



MANAGING VOLATILITY FOR A SUSTAINABLE FUTURE

Enriching Moments, Empowering Lives



PEOPLE ORIENTED



At LOTTE Chemical Titan (LCT), the emphasis on being “People Oriented” is deeply ingrained in our corporate culture and operational ethos. We are committed to creating a positive and empowering work environment where every employee is given the opportunity to grow, develop and contribute to our collective success. By investing in our people, we aim to not only enhance their skills and competencies but also ensure their well-being and satisfaction.



FORWARD THINKING



Our forward-thinking approach is manifested in our commitment to innovation, sustainability and strategic growth. By integrating sustainability goals with our business strategy and operations, we continuously seek to improve our operational efficiencies and develop new products. In doing so, LCT not only aims to mitigate the risks associated with global challenges but also seizes the opportunities they present, ensuring long-term resilience and value creation for all stakeholders.



LIFE ENRICHING



At LCT, “Life Enriching” extends beyond our corporate boundaries to encompass the broader community and environment. Our Corporate Social Responsibility (CSR) initiatives are designed to contribute positively to society and the environment, embodying our commitment to the holistic theme of “P.E.A.C.E.” (People, Education, Aid, Community and Environment). Through diverse programmes, including support for education, community and environmental, we strive to enrich lives and foster a resilient and inclusive society.

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NAVIGATION ICONS

The following icons are used in this report to indicate where additional information can be found.



This icon tells you where you can find related information in this report.



This icon tells you where you can go for more information online.



This report is available online at: <https://www.lottechem.my/investor/agm.asp>

COVER RATIONALE



MANAGING VOLATILITY FOR A SUSTAINABLE FUTURE

Enriching Moments, Empowering Lives

In a world where change is the only constant, resilience becomes our greatest asset. "Managing Volatility for a Sustainable Future" embodies our unwavering resolve to navigate uncertain terrain with grit and determination. At LOTTE Chemical Titan, we do not just weather the storms—we harness their power to drive positive change and shape a better world for generations to come.

Our tagline speaks to our proactive approach to volatility, emphasising the importance of adaptability and forward-thinking strategies. By embracing volatility, we unlock new opportunities for growth and innovation, propelling us towards a sustainable future where stability and progress go hand in hand.

Our mission extends beyond mere survival; it's about thriving in the face of adversity. "Enriching Moments, Empowering Lives," captures the essence of our commitment to personal and societal advancement. We believe that every challenge presents an opportunity for growth, and every setback, a chance to rise stronger.

2024 ANNUAL GENERAL MEETING

Online Meeting Platform

TIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781)

Date
30 April 2024 (Tuesday)

Time
10.00 am



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ABOUT THIS REPORT

This year marks the sixth (6th) year that LOTTE Chemical Titan Holding Berhad (“LCT” or the “Company”) is publishing an Integrated Annual Report (“IAR”) prepared in accordance with the Guiding Principles and Content Elements of the Integrated Reporting (“<IR>”) Framework under the Value Reporting Foundation (“VRF”).

The data and information presented in this IAR covers LOTTE Chemical Titan Holding Berhad and its subsidiaries (collectively referred to as “the Group”) for the financial year ended 31 December 2023.

The Board of Directors (“Board”) remain committed to continue LCT’s journey of integrated reporting in alignment with the <IR> Framework to provide a holistic view of our financial and non-financial strategic goals and how we continue to create value for our brand, business and stakeholders. This IAR serves as our communication to our stakeholders for them to understand how we utilise our resources to manage our risks and opportunities.



ABOUT THIS REPORT

ICONS USED IN THIS REPORT

STRATEGY PILLARS

- Stable and Safe Plant Operations
- Business Sustainability
- Environmental, Social and Governance (“ESG”)

OUR CAPITALS

- Financial Capital
- Natural Capital
- Skilled Talent
- Manufactured Capital
- Intellectual Capital
- Social and Relationship Capital

OUR REPORTING SUITE AND REPORTING FRAMEWORKS & REQUIREMENTS

Our Reporting Suite	Relevant Reporting Frameworks & Requirements
<p>INTEGRATED ANNUAL REPORT 2023</p> <p>Our IAR is the primary report to our stakeholders. It is structured to concisely share how we create value and how we utilise various business inputs to ensure business sustainability whilst creating value for our stakeholders.</p>	<ul style="list-style-type: none"> • VRF’s <IR> Framework • Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Listing Requirements • Companies Act 2016 • Malaysian Code on Corporate Governance • Corporate Governance Guide (4th Edition) • Bursa Malaysia Sustainability Reporting Guide and Toolkits (3rd Edition) • Global Reporting Initiative (GRI) Standards • International Petroleum Industry Environmental Conservation Association’s (IPIECA) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting
<p>FINANCIAL STATEMENTS 2023</p> <p>The Financial Statements (“FS”) provide a comprehensive report of LCT’s financial performance for the year.</p>	<ul style="list-style-type: none"> • Bursa Malaysia’s Listing Requirements • Companies Act 2016 • Malaysian Financial Reporting Standards (MFRS) • IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”)
<p>CORPORATE GOVERNANCE REPORT 2023</p> <p>The Corporate Governance Report presents a detailed reporting of LCT’s corporate governance practices.</p>	<ul style="list-style-type: none"> • Malaysian Code on Corporate Governance • Bursa Malaysia’s Listing Requirements • Companies Act 2016

REPORTING SCOPE AND BOUNDARY

The information presented in this IAR covers the period from 1 January 2023 to 31 December 2023 (“FY2023”). It encompasses all business operations conducted by LCT which includes, unless stated otherwise, operations over which we have full control as well as subsidiaries located in Malaysia and Indonesia. Notwithstanding the above, all our non-financial data excludes PT LOTTE Chemical Indonesia as it has yet to commence business.

The performance data table presented in Section 7 in alignment with the Bursa Sustainability Reporting Guide and Bursa LINK system only covers our operations in Malaysia upon performing internal review of the non-financial data.

MATERIALITY

We have applied the <IR> Guiding Principle: Materiality in assessing the information for inclusion in our IAR. This IAR focuses on issues, risks, opportunities and challenges that may have material impact on LCT and its ability to be a sustainable company that consistently delivers value to our shareholders and all stakeholders.

FORWARD-LOOKING STATEMENTS

This IAR may contain forward-looking statements with respect to our future prospects, characterised by the use of words and phrases such as “might”, “foresee”, “anticipate”, “project”, “may”, “believe”, “continue”, “will”, “target” and other similar expressions. While these statements represent our judgment and future expectations, a number

of risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These may include factors beyond our control that could adversely affect our business performance.

ASSURANCE

Our financial statements are independently audited while the development of our non-financial reports are supported by our robust internal processes and good governance practices.

BOARD RESPONSIBILITY STATEMENT

LCT’s Board of Directors acknowledge their responsibility for ensuring the integrity of LCT’s integrated reporting. The Board has addressed all the issues that are material to LCT’s ability to create value and fairly presents the integrated performance of LCT. This IAR was approved by the Board on 7 March 2024.

INFORMATION ON CHANGES IN REPORTING

Numbers reported for FY2021 and FY2022 in this IAR may differ from IAR2022 as we have reconducted our internal baseline study to comply with Bursa Malaysia’s Sustainability Reporting requirements.

FEEDBACK AND CONTACT POINT

We believe your feedback is important for us to enhance the quality of our reporting. If you would like to provide feedback, please contact us at <https://www.lottechem.my/cs/inform.asp>.

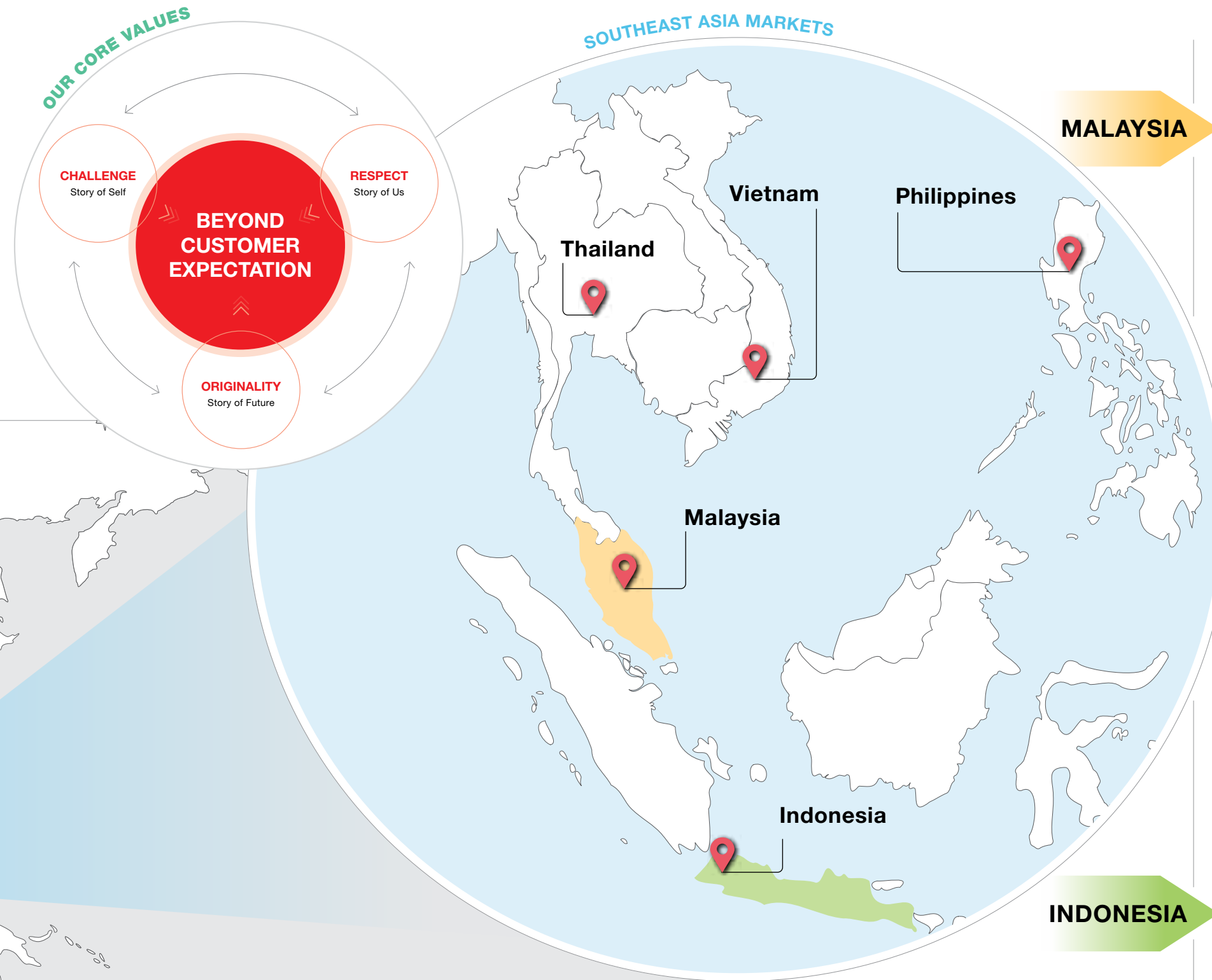
LCT AT A GLANCE

LCT brief history and nature of business

LOTTE Chemical Titan has grown from strength to strength since our inception in 1991, establishing ourselves as Malaysia's first standalone polyolefins producer. We are one of LOTTE Chemical Corporation's largest overseas subsidiaries and also one of the largest producers of olefins and polyolefins in Malaysia and Southeast Asia. We are set to elevate our position in the Southeast Asian market with our LINE Project in Indonesia, underscoring our commitment to becoming a Top-Tier Petrochemical Company in Southeast Asia.

THE KEY MARKETS

ISC AND CHINA MARKETS



MEMBERSHIP IN ASSOCIATIONS

We are a member of the Malaysian Petrochemicals Association, Malaysian Plastics Manufacturers Association and Federation of Malaysian Manufacturers.

 For further information and details please visit our website <https://www.lottechem.my>.


