

# LION INDUSTRIES CORPORATION BERHAD

Registration No. 192401000008 (415-D)

(Incorporated in Malaysia)

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## **LION INDUSTRIES CORPORATION BERHAD**

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### **BOARD CHARTER**

#### **PREAMBLE**

- (a) The Board of Directors (“Board”) believes that sound corporate governance is imperative for delivering sustainable value to shareholders and safeguarding the interests of stakeholders, promoting business integrity and maintaining investors’ confidence towards the Group’s delivery of its corporate objectives and vision.
- (b) The Board is accountable to all stakeholders for the corporate governance and performances of the Group, and is committed to attaining a high standard of business integrity, ethics and professionalism across the Group’s activities.
- (c) In carrying out its responsibilities under this Charter, the Board will be cognizant of the requirements of all legislation, regulations and statutory standards. In particular these will include, but are not limited to, the provisions of the Companies Act 2016 (“Companies Act”), Capital Markets and Services Act 2007 (“CMSA”), Securities Commission Act 1993, Malaysian Code on Corporate Governance (“MCCG”) and Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) that apply to the Group and its operations.
- (d) This Charter has been endorsed by the Board and is subject to periodic review by the Board to ensure the Group conforms to the best practices in corporate governance.

#### **1. PURPOSE**

- 1.1 This Charter serves as a source reference and primary literature setting out the principal roles of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board and the Board Committees and the Management.
- 1.2 It further defines the specific accountabilities and responsibilities of the Board to enhance coordination, communication and facilitation between the Management and the Board and ultimately, to reinforce the overall accountability of both the Board and the Management towards the Company and the stakeholders.
- 1.3 To serve as reference criteria for the Board in the assessment of its own performance and of its individual Directors and the Board Committees.

#### **2. ROLES AND RESPONSIBILITIES OF THE BOARD**

##### **2.1 Board’s Role**

The Board’s principal role is to govern, rather than manage the Group, by ensuring that there is proper governance framework in place to promote and protect the Group’s interests for the benefit of its Shareholders and other stakeholders.

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### 2.2 Board's Principal Responsibilities

2.2.1 The Board is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals, delivering sustainable value and realising long-term shareholders value. The Board is also primarily responsible for overseeing the implementation of strategies and plans by the Management. Ensuring proper running of the Group underpins the fundamental function of the Board requiring collective experience and expertise of the Board members combined with objectivity and independence expected in the Board's decision making process and conduct.

2.2.2 The Board provides stewardship to the Group by fulfilling, among others, the following principal responsibilities:

- (i) Promoting good corporate governance culture and sustainability within the Group.

Together with senior management, (a) promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour; and (b) take responsibility for governance of sustainability in the Company including setting the Company's sustainability strategies and initiatives.

- (ii) Providing business direction for the Group.

Provides feedback on the Group's and/or Key Operating Companies' ("KOCs") business strategies and plans. Ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

- (iii) Overseeing the conduct of the Group's businesses.

Reviews and evaluates the management and performance of the Group's businesses and operations against appropriate objectives.

- (iv) Identifying and understanding principal risks and ensuring the implementation of internal controls and mitigation measures.

Monitors and evaluates the implementation of appropriate systems and framework to identify, analyse, manage and monitor principal financial and non-financial risks of the Group and/or KOCs. The management of risks is aimed at striking a balance between the risks that the Group is exposed to and the returns to the Group and its stakeholders.

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- (v) Reviewing the adequacy and effectiveness of the Group's system of internal control.

Reviews the adequacy and effectiveness of the Group's system of internal control in safeguarding the Group's best interest and ability to achieve its objectives via conformance to the Group's values, structured delegation of authority and accountability, managing conflict of interests, compliance with applicable laws, regulations and the Group's policies and procedures, protection of the Group's assets, information and intellectual property, management of relations with key stakeholders, whistleblowing and maintenance of good discipline. The Board must ensure that appropriate frameworks are in place to implement the necessary controls. The Board also reviews the assessment and management of internal control issues as reported by the Internal Audit Function to obtain assurance on the adequacy and effectiveness of the system of internal control.

