs. Chairman of the AC, Dato' Lim Han Boon is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the members of the AC are former key audit partners of the Company.</p> <p>The AC has adopted the recommended policy that requires a former key audit partner to observe cooling-off period of at least 3 years before being appointed as the member of AC, which is stipulated in the AC's TOR.</p> <p>The AC's TOR is available for reference at the Company's website at https://lbs.com.my/policies/terms-of-reference-audit-committee/.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC carries out the assessment procedures annually to determine the suitability and independence of the external auditors including quality and performance of their audit to ensure the external auditors are free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity. The annual assessment also ensures that the provision of other non-audit services by the external auditors is not in conflict with their audit function. As an industry practice, the external auditors rotate their engaging partner in charge of audit of the Group's financial statements once every 5 years to maintain their independence from the Group.</p> <p>The external auditors provide mainly audit-related services to the Company and undertake certain non-audit services such as quarterly review, regulatory review and reporting, and other services as and when requested by the Group. The independence of external auditors can be impaired by the provision of non-audit services to the Company.</p> <p>During the year 2023, the AC met independently at two scheduled meetings with the external auditors to discuss any matters they wish to raise or concerns they may have without the presence of the Management. AC also undertook review of the independence of Messrs. UHY and gave careful consideration to the Group's relationships with them.</p> <p>In determining the independence of UHY, the AC reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for the year 2023 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the AC is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group statutory financial audit. UHY has declared its independence to the Group and its compliance pursuant to Paragraph 290.173 of the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The AC has adopted the External Auditors Policy which outlines the guidelines and procedures for the AC to assess and monitor the external auditors.</p> <p>The External Auditors Policy will be reviewed periodically to ensure it remains relevant and appropriate.</p>

	<p>The AC is satisfied with the competence and independence of the external auditors and had recommended to the Board the re-appointment of the external auditors, upon which the shareholders' approval will be sought at the forthcoming 24th AGM.</p> <p>The External Auditors Policy is available at the website of the Company at https://lbs.com.my/policies/external-auditors-policy/.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The AC comprises 3 members, all of whom are INEDs.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC members have a broad range of skills and experience that enable them to fulfil their duties appropriately. The Chairman, Dato' Lim Han Boon and Puan Nuraini Binti Ismail are Fellow members of the Association of Chartered Certified Accountants whereas Dato' Aminudin Zaki Bin Hisham is a Chartered Global Management Accountant and an Associate Member of the Chartered Institute of Management Accountants.</p> <p>The Board is satisfied with their financial expertise, experience and exposure to be the members of the Committee. Their profiles are detailed in the IAR2023.</p> <p>All AC members are aware of the need to continuously development and increase their knowledge. In line with this, they have undertaken and will make continuous efforts in keeping themselves abreast of relevant developments by attending more conference/ seminar/ training to further enhance their knowledge and discharge their duty more effectively.</p> <p>In addition to the above, members of the AC would be updated on new developments in the areas of statutory and regulatory requirements by the external auditors, the Finance team and the Company Secretary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.</p> <p>The Board recognises that there are inherent limitations to any system of internal control as it is designed to manage the Company's risk within the acceptable risk appetite, rather than to eliminate risks that may hinder the achievement of the Company's business objectives. It can therefore provide reasonable assurance, and not absolute assurance against material misstatement or loss.</p> <p>The Internal Audit function outsourced to an external service provider, Deloitte Business Advisory Sdn. Bhd. ("Deloitte"), to advise and facilitate the risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation were performed to update the existing risk registers. The RMC revised the risk treatment plans along with the corresponding target risk level for any key residual risks highlighted</p> <p>The RMC assists the Board in, amongst others, identifying, evaluating, monitoring and reporting of risk areas and providing control measures, recommendations, revised the risk treatment plans along with the corresponding target risk level for any key residual risks highlighted and management action plans to mitigate such risks through periodic meetings and updates to the AC in a timely basis.</p> <p>The AC reviews and approves the risk register and risk-based Internal Audit Plan to ensuring that the business objectives of the Company are achieved as well as reviews and monitors the internal audit function that engaged with Deloitte to ensure timely completion of Internal Audit Plan and effectiveness and implementation of any corrective actions plans proposed.</p> <p>The Board, through the RMC and AC, continuously reviews and ensure the effectiveness of the Group's risk management and internal control.</p> <p>More information on the risk management and internal control are disclosed in the sections entitled "Statement on Risk Management and Internal Control" of the IAR2023 at https://lbs.com.my/annual-reports/.</p>