LCT AT A GLANCE

WHERE WE OPERATE



Location of Headquarters and Operations
 Petaling Jaya, Selangor (HQ), Pasir Gudang & Tanjung Langsat, Johor

 **12**
 Number of Plants

 **1,150**
 Total Workforce (No. of Employees)



Location of Headquarters and Operations
 Jakarta (HQ) & Merak

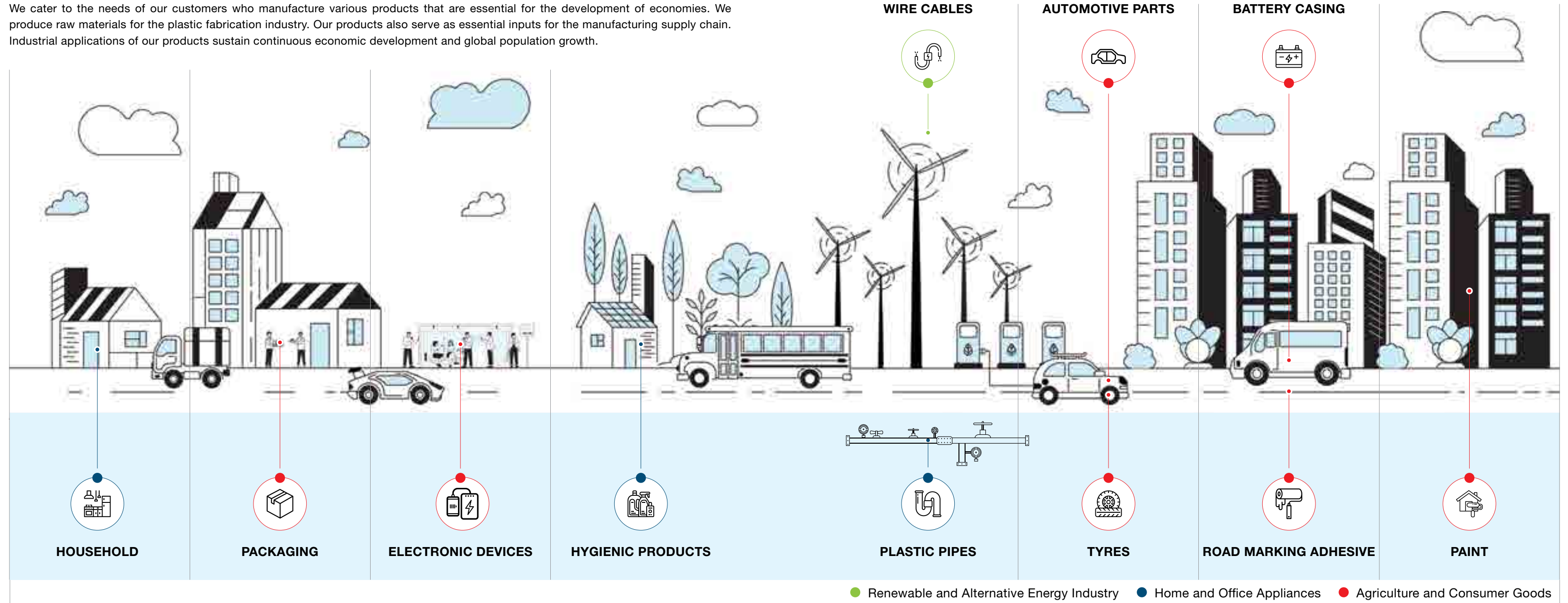
 **3**
 Number of Plants

 **341**
 Total Workforce (No. of Employees)

OUR PRODUCTS & QUALITY

We cater to the needs of our customers who manufacture various products that are essential for the development of economies. We produce raw materials for the plastic fabrication industry. Our products also serve as essential inputs for the manufacturing supply chain. Industrial applications of our products sustain continuous economic development and global population growth.

OUR PRODUCTS & QUALITY



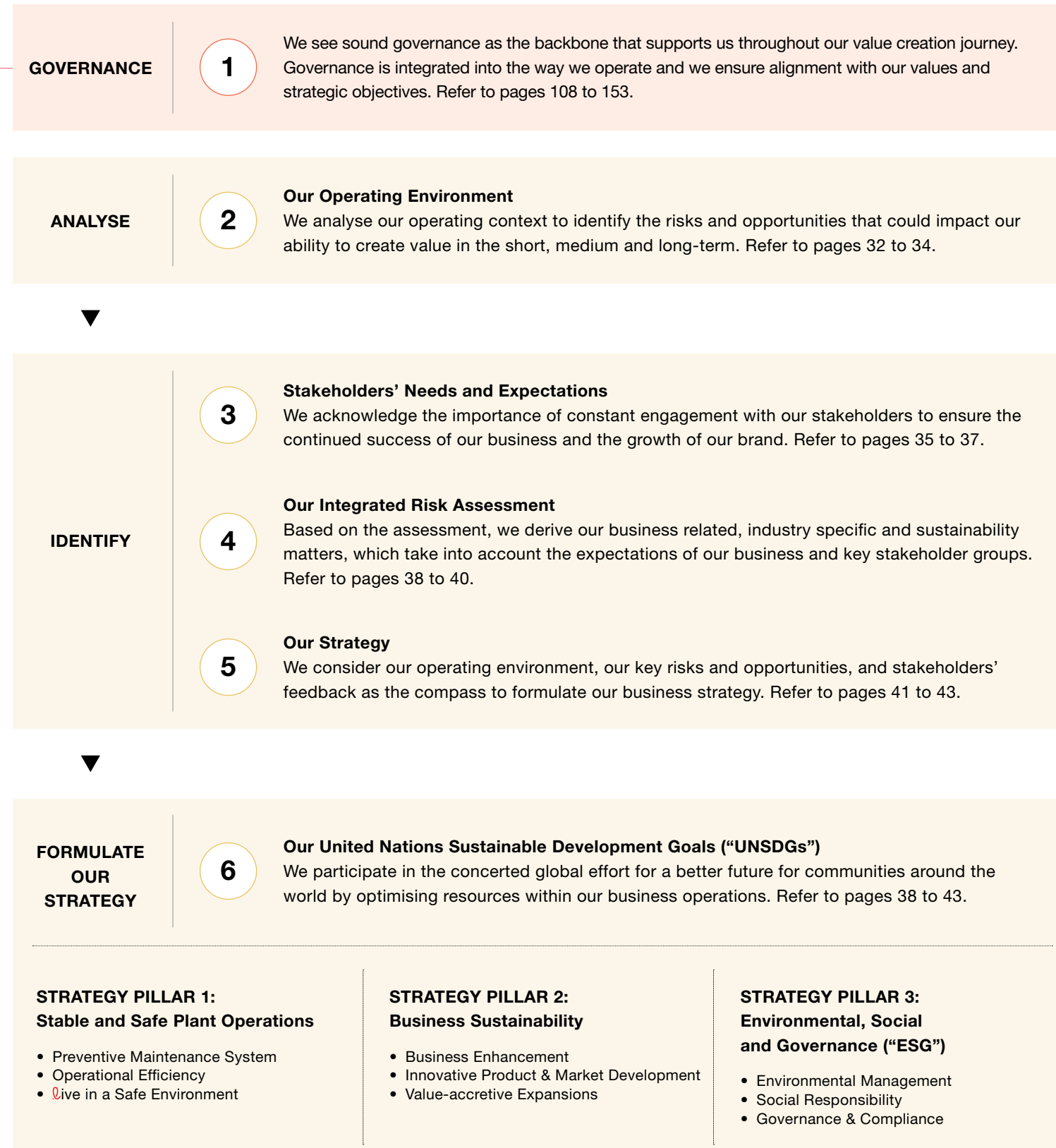
WHAT WE DO IS ESSENTIAL FOR THE WORLD

ELECTRICAL APPLIANCES	Vacuums, Kettles, Irons, Coolers, Heaters, Air Purifiers, Fans	HEALTHCARE	Masks, Syringes, Diapers, Hazard Bins, Gloves
CONSUMER PACKAGING	Bottles and Containers, Food Packaging	BUILDINGS & CONSTRUCTION	Pipes, Cables, Paint Brushes, Pails
YARN & FIBRE	Ropes, Fishing Nets, Slit Tapes, Safety Harnesses, Woven Bags, Non-Woven Fabrics	INDUSTRIAL	Bubble Wraps, Foams, Plastic Pallets, IBC Tanks, Geomembranes
HOUSEHOLD PRODUCTS	Food and Storage Containers, Utensils, Hangers, Toothbrushes	AUTOMOTIVE	Dashboards, Bumpers, Door Handles, Trimmings, Carpets, Tyres, Synthetic Rubbers

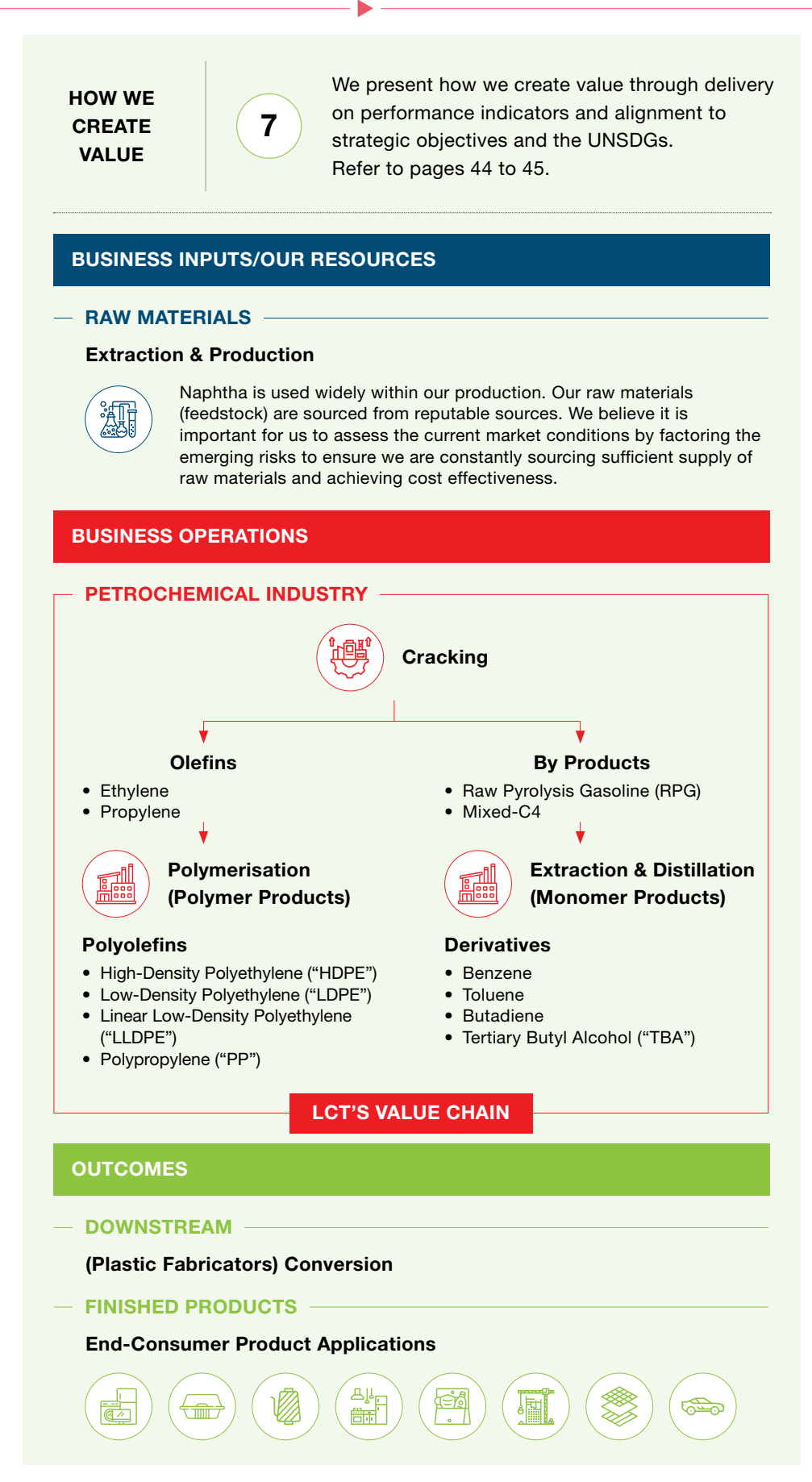
Focus Area	Laws/Certification
Specific Application	<ul style="list-style-type: none"> UL Environmental Claim Validation. Bureau of Indian Standard (BIS) IS 7328:2020 Specification for Polyethylene Material for Moulding and Extrusion. International Sustainability & Carbon Certification (ISCC Plus).
Toy Safety	<ul style="list-style-type: none"> US: Standard Consumer Safety Specification for Toy Safety ASTM F963. Europe: EN71-3:2019+A1:2021 (EU Directive 2009/48EC) & EN71-9:2005.
Environmental Protection	<ul style="list-style-type: none"> WEEE- Waste Electrical and Electronic Equipment – EU Directive 2002/96/EC and 2012/19/EU. End of Life Vehicle (“ELV”) – EU Directive 2000/53/EC. US Clean Air Act Amendments of 1990.
Restricted or Hazardous Substances Control	<ul style="list-style-type: none"> REACH – Regulation (EC) No.1907/2006. EU Directive 2011/65/EC. CONEG – Coalition of Northeastern Governors Model Toxics in Packaging. California Proposition 65 (1986) chemical listing in general.
Food Contact	<ul style="list-style-type: none"> US: Food & Drug Administration (“FDA”) Code of Federal Regulations (“CFR”), Title 21 Part 177.1520. European Union (“EU”): Regulation No. 10/2011. China: National Standard of Food Safety, (GB4806.1-2016, GB4806.6-2016 & GB9685-2016). Japan: Japan Hygienic Olefin and Styrene Plastics Association (“JHOSPA”). Malaysia: Malaysia Food Regulations 1985 Part VI. Indonesia: LPPOM MUI Halal Certification for Indonesian Market by Majelis Ulama Indonesia. Indonesia: Indonesia BPOM Regulation No.20 of 2019 on Food Packaging.