- (vi) Ensuring effective communications with stakeholders.

Ensures that the Group has appropriate channels and has in place procedures to enable effective communications with stakeholders.

### **2.3 Matters Reserved for Decision of the Board**

#### **2.3.1 Board Structure**

- (i) Appointment and recommendation for removal of Directors;
- (ii) Appointment and removal of Company Secretaries;
- (iii) Establishment of Board Committees and approval of Terms of Reference; and
- (iv) Appointment of members of Board Committees.

#### **2.3.2 Remuneration Matters**

- (i) Recommendation for Shareholders' approval at the general meeting of the Directors' fees and other emoluments;
- (ii) Approval of remuneration packages for Managing Director ("MD") and Executive Directors ("ED"); and
- (iii) Approval of any proposed employees share option scheme, subject to other approvals that may be required by laws or regulations.

#### **2.3.3 Group Operations**

- (i) Approval of KOCs' business strategies and plans; and
- (ii) Approval of major investment or divestment in a company/joint venture/property/capital project/business undertaking.

#### **2.3.4 Financial**

- (i) Approval and release of interim and annual statutory audited financial statements (including for announcements to Bursa Securities);
- (ii) Approval of banking facilities and authority limits for its operations;
- (iii) Approval of payments of dividends;
- (iv) Approval of changes in financial year end; and

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- (v) Recommendation for Shareholders' approval at the general meeting the re-appointment of Auditors and approval of Auditors' remuneration.

### **2.3.5 Other Matters**

- (i) Review the adequacy and effectiveness of the Group's system of risk management and internal control;
- (ii) Review and consider the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets;
- (iii) Granting of powers of attorney by the Company;
- (iv) Entering into indemnities or guarantees by the Company;
- (v) Recommendation for Shareholders' approval at the general meeting a new Constitution of the Company including any amendments thereof;
- (vi) Purchase of own shares by the Company;
- (vii) Resale of treasury shares held by the Company;
- (viii) Issue of any debt instruments;
- (ix) Scheme of reconstruction or restructuring;
- (x) Any other matters requiring the convening of a general meeting of Shareholders or any class of Shareholders or debt securities holders; and
- (ix) Any other matters as may be required by the laws or the governing authorities.

## **2.4 Board's Ethics and Conduct**

- 2.4.1 Board members are expected to observe a high standard of ethical behaviour at all times. The Board members are guided by the codes of ethics as reflected in the following regulations and guidelines in discharging their roles and responsibilities:
  - (i) Code of Ethics for Company Directors issued by the Companies Commission of Malaysia;
  - (ii) provisions of the Companies Act;
  - (iii) principles of the MCCG; and
  - (iv) the Group's Code of Business Ethics and Conduct ("CoBEC").
- 2.4.2 The CoBEC sets forth ethical values and principles of the Group which provide guidance for a proper standard of conduct and relations with the Group's various stakeholders for all Directors and employees.
- 2.4.3 The Board shall review the CoBEC as and when appropriate in keeping with new developments in regulatory requirements, business environment and its assessment of the adequacy and effectiveness of the Group's system of internal control.
- 2.4.4 The Board shall review as and when appropriate, the Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

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### **2.5 Board's Powers**

The Directors will exercise the powers of the Company as conferred on them by the various statutory and regulatory requirements in particular, the Companies Act, the Constitution of the Company and any other relevant legislation.

### **2.6 Delegation to Board Committees**

2.6.1 The Board may from time to time and as required establish committees appropriate to assist it in carrying out its fiduciary duties and responsibilities. The Board delegates certain functions to the following committees in the execution of its responsibilities:

- (i) Audit Committee;
- (ii) Nomination Committee; and
- (iii) Remuneration Committee.