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

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to significant risks faced by the Company in its achievement of the business goals and objectives. The control structure and process which have been instituted throughout the Company are reviewed and updated from time to time in response to the changes in the business environment.</p> <p>The Risk Management Framework ("ERM") provides the foundation and process to guide the Company on how risks are managed in the Company. The ERM is aligned with the framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission ("COSO") and ISO 31000 – Risk Management Principles and Guidelines. The Company engages Deloitte to advise and facilitate risk control self-assessment exercise with various stakeholders. Risk analysis and evaluation are performed by Deloitte to update the existing risk registers. The RMC establishes a set of risk treatment plans and responds to risks to assist the Company in making sound business decisions. The AC and Board have an oversight role to review and deliberate on the Company's top risks. There are policies and procedures in place to ensure compliance with internal control and the prescribed laws and regulations. These policies and procedures are updated from time to time in tandem with changes to the business environment or regulatory guidelines.</p> <p>The Internal Audit function outsourced to Deloitte, to provide independent assurance and consulting activities, which serves to assist the Company in achieving its objectives. Deloitte evaluate the efficiency of risk management, the system of internal control and governance process, and subsequently highlight any significant findings in respect of any non-compliance with policies and procedures and areas of improvement. The internal audit activities are carried out in accordance with the Internal Audit Plan approved by the AC. Follow up audits are performed to ensure the Management Action Plans for any observations identified are timely rectified. The resulting reports from the audits undertaken are presented to the AC at its regular meetings. The AC meets to review, discuss and direct actions on matters pertaining to reports. The outcomes are then forwarded to the operational management for attention and necessary actions. The operational management is responsible for ensuring recommended corrective actions on reported weaknesses are taken within the required time frame.</p> <p>In year 2023, the Internal Auditors have identified new key risks in relation to strategic, operational, financial and compliance risks and the</p>

	<p>Group has evaluated the potential impact of these risks. The Risk Register was updated, and meetings were held to communicate and deliberate the issues or risks and where appropriate, the control systems and action plans were implemented and taken to ensure the continuous risk mitigation and risk management.</p> <p>The areas reviewed by Internal Auditors during the year 2023 are as follows:</p> <ul style="list-style-type: none"> • Corporate Communication Management • Legal and Regulatory Management • Information Technology Controls • Branch Audit • Project Management • Sales and Marketing • Shared Services Centre • Project Procurement and Tender Management <p>The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control of the IAR2023 at https://lbs.com.my/annual-reports/.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The RMC comprises 5 Directors, majority of them are Independent Directors.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced its internal audit work to Deloitte, to facilitate the risk control self-assessment exercise with various stakeholders.</p> <p>The Internal Auditors adopt a risk-based auditing approach approved by the AC whilst taking into account the standards set by recognised professional bodies, global best practices and industry standards.</p> <p>Besides reviewing the findings of internal control system of the Group, the Internal Auditors also provides recommendations to improve such internal controls. The Internal Audit Reports and relevant follow-up reports together with management responses were circulated to all members of the Committee for review and discussion before the Committee Meeting on a quarterly basis. Upon the recommendation of the Committee, the Internal Audit Reports were tabled at the Board Meeting for approval.</p> <p>The Internal Auditors supports the AC and the Board in providing independent assessment and objectivity assurance on the internal control system of the Group.</p> <p>In year 2023, the AC has met with the Internal Auditors twice without the presence of other Board Members and Management of the Company.</p> <p>Details of the Internal Audit Function and Summary of works done are set out in the Audit Committee Report in the IAR2023 at https://lbs.com.my/annual-reports/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Auditors, Deloitte, is free from any relations or conflicts of interest which could impair their objectivity and independence. The Internal Auditors evaluate the efficiency of risk management, the system of internal control and governance process, and subsequently highlight any significant findings in respect of any non-compliance with policies and procedures and areas of improvement and reports directly to the AC. The Internal Auditors adopt a risk-based auditing approach with focus on Enterprise Risk Management which was revamped and designed based on a globally recognised standard: ISO31000: Risk Management, Principles and Guidelines.</p> <p>The Internal Audit team of five (5) from Deloitte is led by Mr. Justin Ong. Justin is a Chartered Accountant, Chartered Financial Analyst, Certified Financial Risk Manager and Certified Banking Treasury Risk Manager. He has over 16 years' experience of delivering governance, risk management and compliance projects. He leads multiple internal audits and special operational reviews in Malaysia.</p> <p>Details of the Internal Audit Function are set out in the Audit Committee Report in the IAR2023 at https://lbs.com.my/annual-reports/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of communication with the stakeholders of the Group's businesses and corporate developments.</p> <p>The Company strives to uphold open and transparent communication avenue with its stakeholders, institutional investors and the investing public at large to provide clear and complete information on performance and financial position of the Group. The Board believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. Nevertheless, whilst endeavouring to provide sufficient information to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The Company actively updates its corporate website www.lbs.com.my with the latest information on the corporate and business aspects of the Group. Press releases, announcements to Bursa Malaysia, and quarterly results of the Group are also made available on the website, and this helps to promote accessibility of information to the Company's shareholders and all other market participants.</p> <p>In line with the Company's digital initiatives, information on the latest corporate events and new products are disseminating via various digital platforms.</p> <p>The following different mean of communications were used as channels for sharing of various information with its stakeholders:-</p> <ul style="list-style-type: none">(a) Annual General Meeting(b) Integrated Annual Report(c) Sustainability Report(d) Corporate Governance Report(e) Analyst Briefing by Investor Relations Department(f) Company Website(g) Newsletter- "Journey Today"(h) Online Social Networking(i) Corporate Communication, Media & Digital Department(j) Senior Independent Non-Executive Director(k) Town Hall Meeting <p>Further details on corporate communication are set out in the IAR2023 at https://lbs.com.my/annual-reports/.</p>