HOW WE POSITION OURSELVES IN THE BUSINESS

At LCT, we carefully position ourselves within the business ecosystem by understanding our operating market and assessing the risks and opportunities. Based on our understanding, we strive to create value across the value chain. As we work towards achieving our business objectives, we continuously enhance our business strategy and establish our market differentiation factors, whilst addressing the needs of our stakeholders at large.



HOW WE POSITION OURSELVES IN THE BUSINESS



WHAT DIFFERENTIATES LCT?

Healthy Fundamentals

- Net assets per share of RM5.05 in FY2023
- Net gearing of 0.35x in FY2023

Catalytic Growth in Production

- Strategic expansion to develop an Integrated Petrochemical Facility, namely the LOTTE Chemical Indonesia New Ethylene ("LINE") Project in Indonesia to increase production capacity by 2,310 KTA
- To meet the demand for petrochemical products in the net-importing country of Indonesia

Credible Blue-Ribbon Directors and Management Team

- Experienced Board of Directors with extensive corporate knowledge. Industry expert Management team with over 30 years of hands-on experience

Resilient Business Model

- Operating for over 30 years, withstanding market pressures from the downcycles of the global economy such as the financial crisis, oil crisis and the pandemic
- Delivering essential and quality olefins and polyolefins that cater for the development of extensive end products

Importance of Plastic Products in Our Life

- Our products remain irreplaceable due to their vital usage in various industries and the development of economy
- Long-term growth industry in tandem with economic development and growing population

Well Positioned in the Dynamic Southeast Asia ("SEA") Region

- Growth in the developing market of Indonesia with a high population base
- Strong revenue base in Malaysia and Indonesia
- Strategic location of operations within fast-growing SEA economic region provides cost advantage on freight charges

OUR CORPORATE STRUCTURE

OUR CORPORATE STRUCTURE



Notes:
 * Held through a wholly owned subsidiary of LOTTE Chemical Titan Holding Berhad ("LCT").
 ** Held through PT LOTTE Chemical Titan Tbk and a wholly owned subsidiary of LCT.



TO OUR SHAREHOLDERS

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CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Valued Shareholders and Stakeholders,

“ In a year defined by unprecedented external challenges that impacted the petrochemical industry, I am pleased to share that LCT continued to be steadfast in the execution of its strategies to ensure that our business fundamentals remained intact. ”

TAN SRI DATO' ABDUL RAHMAN MAMAT
Chairman



In 2023, the petrochemical industry was effectively operating in the thick of a downcycle, amidst other challenges that affected production costs, supply and demand. The cost of our feedstock, naphtha, which is a key component of our business and is closely correlated with oil prices, has been volatile due to the ongoing Russian-Ukraine and Israel-Hamas conflicts, as well as OPEC+ oil production cuts. In addition, slower global economic growth in 2023, which is forecasted at 3.0% from the 3.5% recorded in 2022 and higher inflation, precipitated weaker downstream demand. This was further exacerbated by surplus capacity from competitors coming online which put further pressure on margins.

Given this scenario, we continued to implement our three strategies that focused on ensuring operational resilience, driving business sustainability and embedding ESG considerations into our operations. We have also rigorously carried out our business optimisation plan by balancing our production outputs and economic efficiencies. We strongly believe that by weathering the storm now and being prudent, we will be well-positioned to capitalise on opportunities that will arise when the global and regional economy recovers.

We have also endeavoured to ensure the smooth construction of our LOTTE Chemical Indonesia New Ethylene project (LINE project) as it represents an important future growth driver for LCT. The LINE project is slated to be completed by 2025 and is currently progressing as scheduled.

FINANCIAL PERFORMANCE

In the financial year 2023, the Group registered lower revenue of RM7.65 billion as compared to FY2022 mainly due to lower average product selling price and sales volume. However, the Group's loss before tax narrowed marginally to RM999.57 million as compared to FY2022 mainly due to decrease in cost of sales contributed by the reversal of inventories write down to its net realisable value. Offsetting factors contributing to the narrowed loss include lower revenue, a share of loss from associate company, LOTTE Chemical USA Corporation ("LC USA"), increased electricity cost and higher administrative expenses from LINE Project and lower finance income.

SUSTAINABILITY

Sustainability is at the heart of our business aspirations. We are committed to ESG principles, recognising their crucial role in shaping sustainable business practices. On top of embedding ESG values into our operations, we continue to comply with ESG related regulations and standards and contribute to a positive impact on our community and environment. The Board of Directors will continue to oversee LCT's commitment and initiatives in ESG. Further details on sustainability is available in Section 2 - Sustainability Working Group Chairman's Message.

ENVIRONMENT

LCT remains committed to managing our emissions and we are currently collecting greenhouse gas emissions data to quantify and then assess available options to reduce our emissions. In addition, we strongly advocate plastic waste recycling and management and are collaborating with the industry and regulators to meet this objective.

SOCIAL

Health and Safety as Our Priority

LCT adopts a no-compromise approach when it comes to the health and safety of our employees and we prioritise this area by embedding it in our culture across the Company. In 2023, we have made good progress in improving our occupational health, safety and environment ("OHSE") practices, including reduction in incident cases, increase in safety compliance and enhanced leadership qualities. We focused on engaging supervisory-level employees for their crucial role in incident reporting and also continued to create awareness through training and sharing sessions. Our outstanding dedication to OHSE performance has gained us the recognition of multiple awards from the Malaysian Society for Occupational Safety and Health (MSOSH).

Serving Our Communities

In valuing the long-term relationship with our communities, we have developed a comprehensive Corporate Social Responsibility ("CSR") theme, namely "P.E.A.C.E", an acronym representing People, Education, Aid, Community and Environment as each Focus Area. Building our CSR initiatives around this holistic approach ensures that we address diverse community needs, foster confidence and build trust. During the year under review, our initiatives have impacted more than 15,000 beneficiaries in Malaysia and Indonesia, with our dedicated employees clocking in nearly 800 volunteering hours. It is worth noting that our engagement on environmental, safety and health (ESH) matters continues to attract collaborations with stakeholders, especially local government authorities, who are in support of our cause.

GOVERNANCE

In our enduring commitment to governance and integrity, LCT has undertaken a series of initiatives to bolster ethical practices and compliance within our organisation. A pivotal aspect of this commitment is the continuous investment in training programmes designed to heighten awareness among our personnel. These training sessions cover critical areas such as anti-bribery and corruption, whistleblowing policy, contract management, related party transactions and environmental liability.

As part of our proactive stance against bribery and corruption, we have enhanced our anti-bribery and anti-corruption framework by implementing a third-party due diligence questionnaire. This measure, which is to be implemented in stages, aims to thoroughly assess the ethical practices of our external stakeholders, reinforcing our commitment to ethical business conduct not only within our organisation but also throughout our supply chain.

LCT also regularly conducts compliance reviews to ensure our operations adhere to relevant laws and regulations. We also recognise the importance of robust oversight, having recently revised the Terms of Reference of the Audit Committee to align it with amendments to the Bursa Malaysia Listing Requirements and enhancing provisions related to conflict of interest.

OUTLOOK

As we look ahead, the global economic landscape remains shrouded in uncertainty, fostering a cautious sentiment and restrained spending amid an inflationary environment. Industry forecasts project a moderate global gross domestic product ("GDP") growth of 2.9% for 2024, reflecting the challenges posed by the slow pace of economic recovery, particularly in the context of China's reopening falling short of earlier expectations.

Despite these challenges, the LINE Project, slated to be a key growth catalyst for LCT, assumes strategic significance in this uncertain climate. Situated in Indonesia, a net importer of petrochemicals, the project is well-positioned to leverage the growing demand in the region. This endeavour aligns with LCT's strategic goals and exemplifies its forward-thinking approach to capitalise on emerging opportunities.

Moreover, recognising the pivotal role of plastic products in various industries and the development of the global economy, LCT remains unwavering in its commitment to contributing to these sectors. As the global economy evolves, LCT is poised to navigate challenges, leverage strategic initiatives and contribute to the continued development and sustainability of the petrochemical industry. The Company's outlook is anchored in resilience, strategic vision and an unwavering commitment to value creation in the ever-dynamic global landscape.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I extend my heartfelt gratitude to our valued customers, business partners, suppliers, government authorities and regulators. Special appreciation goes to our hardworking Management team and employees for their loyalty and unwavering support. In closing, LCT remains steadfast in its pursuit of excellence, sustainability and value creation. Together, we will navigate the challenges ahead and to achieve our vision to be a Top-Tier Petrochemical Company in Southeast Asia.

TAN SRI DATO' ABDUL RAHMAN MAMAT
Chairman

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

“ This year, we reaffirmed our commitment to business sustainability, especially as the petrochemicals industry experienced a particularly severe downcycle in 2023, characterised by volatile oil prices and softer demand. The key to our ability to navigate these challenges has been discipline in maintaining operational resilience. We did this by balancing our production output and economic efficiency in addition to managing costs and financial liquidity. ”



PARK HYUN CHUL
President &
Chief Executive Officer

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW

In 2023, the global economic landscape witnessed a sluggish and uneven recovery from the COVID-19 pandemic and the ramifications of Russia's invasion of Ukraine. Economic activity remained subdued, staying below pre-pandemic levels, with emerging markets and developing economies facing the brunt of the downturn. The International Monetary Fund ("IMF") reported a deceleration in global growth, with figures dropping from 3.5% in 2022 to 3.0% in 2023.

The Asia-Pacific region encountered significant challenges, marked by a deceleration in China's economic activity. After an initial surge in growth following the country's reopening after COVID-19 lockdowns early in the year, momentum waned, leading to a slowdown. Consumer confidence remained low, adversely affecting consumption.

Malaysia's gross domestic product ("GDP") growth in 2023 slowed to 3.7% from the 8.7% recorded in 2022, mainly due to a slowdown in external demand which curtailed export growth, especially in the electrical and electronic product sectors and major commodities.

THE OPERATING ENVIRONMENT

2023 remained a very challenging year due to the volatile oil prices amid geopolitical uncertainty and headline inflation affecting global demand. The conflict in the Middle East has elevated the volatility of crude oil prices, which is highly correlated with the prices of our feedstock, naphtha. Weaker-than-expected demand recovery from China and slow economic growth have greatly influenced regional demand. Downstream fabricators in both the domestic and export markets maintained reduced production rates while keeping inventory lean.

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL RELIABILITY AND SAFETY

During the year under review, we have continued to improve our plants' operational efficiency and reliability. We have enhanced the Emergency Shutdown ("ESD") System and Distributed Control System ("DCS") which aim to safeguard existing facilities and ensure employee safety during operational emergencies.

To demonstrate the paramount importance of the safety and well-being of our workforce, we continue to implement programmes aimed at upskilling, creating awareness and improving monitoring and surveillance capabilities.

Some of the safety programmes we conducted in 2023 include:

LOTTE GLOBAL CULTURE TRANSFORMATION JOURNEY

TRANSFORM programme started since FY2021 and it aims to enhance processes and cultivate a robust safety culture throughout our premises. Key activities completed in 2023 include a Safety Leadership Capability Development Workshop for front-line supervisors and group coaching on its application. The Incident Investigation Management training and coaching further enhanced our ability to learn and improve from any incidents that may occur.

LIFE-SAVING RULE PROGRAMME

A crucial initiative designed to create awareness and ensure strict compliance with rules related to critical activities that involve imminent danger.

THE FIELD RISK ASSESSMENT (FRA) PROGRAMME

The FRA Programme reduces the risk of potential hazardous incidents by employing structured observations based on the "Barriers of Protection - Personnel, Facilities, Technology" concept during Field Safety Observations at process plants.