2.6.2 The committees operate under approved Terms of Reference of each committee and are authorised by the Board to deal with and deliberate or to advise and recommend to the Board on matters delegated to them within their Terms of Reference.

2.6.3 The Chairman of the respective committees reports to the Board on the conclusions of the committee meetings and the minutes of such committee meetings will be noted by the Board. For matters that are reserved for the Board's decision, the respective committees, having deliberated the matters, would include the committees' recommendations in their reports to the Board for the Board's decision.

2.6.4 The Terms of Reference of each committee are published in the Annual Report and on the Company's website.

### **2.7 Relationship with Management**

2.7.1 The Board shall delegate to the MD/ED (or such other principal officer or such other description of the Company in charge of the management of the Company); the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD and the ED may delegate aspects of their authorities and powers but remains accountable to the Board for the Company's performance and are required to report regularly to the Board on the progress being made by the Company's business units and operations.

2.7.2 The Management will have in place financial and performance management systems like financial and operational forecasting, budgeting, tracking, targets, key result areas and key performance indicators to measure and monitor performance attainments or variances.

2.7.3 The system of delegation of authority to such committees and Management, the exercise of that delegated authority is predicated on an assumption that the Board is kept appropriately and fully informed on all material issues. Appropriate and sufficiently detailed financial, management and operational reports are furnished at regular intervals in such form, manner and quality to enable the Board to discharge its duties and responsibilities effectively.

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**3. BOARD COMPOSITION, INDEPENDENCE AND DIVERSITY**

**3.1 Composition**

3.1.1 The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision-making of the Board as a whole.

3.1.2 The composition of the Board shall comply with the Listing Requirements.

3.1.3 The composition of the Board is reviewed periodically based on the satisfactory evaluation of the Directors' performance and contribution to the Board.

**3.2 Independence**

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

**3.3 Diversity**

3.3.1 The Board shall at all times promote and welcome diversity, equal opportunities and gender mix in its composition with due recognition and weightage to the skills, experience and business acumen of the directorship candidatures.

3.3.2 The Board will review the appropriate mix of competencies, experience, age, gender, cultural background and knowledge required of the Board members, in the context of the needs of the Company's and the Group's businesses and strategies. The Board will review its composition and size from time to time to ensure its appropriateness to the business of the Group.

3.3.3 The Board, via the Nomination Committee, ensures that a set of criteria is consistently applied in its processes.

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### **4. SEPARATION OF ROLES AND FUNCTIONS BETWEEN THE CHAIRMAN AND MD/ED**

In promoting balance of authority, increased accountability and greater capacity for independent decision-making; the above roles and functions are to be distinct and separated with clear division of responsibilities and should be held by different individuals of whom the Chairman should be a non-executive member.

Given the knowledge and extensive involvement of the Chairman in the business driving from his wealth of experience and industry goodwill benefitting directly from the Group; the above roles and functions remain vested in the Chairman. Nevertheless, functionally and for all purposes and intent, the responsibilities of the MD are executed by delegated authority to the ED and designated Senior Management to ensure that division and accountability in essence are separated. Further, all decisions on matters reserved for the Board are made after due deliberation by the Board and the Board Committees, where required.

### **5. ROLES OF CHAIRMAN, DIRECTORS AND MD/ED**

#### **5.1 Role of Chairman**

5.1.1 The Chairman assumes the leadership role with regard to conduct of the Board and its relations to Shareholders and other stakeholders.

5.1.2 The duties of the Chairman are to:

- (i) provide leadership to the Board;
- (ii) oversee the Board in the effective discharge of its fiduciary duties;
- (iii) lead and ensure efficient and effective conduct of Board meetings;
- (iv) instil good corporate governance practices;
- (v) promote constructive and respectful relations between Board members and between the Board and the Management; and
- (vi) commit time necessary to discharge effectively his role as the Chairman.