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

Intended Outcome

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

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Despite the Company is not categorised as one of the Large Companies, nevertheless the Board has taken initiative to adopt integrated reporting (<IR>) towards providing a more comprehensive view of the Group’s business model and how it creates value for stakeholders.</p> <p>The adoption of <IR> is spurred by a collective commitment from the Board and Senior Management to adopt a multi-capitals approach to corporate reporting; where both financial and non-financial resources as well as outputs and outcomes are given due strategic consideration in the overall approach to value creation.</p> <p>This marks a transition from pure financial focussed narratives towards providing a more strategic perspective of the Group, especially for providers of capital.</p> <p>Financial year 2023 is the Company’s third year of adoption. Going forward, the Group will continue to enhance disclosures in line with the principles-based framework of the Value Reporting Foundation in future integrated reports.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company dispatched the Notice of AGM to Shareholders well in advance of the 21 days requirement under the Act and the MMLR.</p> <p>In the financial year 2023, Notice of 23rd AGM was given on 28 April 2023 for the AGM to be held on 20 June 2023.</p> <p>This 52 days' notice period allowed the shareholders to consider the proposed resolutions as set out in the Notice of AGM and/or to make necessary arrangement to attend and participate in the AGM, either in person, through corporate representative, proxies or attorneys. More importantly, it enables the shareholders to read the Annual Report, consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>The Notice of AGM is also accessible by the shareholders via the Company's website as well as Bursa Malaysia's website. The said notice is also advertised in one (1) nationally circulated daily newspaper, New Straits Times.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors attended the Company's 23rd AGM which was held on 20 June 2023.</p> <p>Chairman of the Board and respective Board Committees were present to provide response to any questions address to them. Senior Management and the Group's External Auditors were in attendance to respond to shareholders' enquiries.</p> <p>The Company's 23rd AGM held on 20 June 2023 was conducted on a fully virtual basis on streamed with remote participation by shareholders. The proceedings of the 23rd AGM included presenting the performance of the Group as contained in the Integrated Annual Report 2022, addressing all issues raised by the shareholders in relation to the operational and financial performance of the Group and further clarifications of the proposed resolutions, before putting such resolutions to vote.</p> <p>This general meeting provided a channel for shareholders to engage directly with the Board in a meaningful discussion on the specified agenda. The Board encouraged shareholders' active participation at the meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions at its virtual 23rd AGM held on 20 June 2023.</p> <p>The Administrative Guide of the AGM including the procedures for Remote Participation and Voting ("RPV") facilities, appointment of proxy, entitlement to participate, voting at meeting and pre-meeting submission of question to the Board of Directors were published in the Company's website and shared with shareholders along with the Notice of AGM. Hence, the eligible shareholders were able to attend, speak and vote either by themselves, or appoint their proxies to attend, speak and vote on behalf via RPV facilities.</p> <p>The entire AGM proceedings were held through RPV facilities provided by the Share Registrar, Tricor Investor & Issuing House Service Sdn Bhd ("Tricor") via its TIIH Online at https://tiih.online.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The Company held the 23 rd AGM virtually, which provided the update of the Company's performance and facilitated the shareholders to participate and submit their questions electronically through the online platform provided by Tricor via its TIIH Online website at https://tiah.online prior to the AGM, or used the query box to transmit questions to the Board via RPV facilities during live streaming of the AGM. During the AGM, the Chairman read out and answered the relevant questions received and for those questions that were not answered during the AGM will be responded to the shareholders by email. All the questions and answers are also recorded in the Minutes of the 23 rd AGM, which is available on the Company's corporate website, https://lbs.com.my/wp-content/uploads/23rd-AGM-Meeting-Minutes.pdf .
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Company held the 23rd AGM fully virtual through RPV facilities provided by Tricor via TIIH Online website at https://tiih.online, which allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders submitted their questions at any time from the date of Notice of AGM and up to the time when the meeting was in progress.</p> <p>The Shareholders were provided with the Administrative Guide which sets out the procedures for RPV facilities, appointment of proxy, entitlement to participate, voting at meeting and pre-meeting submission of question to the Board of Directors were published in the Company's website and shared with shareholders along with the Notice of AGM.</p> <p>The questions posted by the shareholders would be visible during the AGM and the Chairman read out and answered the relevant questions received.</p> <p>Results of the voting are made in real time and announced by the Company to Bursa on the same day after the conclusion of the AGM, which ensuring transparency, accountability and accuracy. All pre-submitted and live questions and answers (including questions which were not answered at the AGM) together with the Minutes of the 23rd AGM are made available on the Company's corporate website, https://lbs.com.my/wp-content/uploads/23rd-AGM-Meeting-Minutes.pdf.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the AGM detailing the meeting proceedings including the issues, and questions raised by shareholders and the Company's responses have been made available to shareholders no later than 30 business days after the meeting on its website. Minutes of the 23 rd AGM is available on the Company's website at, https://lbs.com.my/wp-content/uploads/23rd-AGM-Meeting-Minutes.pdf .
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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