LCT prioritises employee health and process safety and has established an annual target of zero Lost Time Accidents (LTAs) and a quarterly target of not more than one "More Than First Aid" case for all our operations. LCT is also committed to the development and provision of training for leadership roles, emphasising their responsibility in establishing and upholding safety standards.




PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

SAFETY AWARDS AND RECOGNITION

Our dedication to safety was recognised through several prestigious awards received during the year, underscoring our commitment to best practices in occupational safety and health.



MALAYSIA



Occupational, Safety and Health (OSH) award by the Malaysian Society for Occupational Safety and Health (MSOSH), achieving two Gold Merit and two Gold Class 1 awards.

LCTM emerged as one of the ten recipients of the 5-star Award in the 2023 Key Point Installation Star Rating Award.



INDONESIA

0 Zero Accident Achievement presented by the Ministry of Manpower of Indonesia.

Achieved Gold rating from Occupational Safety & Health Management System certificate from the Ministry of Manpower of Indonesia.

FINANCIAL PERFORMANCE

Against the backdrop of market uncertainties, the Group has implemented a business optimisation plan by balancing our production outputs and economic efficiencies, leading to a lower overall plant utilisation of 67% in 2023 compared to 77% in 2022.

In the financial year ended 31 December 2023, the Group's revenue decreased by 23.7% or RM2,372.9 million from RM10,019.1 million in 2022 to RM7,646.2 million in 2023, mainly due to lower average product selling prices and sales volume amid weaker demand for manufactured goods. The Group's loss before tax narrowed marginally by RM2 million in 2023 mainly due to a 23% decrease in cost of sales contributed by the reversal of inventory write down to its net realisable value. Offsetting factors include lower revenue, share of loss from LC USA of RM117.3 million compared to a profit share of RM7.6 million in 2022, higher electricity cost, higher administrative expenses from the LOTTE Chemical Indonesia New Ethylene Project (LINE Project) and lower finance income. As a result, LCT recorded a loss after tax of RM812.7 million compared to a loss after tax of RM745.0 million in 2022.

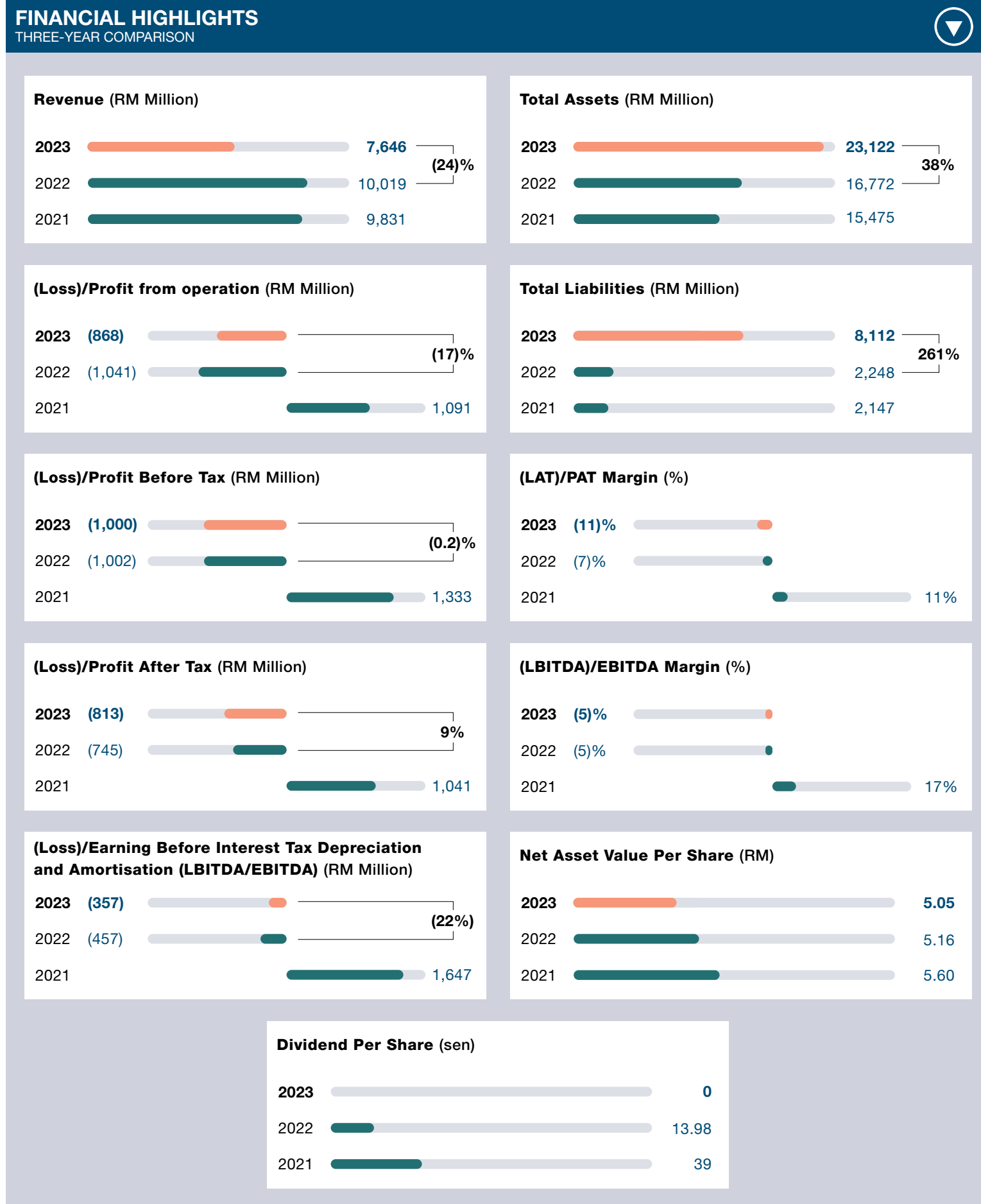
The Group's total assets increased by RM6,350 million from RM16.8 billion in 2022 to RM23.1 billion mainly due to increase in property, plant and equipment for the construction-in-progress of the LINE Project. The increase was negated by the decrease in cash and bank balance as a result of losses recorded and capital expenditure incurred. LCT spent a total of RM6,881 million in capital expenditure. The majority of this capital outlay, amounting to RM6,688 million, was dedicated to the LINE Project, a key initiative that aligns with our long-term growth objectives. The remaining capital expenditure was used to strengthen our infrastructure for long-term efficiency in maintaining, improving and modifying of our existing production plant. The capital expenditure was funded by a variety of sources, including term loan financing, IPO proceeds and internally generated funds.

The Group's total liabilities increased by RM5,864 million from RM2,248 million in 2022 to RM8,112 million in 2023 mainly due to increase in borrowing amounting to RM5,944 million. The USD secured term loan made up the biggest portion of the Group's borrowings, amounting to RM5,537 million, used to fund the development work of the LINE Project and the remaining came from short-term borrowing used as working capital. As at 31 December 2023, the Group had drawn down 54% of the USD secured term loan.

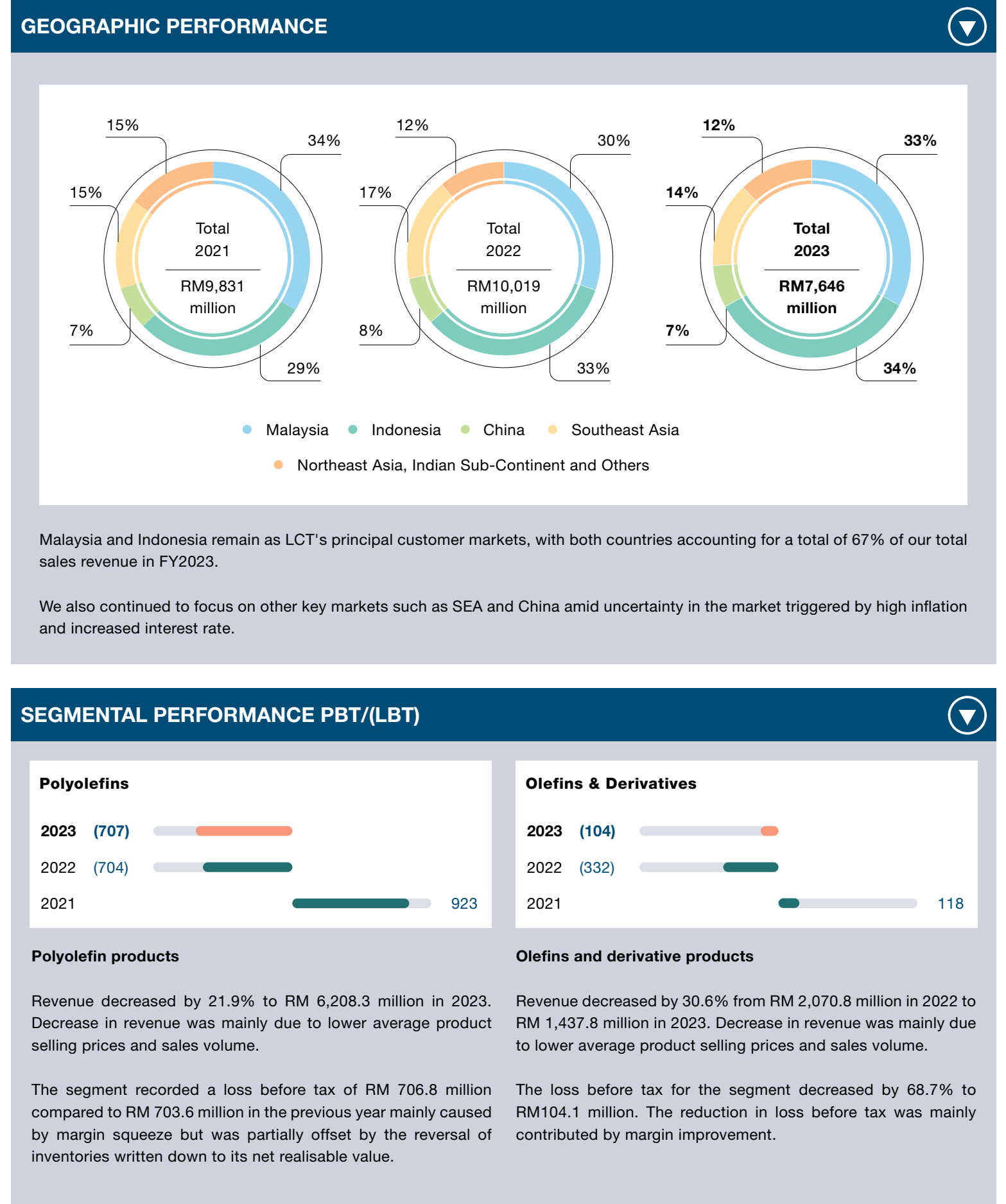
The Board of Directors diligently evaluated dividend distributions in alignment with the Group's financial performance, capital requirements and shareholder interests. For the financial year under review, the Board has decided not to declare dividend after much deliberation, taking into consideration the need to conserve funds to navigate through the near-term headwinds.

Finally, the LINE Project in Indonesia is progressing well and is expected to be completed by 2025. This project is a key growth expansion driver for the Group and will help us solidify our position as a Top-Tier Petrochemical Company in Southeast Asia. The LINE Project represents a crucial strategic expansion for the Group, adding 65% to the overall production capacity upon its completion in 2025. This project will enable us to capitalise on the anticipated demand for our product in Indonesia, given that the country is a net importer of petrochemical products.

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



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DRIVING SUSTAINABILITY

LCT's focus is on business sustainability and addressing ESG concerns. We are working on initiatives to manage climate change and minimising environmental impact in our business operations. We are focused on ensuring the health and safety of our stakeholders, and maintaining high ethical standards and corporate governance.

Product Quality and Responsibility

We constantly uphold the highest standards of health and safety in our operations. Our quality management system aligns with the ISO 9001:2015 Quality Management System and quality control tests are conducted on our products produced in Malaysia. As customers' preferences shift towards sustainability, LCT launched several grades of new or improved products that offer better mechanical properties and better aesthetic value.

Our Malaysian products meet the requirements of the Bureau of Indian Standards' IS 7328:2020 Specification for Polyethylene Material for Moulding and Extrusion certification for polyethylene (PE) products. These certifications allowed us to gain entry into the Indian market.

In addition, we collaborated with various stakeholders, including the Malaysian Petrochemicals Associations (MPA), Malaysian Plastics Manufacturers Association (MPMA), NGOs and government agencies and authorities to address challenges faced by the petrochemical industry. In 2023, we participated and provided support to the working group preparing for the Intergovernmental Negotiating Committee (INC) to develop an international legally binding instrument on plastic pollution, including for the marine environment. In addition, we also participated in the Single-Use Plastic (SUP) Circular Economy townhall organised by the Malaysian Green Technology and Climate Change Corporation (NRECC) to prepare a list of problematic SUPs using the life cycle analysis approach.