#### **5.2 Role of Individual Directors**

5.2.1 Each Director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Company and shall exercise reasonable care, skill and diligence in the discharge of the fiduciary and statutory duties as a Director of the Company.

5.2.2 In exercising his powers as a Director, he should have regard to the following:

- (i) use of good judgement;
- (ii) his responsibilities as Director;
- (iii) his responsibilities for actions of delegate; and
- (iv) prohibition against improper use of the Group's assets, property, information, position, corporate opportunity or competing with the Group.



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### **5.3 Role of MD/ED**

- 5.3.1 The MD/ED facilitates the flow of information between the Management and the Board.
- 5.3.2 The MD/ED also assumes the overall responsibilities for the implementation of the Group's strategies and in carrying out the Board's mandates, manages the Group's businesses and drives performance towards achieving the strategic goals and commercial/financial objectives.

### **5.4 Role of Non-Executive Directors**

- 5.4.1 Non-executive Directors ensure that a high level of corporate governance is observed in providing the necessary checks and balances in the performance of duties by the Board.
- 5.4.2 Non-executive Directors may be classified as Directors who are not under any employment with the Group and are not involved in the active management of the Group's businesses and/or operations but have pecuniary interest in the Group, either as shareholders or otherwise and whether direct or indirect.

### **5.5 Role of Independent Directors**

- 5.5.1 An independent Director is independent of Management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.
- 5.5.2 The independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 5.5.3 The tenure of an independent Director should not exceed a cumulative period of 9 years. However, upon completion of the 9 years, an independent Director may continue to serve on the Board subject to the Director being re-designated as a non-independent Director.
- 5.5.4 The procedures to retain an independent Directors whose tenure has exceeded a cumulative period of 9 years are conducted in accordance with the recommended practices under the MCGG, where possible, which include provision of justification by the Board and obtaining Shareholders' approval at general meeting. Notwithstanding, the tenure of an independent Director must not exceed a cumulative period of more than 12 years.

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### **5.6 Role of Senior Independent Director**

- 5.6.1 The Board, at its discretion and as allowed by the relevant provisions in the Corporate Governance Guide issued by Bursa Malaysia Berhad, may identify a Senior Independent Director. The Board may factor in criteria such as seniority in terms of years spent on the Board and relevant industrial experience, or any other criterion that the Board thinks fit, in determining the eligibility of a Director as a Senior Independent Director in view of the size and complexity of the Group's businesses.
- 5.6.2 The Senior Independent Director acts as the intermediary for other Directors in the event of difference of opinion as well as the contact point of any concern by Shareholders or other stakeholders.

## **6. SUPPLY AND RELIANCE OF INFORMATION AND COMPANY SECRETARY**

### **6.1 Supply and Reliance of Information**

- 6.1.1 The Board, as a whole and its members in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the matters to be deliberated upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.
- 6.1.2 Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board whenever deemed necessary and under appropriate circumstances or at the request of the Board.

### **6.2 Company Secretary**

- 6.2.1 The Company Secretary plays an important advisory role and to ensure that the Company Secretary fulfils his/her functions, the Company Secretary must be suitably qualified or licensed under the prevailing statutory requirements and is competent and shall be a senior position with adequate authority and experience to discharge his/her duties described herein.
- 6.2.2 The Company Secretary's appointment and removal shall be approved by the Board.
- 6.2.3 The Company Secretary is a central source of information and advice to the Board and Board Committees on their duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with. The Company Secretary is also responsible in ensuring that Board, Board Committees and Shareholders' meeting procedures are followed and that applicable rules and regulations are complied with.

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### **7. PROCESSES OF THE BOARD**

#### **7.1 Board Meetings**

- 7.1.1 Proceeding - The Directors meet for the despatch of business, adjourn and otherwise regulate their meetings as appropriate. On a quarterly basis, amongst others, the Board reviews the financial performance of the Group and approves the financial results of the Group at its meeting.
- 7.1.2 Notice of Meeting - Unless otherwise determined by the Directors, notice in accordance with the Constitution of the Company and/or the Companies Act, shall be given to all Directors.
- 7.1.3 Quorum - In accordance with the Constitution of the Company.
- 7.1.4 Attendance - The office of a Director shall become vacant if a Director is absent from more than 50% of the total number of Board meetings held in any one financial year.