Environment Management and Climate Change

LCT remains committed to sustainability best practices by continuously investing in environmental facilities and environmental systems to maintain regulatory compliance, improve operational efficiency and mitigate climate-related risks.

For instance, we installed solar panels at our office building in Indonesia. The mechanical commissioning was completed on 1 February 2024 and we are applying with PT Perusahaan Listrik Negara ("PLN") in Indonesia to certify that the installation is complete.

In addition, our facilities maintained the practice of reusing hydrogen and methane as fuel. The recovery of off-gases, including ethane and propane, from the PP plant site is recycled and used for the Naphtha Cracker Plant 2 for reprocessing and optimising the utilisation of new materials.

Furthermore, for our food grade packaging in Malaysia, we strive to continue implementing energy-saving green initiatives and reducing CO₂ emissions. Our polypropylene products carry the Green Label certification, demonstrating our compliance to the highest environmental standards with 10% energy savings and 10% reduction in CO₂ emissions.

Growth with Society

In terms of community development, we continued our CSR efforts in 2023 by aiding the communities where we operate with an aim to inspire and empower sustainable change. We provide financial assistance to underserved groups and underprivileged students, which helps them improve their well-being. To understand our local community better and to address their needs, we continue to work closely with local councils, government agencies and NGOs on issues related to the environment, health and safety. Our strategy involves having effective conversations with stakeholders, evaluating the socioeconomic status of the community and collaborating with like-minded partners and local government authorities.

On 7 December 2023, LCT joined forces with Tanjung Piai National Park, Johor Department of Environment and Sekolah Menengah Kebangsaan Sri Kukup to plant 500 mangrove saplings in Tanjung Piai National Park. This adds to the 1,000 mangrove trees previously planted by LCT, dating back to 2018. LCT also installed three (3) units of signage boards for educating visitors about mangrove species and their contributions to local ecology and biodiversity. These initiatives underscore LCT's commitment to environmental conservation as part of our corporate social responsibility and align with our efforts to reduce carbon emissions.



Employee Engagement

With regards to our employees, who are the backbone of our organisation, LCT is firmly engaged in driving human capital engagement and culture initiatives. For example, we conduct team building activities to promote a sense of unity and trust, as well as activities promoting employee well-being. In 2023, we organised a series of health awareness talks and occupational health talks, enabling employees who attend the courses to safeguard their mental health.

LCT has created a sustainable talent ecosystem aimed at attracting, nurturing and retaining individuals dedicated to achieving high performance, essential for both current and future organisational success. To ensure that we have a consistent flow of talent ready to take on leadership roles, we conduct succession planning through a comprehensive nomination process.



Governance

In 2023, we took significant steps to bolster our anti-bribery and anti-corruption policies by enhancing our third-party due diligence process, aiming to check the ethical practices of external partners and enhance ethical business conduct throughout our supply chain. In addition, we revised the Audit Committee's Terms of Reference to ensure alignment with recent amendments to the Bursa Malaysia Listing Requirements, focusing on conflict of interest provisions. Regular compliance reviews are conducted to ensure adherence to laws and regulations.

Furthermore, LCT has committed to promoting governance and integrity through various initiatives, including ongoing training programmes for our personnel on key issues such as anti-bribery, whistleblowing policies, contract management, related party transactions and environmental responsibility, to foster a culture of ethical practices and compliance.

Please refer to Section 4 for details of our efforts made in environmental management, social and governance.

PRESIDENT & CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



OUTLOOK

The Group's prospects are anticipated to remain challenging in the foreseeable future due to the unpredictable external conditions. The geopolitical tensions stemming from the Russia-Ukraine conflict and unrest in the Middle East have heightened the volatility of crude oil prices. Concurrently, the global economy continues to face headwinds, marked by sluggish growth in Europe and China, in contrast to the resilient performance of the US economy. However, there is a glimmer of optimism as the US Federal Reserve may potentially lower interest rates for 2024 in response to easing inflationary pressures. Furthermore, Malaysia's GDP is projected to expand by 4.3% in 2024, surpassing 2023.

In the face of the unpredictable and demanding market conditions, LCT remains steadfast in navigating challenges through agile strategies, aligning with our pursuit of long-term growth strategies aimed at fostering a sustainable future. Our resilience and determination underscore our adaptability and unwavering commitment to operational excellence, which will enable us to rebound from setbacks.

On behalf of the Management team, we extend our deepest gratitude to all our stakeholders for your unwavering trust and support in LCT. As we embark on the journey into 2024, your continued faith in our vision fuels our commitment to not only navigate the challenges ahead but also to thrive amidst them.

PARK HYUN CHUL

President & Chief Executive Officer

SUSTAINABILITY WORKING GROUP CHAIRMAN'S MESSAGE



SUSTAINABILITY GOVERNANCE STRUCTURE

In response to the growing emphasis on ESG, LCT has proactively integrated ESG practices into our business operations. To ensure the effective implementation of these initiatives, a comprehensive governance structure has been established.

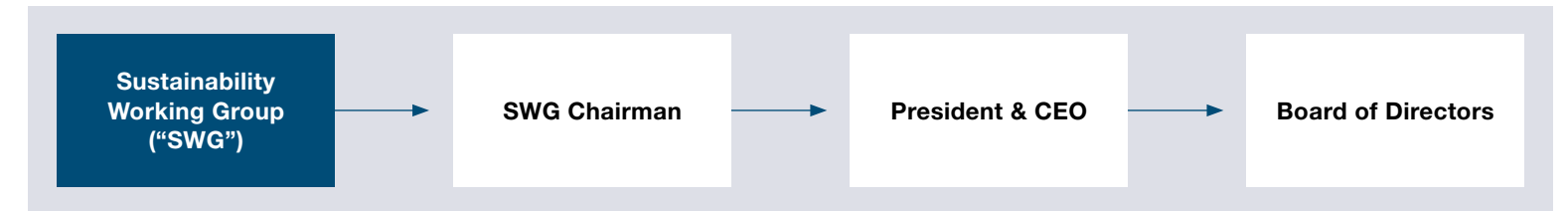
At the core of this structure is the Sustainability Working Group ("SWG"), comprising leaders from all business divisions. The SWG takes the lead in executing and overseeing ESG initiatives and operates within a well-defined reporting mechanism. The leaders of all business divisions are required to review and implement initiatives to address their respective ESG objectives. Quarterly updates and progress reports are provided to the SWG Chairman. The Chairman, in turn, reviews the efforts and presents updates to the President & CEO. This ensures a streamlined flow of information and accountability at the highest levels of the organisation.

The President & CEO will provide leadership and guidance on all ESG initiatives. The ultimate oversight is provided by the Board of Directors, who will review LCT's ESG performance every quarter. This multi-tiered approach to reporting is integral to LCT's belief that demonstrating commitment to ESG requires transparency and alignment with current industry practices.

The sustainability governance structure at LCT is meticulously designed to provide a clear framework for the implementation and evaluation of ESG initiatives. Engaging all departments, utilising a structured reporting hierarchy and involving Top Management and the Board of Directors reflect LCT's unwavering commitment to sustainability and adherence to industry standards.

SUSTAINABILITY WORKING GROUP CHAIRMAN'S MESSAGE

The chart below represents the sustainability governance structure of LCT:



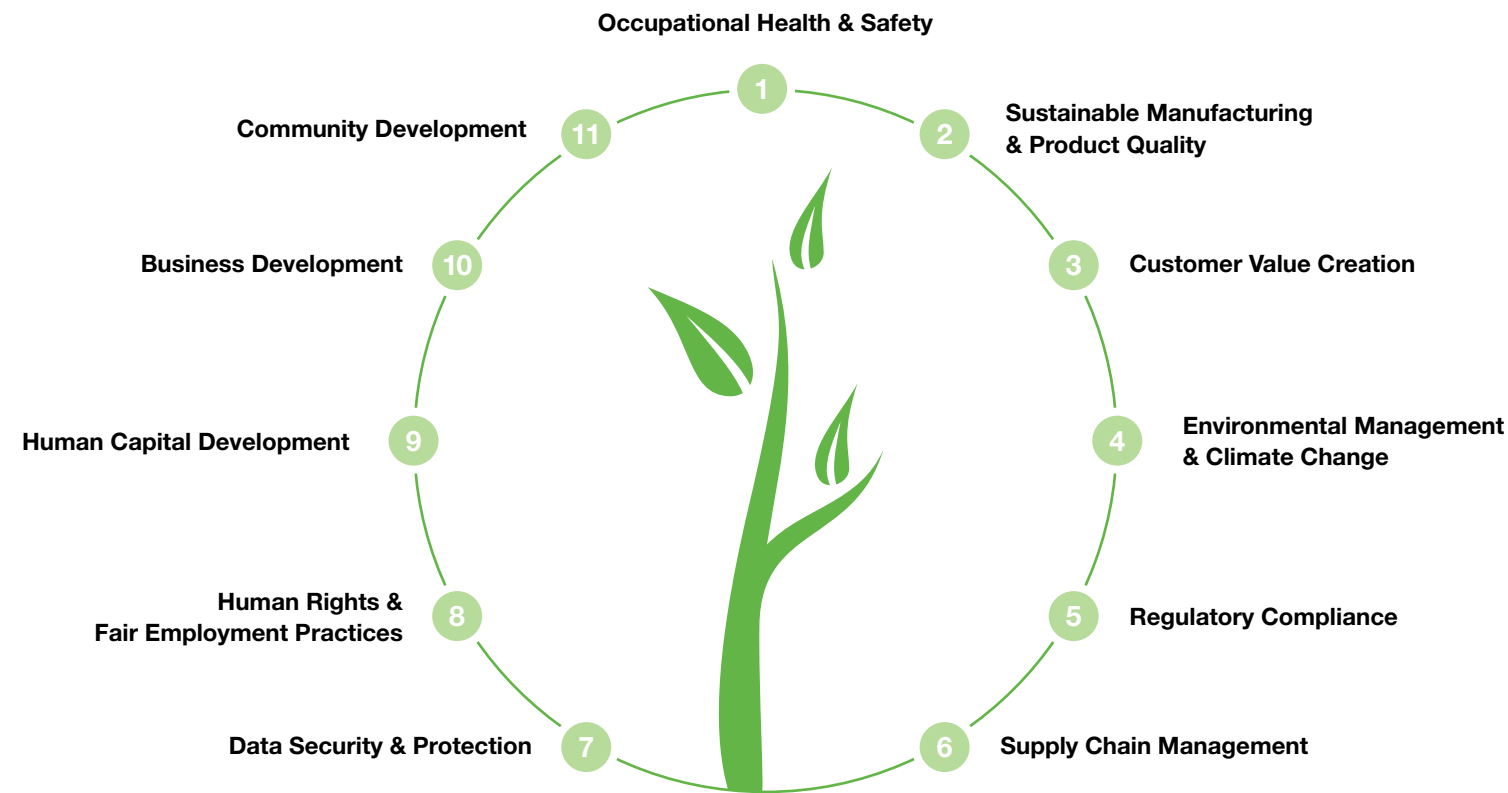
In 2023, the SWG introduced nine (9) sub-committees that focus on ESG matters in all business divisions and ensure a comprehensive approach to responsible business practices. This multi-dimensional approach not only enhances the Company's overall ESG performance but also mitigates risks, fosters transparency and promotes long-term value creation. The diagram below illustrates the focus of LCT's ESG initiatives:



SUSTAINABILITY WORKING GROUP CHAIRMAN’S MESSAGE

MATERIALITY MATRIX AND SUSTAINABILITY MATTERS

A formal materiality assessment is conducted in LCT biennially to supplement our Enterprise Risk Management Process and enables us to include a sustainability focus on business risks and opportunities. In FY2023, we reviewed our materiality matrix to ensure its relevance with current trends and issues and retained the 11 sustainability matters from FY2022, which inform our strategic priorities for the year. These matters were reviewed and approved by the Board.



Further details of our materiality assessment are available in Section 3: Sustainability at the Core of Our Business

BURSA ENHANCED SUSTAINABILITY REPORTING FRAMEWORK AND TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

On 26 September 2022, Bursa Malaysia issued amendments to the Bursa Malaysia Listing Requirements in relation to the enhanced sustainability reporting guide (“Guide”), which requires listed issuers to identify sustainability matters according to the 11 ‘Common Sustainability Matters’ listed in the Guide. We take pride in declaring that LCT’s sustainability matters currently align with those in the Guide.

COMMON SUSTAINABILITY MATTERS	
• Anti-Corruption	• Supply Chain Management
• Community/Society	• Data Privacy and Security
• Diversity	• Water
• Energy Management	• Waste Management
• Health and Safety	• Emissions Management
• Labour Practices and Standards	

Bursa Malaysia is also currently charting a path forward by mandating the adoption of TCFD recommendations by 2025, a testament to the growing emphasis on the integration of climate-related issues in financial reporting and corporate governance.

The TCFD’s structured framework calls for corporations to disclose climate-related financial risks and opportunities, focusing on governance, strategy, risk management and metrics and targets.

SUSTAINABILITY WORKING GROUP CHAIRMAN’S MESSAGE

Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation’s governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material.	Disclose how the organisation’s identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
<ul style="list-style-type: none"> Describe the Board’s oversight of climate-related risks and opportunities. Describe Management’s role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning. Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<ul style="list-style-type: none"> Describe the organisation’s processes for identifying and assessing climate-related risks. Describe the organisation’s processes for managing climate-related risks. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management. 	<ul style="list-style-type: none"> Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

LCT is committed to meeting these evolving standards and aims to embed TCFD recommendations into our operational and reporting practices in due course. In order to adhere to Bursa Malaysia’s requirements, we have undertaken measures to align with the regulatory requirements and will furnish periodic updates.

FUTURE OUTLOOK

As we step into FY2024, LCT continues to navigate the path towards meeting our ESG commitments with adaptability, strength and responsibility. In a world of constant change, our unwavering commitment to sustainability principles is a testament to our belief in their potential for long-term success. We extend our deepest gratitude to all our stakeholders who have been integral to LCT’s sustainability journey, ready to face the challenges of an ever-evolving global landscape together.

PHILIP KONG
Chairman,
Sustainability Working Group



MANAGING VOLATILITY FOR A SUSTAINABLE FUTURE

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STRENGTHENING OUR RESILIENCE AGAINST UNCERTAINTIES



In navigating through the highly volatile global economy, LCT stands firm, skillfully maneuvering through challenges such as disrupted supply chains, increasing inflation, geopolitical turbulence and the pressing need for climate action. Our solid business framework steers us through these intricate challenges, flexibly adapting to changing circumstances. In facing ongoing challenges like volatile crude oil prices and supply chain interruptions, we adopt a composed and proactive strategy. Our focus is on closely tracking market trends and increasing operational flexibility. These strategic priorities are crucial, not just for enduring these uncertain times, but for navigating the rapidly changing business landscape.

STRENGTHENING OUR RESILIENCE AGAINST UNCERTAINTIES

Further details on key trends, impacts, the 2024 Outlook and our way forward are described below:

UNRELENTING GLOBAL ADVERSITIES: CYCLICALITY AND CRUDE OIL PRICE FLUCTUATIONS

In FY2023, the global landscape was fraught with challenges that significantly impacted the commodity sector, with the petrochemical industry at the forefront of this turbulence. Geopolitical tensions escalated, leading to increased uncertainty and disruptions in regional and international markets. This environment was compounded by pervasive global inflation, which eroded purchasing power and heightened the cost of raw materials and production. The petrochemical sector, in particular, felt the acute sting of these adversities, marked by a pronounced supply-demand imbalance.

IMPACTS	2024 OUTLOOK	WAY FORWARD
<ul style="list-style-type: none"> Crude oil price fluctuations and supply chain volatilities cause uncertainties in production costs and revenue. Critical decision: Choose between scaling back production or bearing rising feedstock costs. 	<ol style="list-style-type: none"> Persistent volatility of crude oil prices. Geopolitical tensions added uncertainty to crude oil prices. 	LCT to focus on feedstock costs management, develop strategies to enhance cost competitiveness and explore resilient supply chain development.

RISKING VULNERABILITIES IN OPERATIONS: SUPPLY CHAIN, CURRENCY, TALENT AND PROJECTS RISKS

Growing geopolitical tensions pose various risks to businesses on a global scale, impacting every operational aspect. The persistent instability in the macroenvironment exacerbates challenges related to cost-push inflation. High raw material costs amid supply chain volatility affects both production and profitability, necessitating businesses to confront interconnected inflationary effects such as talent retention, compliance issues and adverse impacts on business prospects.

IMPACTS	2024 OUTLOOK	WAY FORWARD
<ul style="list-style-type: none"> Worsening supply chain disruptions cause production delays. Critical decision: Bearing additional production costs or facing long-term reputational risk which affects business prospects. Additional costs may apply including overtime payments and prompt shipping. Inflationary living costs result in wage pressure, leading to talent drain. 	Supply chain driven by digitalisation to enhance resilience, but labour shortages and rising inflation remain critical.	LCT to diversify supply sources, maintain close collaboration with reliable suppliers and optimise project management.

STRENGTHENING OUR RESILIENCE AGAINST UNCERTAINTIES



HEADWINDS AND TAILWINDS IN DIGITALISATION: CYBERSECURITY STRATEGIES

Major manufacturing leaders strategically leverage digitalisation technologies such as Internet of Things (IoT) and automation to optimise operations, reduce resource consumption and reliance on human labour. Adeptly navigating geopolitical challenges, they capitalise on technological advancements, ensuring sustained growth and competitiveness in the manufacturing landscape. In 2023, heightened geopolitical tensions among major nations, significantly increase the risk of state-sponsored cyber-attacks, posing a threat to global cybersecurity. Amid technological advancements, businesses grapple with the imperative to navigate mounting cyber threats, requiring strategic adaptability to thrive in the dynamic digital landscape.

IMPACTS

- Inequalities in access to digital resources, based on socio-economic status, geography or age, contribute to a digital skills gap.
- Cyber threats, such as data breaches, pose privacy risks, reputational risks and financial implications (fines and/or penalties).
- Growing emphasis on reinforcing regulatory compliance for digital technologies to mitigate any potential risks.

2024 OUTLOOK

Digital integration remains trendy, however evolving cyber threats continue to prompt the reinforcement of policies related to personal data protection.

WAY FORWARD

LCT to stay abreast of cybersecurity regulations and implement robust risk mitigation strategies.



FORGING SUSTAINABLE PATHS THAT ARE HERE TO STAY: CLIMATE CHANGE

ESG frameworks are continuously evolving as global governments recognise the dynamic nature of sustainability challenges. This recognition drives continuous refinements to address emerging environmental and social issues, industry-specific considerations and evolving corporate governance standards. In June 2023, the International Sustainability Standards Board (“ISSB”) introduced two groundbreaking Sustainability Disclosure Standards: IFRS S1 for General Requirements and IFRS S2 for Climate-related Disclosures. These standards represent a significant milestone as it is the first major initiative by a financial reporting body to lead in sustainability reporting. They have the potential to supersede diverse sustainability reporting standards issued by entities such as TCFD, GRI, Sustainability Accounting Standards Board (“SASB”), etc.

IMPACTS

- Increased pressure from stakeholders and financial institutions for businesses to prioritise climate change efforts.
- Adopt sustainability practices, circularity, digitalisation and green alternatives to reduce emissions and irresponsible consumption.
- Non-compliance leads to penalties, reputational harm and business continuity issues.

2024 OUTLOOK

Increased emphasis on climate-related disclosures as they transition from voluntary to mandated disclosures.

WAY FORWARD

LCT to stay abreast of the growing complexities in environmental and climate compliance while strengthening internal sustainability practices.

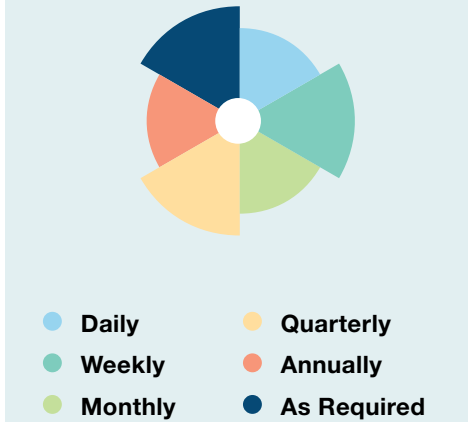
UNDERSTANDING OUR STAKEHOLDERS

Identifying and assessing the needs of stakeholders is an essential part of LCT’s communication and engagement imperative structured to create long-term value for all our stakeholders. Hence, an effective stakeholder engagement framework for a strong understanding of our stakeholders and their views and concerns is integral to LCT’s strategic planning and operational delivery to deepen relationships for an enduring, positive impact on our business.

LCT conducts a stakeholder prioritisation exercise to assess our key stakeholders based on their influence and dependence on LCT in respect to financial, reputation and operations. We are also committed to engaging with our key stakeholders regularly to obtain their input and feedback on sustainability matters which are material to LCT.







In FY2023, we continue to foster meaningful relationships, open communication and collaboration with various stakeholders to ensure all stakeholders’ expectations and concerns are considered. By actively engaging stakeholders, we build trust, enhance transparency and ultimately create a positive impact on both our operations and the broader community it serves.

LEGEND FOR FREQUENCY











OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM?	WHAT ARE THEIR CONCERNS AND EXPECTATIONS?	RESPONSE
BOARD OF DIRECTORS	Why We Engage? As the Board of Directors, they are responsible for the oversight of LCT’s operations. They assess the overall direction and strategy of the business to ensure long term sustainable value creation for all shareholders.	<ul style="list-style-type: none"> • Board meetings • Annual/Extraordinary General Meeting • Quarterly result announcement • Annual report 	<ul style="list-style-type: none"> • Company’s financial and operational performance • Operational and manufacturing productivity and efficiency • Corporate governance and regulatory compliance • Value creation for both internal and external stakeholders • Company’s ESG performance
EMPLOYEES	Why We Engage? With 1,491 employees across Malaysia and Indonesia, they are responsible for driving the day-to-day tasks, ensuring the delivery of quality products and services to our customers.	<ul style="list-style-type: none"> • Inclusive and collaborative working environment • Fair remuneration and benefits • Operational and manufacturing productivity and efficiency • Healthy and safe workplace • Training and development programmes • Career opportunities and development 	<ul style="list-style-type: none"> • Provide transparent disclosures to our stakeholders in our Annual Report • Engage in discussions on LCT’s financial and operational performance • Review LCT’s current ESG performance in Board meetings • Direct engagement with employees via the JCC in Malaysia and the Labour Union in Indonesia, to discuss key employee matters • Established corporate governance policies to ensure fair treatment of expatriate and local employees • Conduct support programmes such as Mental Wellness Support and High Tea Sessions • Conduct annual employee engagement survey and employee satisfaction survey to gain understanding of employees’ perception towards the Company

UNDERSTANDING OUR STAKEHOLDERS

OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM?	WHAT ARE THEIR CONCERNS AND EXPECTATIONS?	RESPONSE
 CUSTOMERS	Frequency: 	Why We Engage? Customers play a crucial role in our business. Their trust in us is what make our business grow. Hence, we always do our best to respond to their needs and strive to meet their expectations.	<ul style="list-style-type: none"> Site visits Customer satisfaction survey Feedback/Grievance channel Customer gatherings
 SUPPLIERS	Frequency: 	Why We Engage? Our supply chain enables us to create value by providing us with high quality products and services. At the same time, we ensure that value is created for our suppliers to sustain a resilient supply chain.	<ul style="list-style-type: none"> Product pricing, safety and quality Innovative products and services Good customer service and management Company's ESG practices Data management and cybersecurity
 REGULATORS	Frequency: 	Why We Engage? Regulators shape policies that support the industry and our country's economy. We maintain a close relationship with them to stay abreast of changing policies and regulations.	<ul style="list-style-type: none"> Encourage LCT to explore other options to ensure timely delivery Ethical and fair tender process Safety, health and environment Corporate governance and regulatory compliance

UNDERSTANDING OUR STAKEHOLDERS

OUR STAKEHOLDERS	HOW WE ENGAGE WITH THEM?	WHAT ARE THEIR CONCERNS AND EXPECTATIONS?	RESPONSE
 INDUSTRY ASSOCIATIONS	Frequency: 	Why We Engage? Industry associations play an important role in providing a collective voice for the industry and sharing of best industry practices. We ensure close collaboration with industry experts to ensure continual improvement in our business.	<ul style="list-style-type: none"> Training programmes, conferences and activities like video competition, etc. Promote knowledge sharing within the local and international petrochemical industry Company's ESG practices Have a collective voice for the industry on common issues, clarify doubts surrounding inaccuracies/misinformation about plastic, etc.
 LOCAL COMMUNITIES	Frequency: 	Why We Engage? In LCT, we recognise that our operations may impact the local communities directly or indirectly. Hence, we are committed to foster strong relationships with local communities through community engagement and development initiatives.	<ul style="list-style-type: none"> Corporate social responsibility programmes Feedback/Grievance channel Health and safety of local communities Impacts towards social and environment
 INVESTORS	Frequency: 	Why We Engage? Investors play a vital role in the success and growth of LCT by providing capital for LCT to invest in business operations to produce innovative products and services.	<ul style="list-style-type: none"> Investor relations' meetings Annual/Extraordinary General Meeting Quarterly results press releases and presentations Annual report Site visit Financial and non-financial performance Company's ESG performance Business resilience and sustainability Opportunities and development of business
 RESEARCH ANALYSTS	Frequency: 	Why We Engage? Research analysts provide continual support to LCT's business through the sharing of latest insights on businesses and industries. With this, investors will be able to assess the prospects and fundamentals of LCT and invest into the Company.	<ul style="list-style-type: none"> Investor relations' meetings Annual/Extraordinary General Meeting Quarterly results press releases and presentations Annual report Site visit Financial & non-financial performance Business development Company's ESG performance. Diversity and inclusivity