#### **7.2 Conflict of Interests**

- 7.2.1 The Companies Act, the Listing Requirements, the CMSA and such other applicable legislation may subject Directors to disclosure requirements.
- 7.2.2 Directors shall comply with these legislation (in particular, the Companies Act, the Listing Requirements and the CMSA) in connection with disclosure of shareholding and interests in the Group and/or the Company and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly, duties or interests that might be created in conflict with his/her duty or interest as a Director of the Company.
- 7.2.3 General notice given by a Director is tabled at the Board meetings and the declarations made are recorded in the minutes of the Board meetings in compliance with the Companies Act.

#### **7.3 Voting**

- 7.3.1 Any question arising at a Board meeting is decided by a majority of votes of Directors present and the Chairman has a casting vote. A Director is required to abstain from deliberations and voting in respect of any contract or proposed contract or arrangement in which he/she has direct or indirect interest.
- 7.3.2 The Chairman and the Board may, if deemed necessary and appropriate, request an interested Director to excuse himself/herself from the deliberation.

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### **7.4 Committee Meetings**

The Board Committees shall meet as prescribed under the Terms of Reference of the respective committee and as and when the need arises, to deliberate on matters under their purview.

### **7.5 Financial Reporting**

The Board is responsible to ensure that the financial statements are prepared for each financial year and that it gives a true and fair view of the state of affairs, results and cash flow of the Group. The Audit Committee ensures that the financial statements comply with applicable financial reporting standards and the provisions of the Companies Act.

### **7.6 Compliance Monitoring**

The Group Compliance Framework lays down mechanisms and tools to ensure consistency and efficiency in identifying, managing and mitigating compliance risks within the Group. Reviews are conducted by the Group Compliance Committee to assess the degree of compliance with regulatory requirements by the Group and its businesses and operations. The Audit Committee is provided with compliance reports at agreed intervals to facilitate the Board with a holistic and overview of all compliance matters.

## **8. EFFECTIVENESS AND EFFICIENCY OF THE BOARD AND THE BOARD COMMITTEES**

### **8.1 Identification and Recruitment of Directors**

8.1.1 The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates for appointment and re-appointment to the Board for approval, either to fill vacancies or as addition to meet the demands and changing needs of the Group.

8.1.2 The Nomination Committee sets and conducts the evaluation, interaction and assessment of candidatures based on the following broad Fit & Proper and Independence Criteria:

- (i) Specific knowledge including financial literacy, skills and relevant working experience (capability);
- (ii) Training and qualifications (competence);
- (iii) Time commitment of the candidates;
- (iv) Independence and conflict of interests;
- (v) External directorships of the candidates;
- (vi) Probity, integrity and reputation; and
- (vii) Personal financial integrity.

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8.1.3 The process for identifying and nominating new candidates for appointment as Directors; and re-election and re-appointment of existing Directors entails the following steps:

- (i) Skills & Gaps Analyses;
- (ii) Identification/Selection;
- (iii) Meet Fit & Proper Criteria;
- (iv) Nomination Committee's deliberation; and
- (v) Recommendation for Board's approval.

### **8.2 Time Commitment**

8.2.1 A Director shall notify the Chairman of the Board of his/her acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to 5 or any other number as set out in the Listing Requirements.

8.2.2 The notification shall include an assurance of his/her continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

### **8.3 Independence of Director**

The Board and the Nomination Committee assess the independence of independent Directors upon appointment, annually and when any new interest or relationship develops.

### **8.4 Directors' Remuneration**

8.4.1 The remuneration policy ensures that the Group attracts, retains and motivates experienced and well qualified Directors to manage the Group's and the Company's businesses and operations effectively.