SUSTAINABILITY AT THE CORE OF OUR BUSINESS

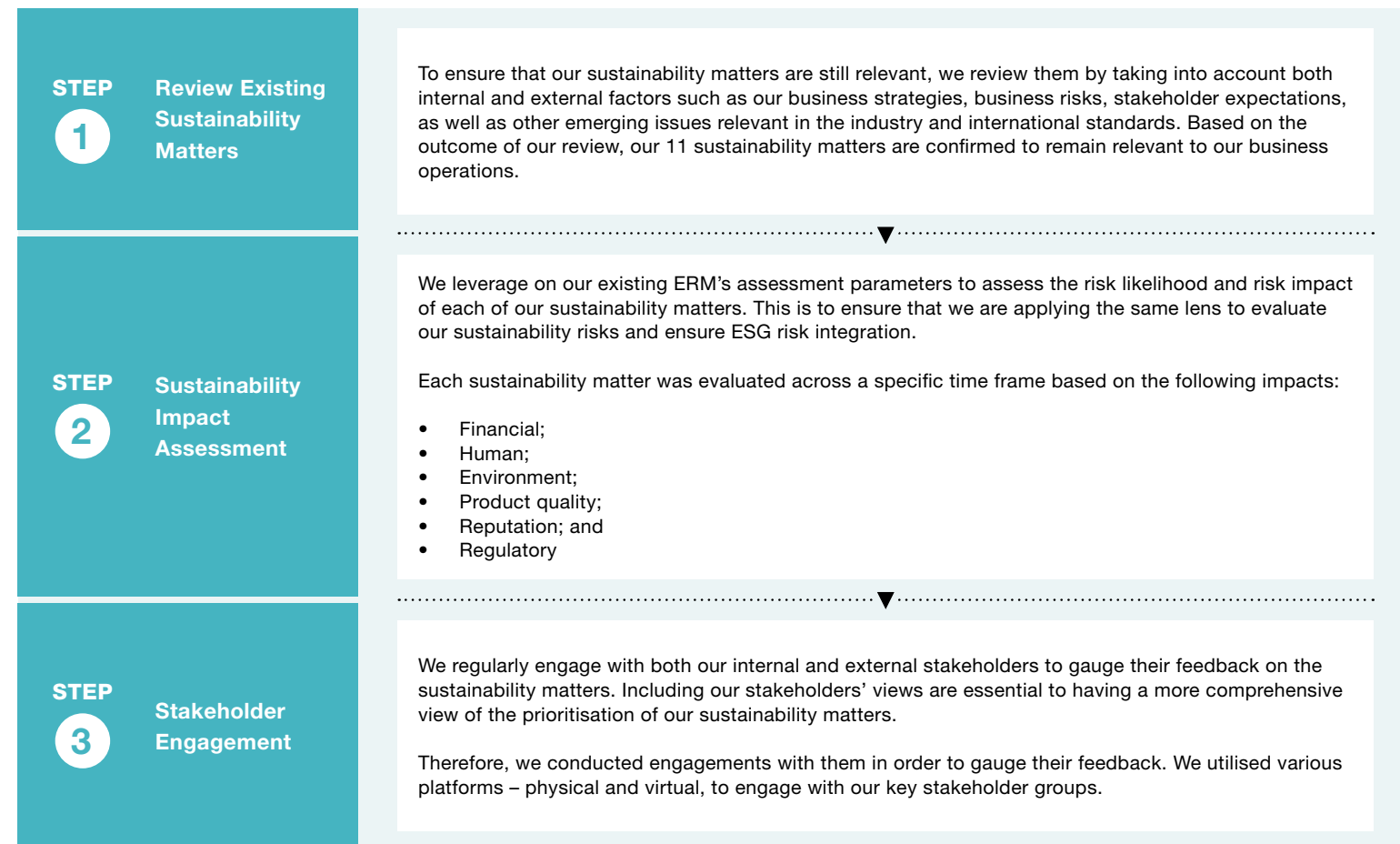
Our materiality assessment helps us define and understand the issues that matter most to our business and stakeholders and to understand how our economic, social and environmental impacts are perceived along our value chain. It enables us to capture and address our impacts to meet with stakeholder expectations for better management of our business.

Our materiality assessment was conducted to supplement our Enterprise Risk Management (“ERM”) Process.

We conduct a formal materiality assessment biennially to supplement our ERM Process and enables us to include a sustainability focus on business risks and opportunities. The exercise is carried out in alignment with the Integrated Reporting <IR> Framework’s concept of materiality and to help us identify and prioritise the economic, social and environmental issues that are most important to our business and our stakeholders. Conducting a thorough analysis in this way not only helps identify issues to be covered in our reporting but also supports decisions on where to focus internal resources.

Further disclosure and information on our ERM Framework and mitigation measures for our key risks are provided in the Statement on Risk Management and Internal Control on pages 147 to 153.

Our Materiality Assessment Approach and Processes



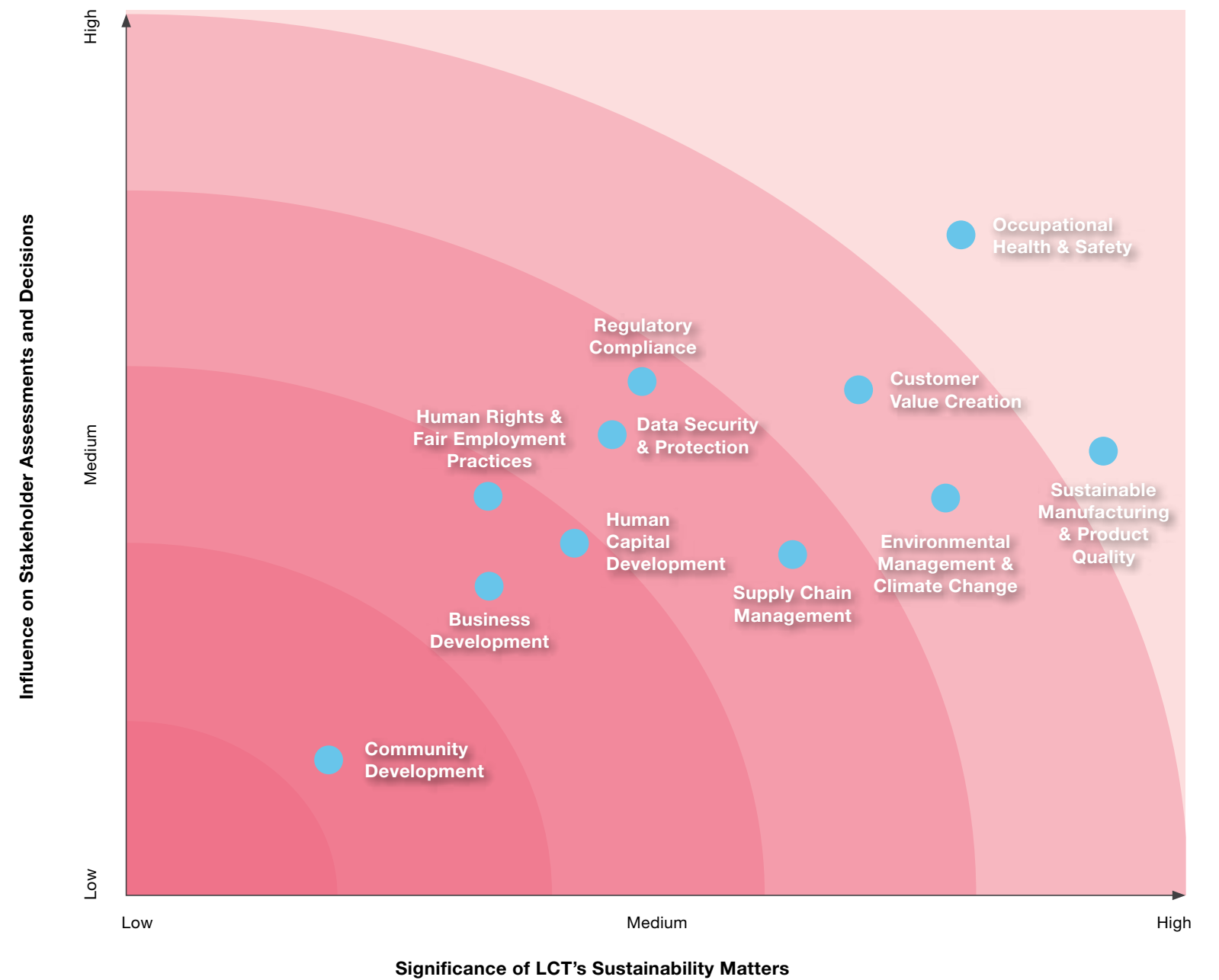
SUSTAINABILITY AT THE CORE OF OUR BUSINESS

Our Materiality Matrix

In FY2023, we reviewed our materiality matrix to ensure its relevance with current trends and issues and retained the 11 sustainability matters. These matters were presented to the SWG and the Management before they were approved by the Board.

Leveraging on these outcomes, the matrix informs LCT’s process in identifying our strategic priorities for the upcoming financial year.

Materiality Matrix



The details of our initiatives in managing and mitigating these material sustainability matters are discussed in Section 4: Create Values for a Sustainable Future on pages 48 to 105 of this report. Further details on why the sustainability matters are important to us are depicted in the table on the next page.

SUSTAINABILITY AT THE CORE OF OUR BUSINESS

Our Sustainability Matters

Sustainability Matters	What it Means to LCT	Business Capitals	UN SDGs
Occupational Health & Safety	Establishment of a safe and healthy working environment by implementing key measures to prevent injuries such as safety committee, fire drills and monitoring occupational health among others.		
Sustainable Manufacturing & Product Quality	Consideration of sustainability factors within our manufacturing processes, the development of our products and our production plants through ongoing process improvement, research and development and the application of technologies.		
Customer Value Creation	Initiatives undertaken to maintain a high level of customer satisfaction, including prompt responses to address issues raised by customers.		
Environmental Management & Climate Change	Internal controls and mechanisms to manage environmental impacts, focusing on emissions, waste management, water management, energy management and climate change.		
Regulatory Compliance	Initiatives and processes established to ensure compliance with relevant regulatory requirements including internal company policies such as the Business Ethics & Code of Conduct ("BECOC"), Anti-Bribery & Anti-Corruption ("ABAC") Manual and Whistleblowing Policy.		
Supply Chain Management	Consideration of emerging social, environmental and economic factors within our supply chain and procurement management through the conduct of risk assessment.		
Data Security & Protection	Protection of data/information/intellectual property belonging to stakeholders including customers, suppliers, employees and business partners against cybersecurity breaches.		
Human Rights & Fair Employment Practices	Fostering fair labour practices and ensuring employee welfare by protecting human rights, ensuring no child labour and promoting an inclusive working environment.		
Human Capital Development	Nurturing talent, providing career development opportunities and training programmes for employees including succession planning and talent retention programmes among others.		
Business Development	Initiatives focused on pursuing strategic opportunities, investments, expanding operations into new markets and diversifying products by considering social, environmental and economic factors.		
Community Development	Initiatives undertaken to maintain positive relationships with the local community such as meetings to clarify and address issues raised by community members.		

TRANSFORMATION THROUGH OUR BUSINESS STRATEGIES

At LCT, our strategic vision is firmly rooted in our ambition to emerge as a Top-Tier Petrochemical Company in Southeast Asia, recognised for our cutting-edge solutions and unwavering dedication to customer satisfaction. This commitment is the driving force behind our relentless pursuit of excellence. We are progressing through carefully tailored strategies that focus on enhancing our plant operations, sharpening our competitive edge and upholding our commitments to sustainability and ethical governance.