8.4.2 Directors do not participate in decisions regarding their own remuneration. The remuneration of the MD and the ED are based on Key Performance Indicators linked to the Group's and the individual's performances.

8.4.3 The Board approves the remuneration packages, including service contract for the MD/ED.

8.4.4 The Board recommends the Directors' fees, benefits-in-kind and allowances for Directors for approval by Shareholders at the annual general meeting.

8.4.5 Remuneration of Directors are disclosed in the Annual Report.

8.4.6 The non-executive Directors' fees are reflective of market competitiveness and responsibilities undertaken by such Directors.

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### **8.5 Board Effectiveness Assessment**

- 8.5.1 The Board shall annually review and assess the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out in this Charter and according to the fulfilment of the respective Board Committee's Terms of Reference.
- 8.5.2 Questionnaires based on these criteria are self-declared and peer validated to gauge their continuing fulfilment or gaps identified in fulfilling them. The criteria include:
- (i) Fit & Proper and Independence Criteria;
  - (ii) Board Composition and Diversity and discharge of Board's roles and responsibilities;
  - (iii) Terms of Reference of Committees – fulfilling and implementing the recommendations;
  - (iv) Time Commitment;
  - (v) Corporate Governance by the Board and Board Committees on implementing risk management, compliance requirements and audit recommendations; and
  - (vi) Addressing the Company's material sustainability risks and opportunities.
- 8.5.3 Their responses are collated and their summary of findings and recommendations will be submitted to the Nomination Committee for deliberation, after which, the findings and recommendations shall be escalated to the Board for further review and action.

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### **9. DIRECTORS' TRAINING AND DEVELOPMENT**

#### **9.1 Information Pack**

Directors receive an information pack giving details of this Charter and the disclosures the Directors are required to make in order to comply with the various laws and regulations and other relevant corporate information pertaining to the Group.

#### **9.2 Induction Programme**

Newly appointed Directors are required to attend a familiarisation programme which is tailored to the needs of their appointment. This includes meeting key senior management to better understand the core businesses and operations of the Group. This also serves as a platform to establish effective channel of communication and interaction with Management.

#### **9.3 Training and Development**

9.3.1 Directors are required to undergo the Mandatory Accreditation Programme under the requirements of Bursa Securities at least once after being appointed on the board of a public listed company.

9.3.2 Directors are encouraged to undergo continuous training to enable them to sustain their active participation in board deliberations and effectively discharge their duties as a Director including understanding financial statements and are able to form a view on information presented.

9.3.3 The Board in ensuring that it is equipped and ready to execute its role, should identify its professional development needs concerning sustainability to enable the Board to address the same.

9.3.4 The Company Secretary and the Group Risk and Compliance facilitate in organising ongoing internal and external training sessions, briefing updates and workshops or seminars to update and assist Directors in keeping abreast of new legislation, regulations, corporate governance, leadership development and market developments.

### **10. DEALING IN SECURITIES**

The Directors, principal officers of the Group including persons who have access or are privy to price-sensitive information, must not deal in the Company's securities, and when dealing in the securities of the Company, must strictly observe the provisions of the Listing Requirements as to dealings in securities during Closed Period and Outside Closed Period, where relevant.

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### **11. CONFIDENTIALITY AND DISCLOSURE**

- 11.1 Directors are required to always act in the best interests of the Company. They also have a duty of confidentiality in relation to the Group's or the Company's confidential information.
- 11.2 A Director shall disclose to the Board:
- (i) any material personal interest the Director has in a matter which relates to the affairs of the Company; and
  - (ii) any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.
- 11.3 The disclosure should be made as soon as practicable after the Director becomes aware of the interest. Details of the disclosure must be recorded in the minutes of the Board meeting at which the disclosure is made or the Board meeting held following the disclosure.

### **12. SUCCESSION PLANNING**

- 12.1 Succession planning for the Board is under the purview of the Nomination Committee and for Management under the Group Human Resource.
- 12.2 Succession planning for key management staff includes various programmes – talent pools, senior management development and individual development plans. Experienced and key senior management staff contribute to the pool of potentials for executive-Directorship appointments.

### **13. RISK MANAGEMENT**

- 13.1 The Group adopts an Enterprise Wide Risk Management ("ERM") framework in its Corporate Risk Management System to manage its key and principal risks together with a Compliance Risk Self-Assessment ("CRSA") to evaluate and monitor compliance risks.
- 13.2 The ERM framework requires the Group to identify, evaluate, monitor, mitigate, control, report and track all material and key risks associated with its businesses and operations to the Risk Management Committee and Audit Committee. The CRSA in turn assesses the level of compliance risks, internal controls and level of compliance.
- 13.3 These ERM and CRSA methodologies enable the Board with a tool to anticipate and manage both existing and potential risks, taking into account the changing risks profiles, operating and economic environments, business strategies and regulatory requirements.



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### **14. INTERNAL AUDIT FUNCTION**

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control and governance processes. Oversight of the Internal Audit Function is delegated to the Audit Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently.

### **15. SUSTAINABILITY MANAGEMENT**

- 15.1 Effective board leadership and oversight require the integration of sustainability considerations in corporate strategy, governance and decision-making. The Board together with the Management is responsible for the governance of sustainability in the Group by ensuring that the strategic plan of the Group supports and integrates long-term value creation that includes consideration and initiatives on Environmental, Social and Governance aspects of the businesses and operations which underpin sustainability.
- 15.2 Within the Group, there has been established various ongoing environmental management systems and programmes such as reduction of emission from its manufacturing entities, ISO certifications, stringent Health & Safety standards, sustainable property developments, eco-friendly and reusable packaging and other green initiatives.
- 15.3 In keeping with its philosophy of giving back to the community, the Group has established Lion-Parkson Foundation which provides funds for education, scientific and charitable purposes. The Foundation awards scholarships to deserving undergraduates, and provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment.
- 15.4 The Group as a responsible employer promotes sustainability of its businesses and new business ventures taking cognizance of the livelihood and wellbeing of its employees as stakeholders.

### **16. INVESTOR RELATIONS AND STAKEHOLDER COMMUNICATION AND PARTICIPATION**

The Group is committed to ensuring that stakeholders are well-informed of all major developments affecting the state of affairs of the Group which has amongst others, the following practices:

- (i) timely release and dissemination of announcements and disclosures to Bursa Securities, which include quarterly financial results, material contracts and any other material information that may affect the stakeholders' decision-making;
- (ii) conducts regular dialogues with institutional investors, fund managers and analysts as a means of effective communication that enables the Board and the Management to convey information relating to the Group's performance, corporate strategies and other matters affecting stakeholders' interests;

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- (iii) media releases are issued and/or press conferences held when deemed necessary, and responding to press queries on issues of interest or concern regarding the Group's operations;
- (iv) attends to queries from Shareholders on matters relating to their shareholdings, and clarification on announcements and disclosures by the Group where applicable;
- (v) encourages participation of Shareholders at all general meetings;
- (vi) advises Shareholders on their right to demand for a poll at general meetings by providing sufficient opportunity to Shareholders to pose questions during the general meetings;
- (vii) the Group invites the External Auditors to attend the annual general meetings and be available to provide clarification on the auditors' reports;
- (viii) Shareholders can gain access to information about the Group including information released to Bursa Securities, dividend, annual reports, media releases and minutes of general meetings through the Company's website at [www.lion.com.my/lionind](http://www.lion.com.my/lionind); and
- (ix) the Board has identified the Company Secretary to whom concerns may be conveyed and who would bring the same to the attention of the MD and the ED.

**17. REVIEW**

This Charter is to be reviewed at least once every 3 years or as and when required.