Our goal extends beyond merely preserving commercial resilience; we aim to reach the pinnacle of operational efficiency and secure a substantial competitive lead that fuels ongoing growth. Our strategic plan is meticulously designed to catalyse long-term value creation, revolutionise industry benchmarks and deliver unmatched services to our clients. Embracing this progressive outlook, LCT is charting a path toward continuous improvement and establishing ourselves as pioneers in the petrochemical sector.



TRANSFORMATION THROUGH OUR BUSINESS STRATEGIES

TRANSFORMATION THROUGH OUR BUSINESS STRATEGIES

STRATEGY PILLAR 1: STABLE AND SAFE PLANT OPERATIONS

Performance in FY2023

- Restructured the Malaysia OHSE Committee for better safety management.
- Upgraded safety systems and introduced an Operator Training Simulator (“OTS”) in Malaysia.
- Improved manufacturing through preventive maintenance and equipment upgrades.
- Maintained ISO 45001:2018 certification on occupational health and safety management and ISO9001:2015 certification on quality management system.
- Incorporated Supplier Code of Conduct (“SCOC”) in the bidder declaration form for vendors participating in tenders in Malaysia and requiring suppliers to comply with the BECOC and Environment Management Performance Rating/Program Penilaian Peringkat Kinerja Perusahaan (“PROPER”) Guideline in Indonesia.
- Incorporated greenhouse gas emission criteria in Malaysia supplier assessment questionnaire.

Priorities in FY2024

- Further embed a culture of safety across the organisation through expanded training programmes and employee engagement.
- Leverage data from safety audits to identify areas for improvement and implement enhanced safety measures.
- Continue to upgrade equipment and systems for enhanced plant operations.
- Optimise manufacturing processes and equipment for increased efficiency and cost reduction.
- Continue product innovation efforts with a focus on maintaining high-quality standards.
- Continue to diversify suppliers and improve risk assessments to enhance supply chain resilience and sustainability.
- Further strengthen relationships with suppliers through increased collaboration and ethical practices.

Business Capitals



Mapping to Sustainability Matters

- 1 Sustainable Manufacturing & Product Quality
- 2 Supply Chain Management
- 3 Occupational Health & Safety

STRATEGY PILLAR 2: BUSINESS SUSTAINABILITY

Performance in FY2023

- Maintained strong relationships through regular engagement activities with relevant stakeholders in Malaysia and Indonesia.
- Focused on product innovation and market diversification through strategic partnerships and customer collaboration.
- Actively explored sustainability projects, feedstock diversification, expansion of existing product portfolio and cost-reduction strategies through a dedicated Business Development Task Force in Malaysia.
- Continued to enhance customer service, addressed a total of 114 complaints for Malaysia and Indonesia and improved product support.
- Conducted annual customer satisfaction surveys to identify improvement areas.
- Navigated a global economic slowdown and increased ESG focus, emphasising business resilience and adaptability.

Priorities in FY2024

- Continuously enhance yields and minimise costs across operations.
- Proactively seek potential opportunities to meet changing customer needs and market demands.
- Focus on the development of sustainability-related products to align with the increasing demand for environmentally friendly solutions.
- Strengthen customer relationships and enhance customer loyalty through programmes and continuous engagements.

Business Capitals



Mapping to Sustainability Matters

- 1 Business Development
- 2 Customer Value Creation

STRATEGY PILLAR 3: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Performance in FY2023

- Conducted various CSR programmes under the theme “P.E.A.C.E.” and logged 578 volunteering hours in Malaysia and 212 in Indonesia, benefiting 12,258 and 2,856 people respectively.
- Addressed community needs effectively through ongoing monitoring and collaboration with local councils, government agencies and NGOs.
- Implemented various systems and policies to safeguard against cyber threats such as Virtual Private Network (VPN) usage by authorised employees, IT policy compliance, phishing email mock tests and monthly firewall monitoring. Advanced Persistent Threat (APT) prevention solutions were also implemented.
- Adhered to personal data protection of relevant laws in Malaysia and Indonesia.
- Notably, there were zero cases concerning breaches of customer privacy and losses of customer data.
- Provided extensive training and development programmes, focusing on five pillars - job competency, soft competency, safety & environment, leadership and compliance.
- Continued to respect human rights, ensuring non-discriminatory behaviour and maintaining fair employment practices.
- Continued to enforce strict regulatory compliance and ethical conduct, guided by policies such as the Anti-Bribery & Anti-Corruption Framework.
- Conducted training on Anti-Bribery & Anti-Corruption to mitigate bribery and corruption risks.
- Maintained ISO 14001: 2015 certification on environmental management system.
- Continued to carry out the “3R Recycling Programme”.
- Installed solar panels and obtained an Energy Audit Certificate in Indonesia while monitoring and reporting GHG emissions.
- Implemented water recycling systems and continued reducing water consumption in Indonesia.

Priorities in FY2024

- Further extend the impact on target communities through the provision of upskilling opportunities for the youth and accessible health services for the underserved.
- Enhance relationships with communities through active engagements and eco-friendly practices, aligning with our commitment to foster a healthier and more sustainable future for the communities we serve.
- Explore new solutions pertaining to cybersecurity threats, aiming to enhance information security while aligning with the principles of cost-effectiveness.
- Employ more stringent access of servers to enhance data security measures.
- Nurture the talents of our younger employees, recognising the importance of their growth within the organisation.
- Prioritise safety training to ensure legal compliance, reflecting our commitment to a secure and compliant working environment.
- Continue to uphold human rights and promoting a diverse, inclusive workplace for our employees.
- Stay abreast of evolving laws, ensuring continuous training on key areas of concern.

Business Capitals



Mapping to Sustainability Matters

- 1 Environmental Management & Climate Change
- 2 Human Capital Development
- 3 Human Rights & Fair Employment Practices
- 4 Community Development
- 5 Regulatory Compliance
- 6 Data Security & Protection

NAVIGATING SUSTAINABILITY WITH OUR VALUE CREATION ENGINE

NAVIGATING SUSTAINABILITY WITH OUR VALUE CREATION ENGINE

At LCT, we have successfully sustained high-quality value creation via our 'Value Creation Engine' framework. Guided by our core values, we have employed our sustainable growth strategy to maximise value and minimise our negative impacts on the material matters most important to us.

At LCT, our 'value' means more than the economic and corporate value we generate; we place equal importance on how we create environmental and social value for our stakeholders.





CREATE VALUES FOR A SUSTAINABLE FUTURE

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Strategy Pillar 1 **STABLE AND SAFE PLANT OPERATIONS**

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

OCCUPATIONAL HEALTH & SAFETY

“ At LCT, we prioritise the health and safety of our employees. Our robust occupational health and safety policies guide both Management and employees in cultivating a safe and healthy workplace. This commitment aligns with our organisational purpose and culture. We are committed to protecting our employees from workplace accidents. Through ongoing hazard identification and mitigation, we actively work towards reducing risks, injuries and exposure to harmful substances in our operations. ”

LCT's Focus Area

- Live in a Safe Environment

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – Safety, Health & Environment

Business Capitals

Financial Capital

Invested in safety facilities and safety system to maintain regulatory compliance, mitigate risks and improve operational efficiency.

Intellectual Capital

We remain guided by our established Occupational Health and Safety (OHS) management system, equipment and tools to ensure the health and safety of all stakeholders within our business premises.

Skilled Talent

The OHSE Steering Committee at LCT is overseen by the management and the OHSE team.

Social and Relationship Capital

We create a safe work environment across our supply chain by actively collaborating with contractors to ensure compliance with health and safety standards via our Contractor Management Programme.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Governance, Policies and Procedures

Our safety ethos revolves around the principle that “No job or service is so important and urgent that we cannot take time to perform it safely.” This commitment extends to interventions such as the immediate removal of individuals from unsafe situations or practices leading to potential injury or illness. Throughout our operations, we have ingrained this philosophy by establishing robust health and safety standards, aimed at safeguarding our workforce from risks in our operations. In compliance with local regulations and occupational health and safety guidelines, we strive to cultivate a workplace that prioritises the health and safety of all within our premises.



Within our Malaysian operations, we have in place an Environment, Health and Safety policy. This policy undergoes an annual review to regulate and enhance practices at our manufacturing facilities. All employees and contractors are mandated to comply with this policy. The governance structure is outlined as follows:

- 1 The Occupational, Health, Safety and Environment (“OHSE”) Steering Committee is responsible for overseeing issues related to occupational health and safety of our employees and the environment of our Malaysian facilities.
- 2 The OHSE Steering Committee comprises Top & Senior Management from various departments who provide direction and have full authority on OHSE-related matters. Our President & CEO serve as the Chairman of the OHSE Steering Committee convening annually to review LCT’s OHSE performance.
- 3 In line with the Occupational Safety and Health Act 1994, we have established Safety, Health & Environment (“SHE”) committee. This committee includes a Chairman, secretary and representatives from LCT and employees. The Operations Director chairs the SHE committee meetings, with employer representatives from various disciplines appointed by the Chairman for their operational knowledge and who are also given decision-making responsibilities.
- 4 We remain committed to fostering a robust safety culture and an effective Process Safety Management (“PSM”) – TRANSFORM Programme. A PSM governance committee was established to ensure the sustainability of the programme.

Since the PSM – TRANSFORM Programme was implemented in FY2021, notable improvements have been observed in safety management, including a significant reduction in incidents, improved leadership qualities and heightened safety compliance among employees and contractors. This programme aims to enhance processes and cultivate a robust safety culture throughout the premises. The PSM Committee Meetings were held at least quarterly, serving as a platform to convey safety performance updates, address concerns and promote a culture of continuous improvement. The annual Insurance Risk Engineering Survey conducted by the risk engineers from LCT’s insurers and brokers also follow up on the implementation of the PSM system.

Apart from that, to efficiently track, manage and coordinate our OHSE data, we employ an Environmental, Health and Safety (“EHS”) Legacy system. This system is accessible to all employees and includes functions such as incident reporting, tracking Lost Time Incident (“LTI”) cases, field risk assessment audit, maintenance of legal register, issuance of personal protective equipment (“PPE”), management of training programmes and oversight of contractor management.

In FY2023, the system underwent enhancements to facilitate the capturing of non-compliance cases and safety incident cases related to contractors. Monthly meetings are conducted to actively engage with contractors’ top management and their safety officer to address any safety issues and determine the way forward to resolve matters.



In our Indonesian operations, we have in place a Quality, Safety, Health and Environmental (“QSHE”) Policy along with an OHSE Management System to effectively manage our health and safety practices, which are in line with government regulations.

The OHSE Committee, spearheaded by Top Management, includes representatives from both Management and employees, ensuring that OHSE policies are effectively implemented across our operations. The Manufacturing Director is responsible for overseeing all aspects related to OHSE. Moreover, our operations have designated representatives for the Merak Industrial Emergency Response Team (“MIERT”), comprising representatives from various companies in the vicinity. The MIERT conducts monthly meetings to deliberate and assess OHSE-related matters.

EMPLOYEES PARTICIPATION AND COMMUNICATION PROCEDURE

We encourage and value employees’ feedback on our OHSE policies. We believe that by actively engaging with our employees, we can gain insights on how we can further improve our health and safety practices and discuss ways to manage the safety challenges within our facilities. Maintaining consistent communication is essential to ensure compliance with ever-evolving health and safety standards.



Within our Malaysian operations, employees are given opportunities to give feedback on the development, implementation and evaluation of our OHSE management system. This is achieved through structured forums designed for employees to share and discuss issues and improvements related to SHE, permit issuances, workplace inspections, risk assessments and performance appraisals.

In FY2023, our primary focus involved fostering a culture of workplace incident reporting among supervisory-level employees. Bi-weekly sharing sessions were organised to gather information on incident cases, investigations and workplace hazards which enhanced safety awareness within the Company. This initiative resulted in improved management and the willingness to conduct incident reporting, viewing each case as an opportunity for improvement.

Our Contractor Management Programme facilitates engagement with contractors on health and safety compliance. Quarterly safety meetings are conducted with their Top Management while monthly safety meetings with the safety officer and site supervisor.

Additionally, to further improve contractor management, LCT mandates training for all contractors prior to commencing work. We also regularly review the Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) tool to ensure that it is aligned and updated with the latest workplace risks.

In FY2023, LCT shared OHS requirements with all its contractors, emphasising compliance to cultivate a safety mindset and culture. Going forward, we will implement more comprehensive measures to elevate safety standards across LCT’s operations.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS



INDONESIA

At our operations in Indonesia, employees report OHSE concerns to their immediate superiors or the OHSE Committee. The Committee convenes quarterly to discuss and implement corrective actions for issues raised. The secretary follows up on recommendations, reporting their status in subsequent meetings. Non-compliance issues are reported to the Local Government (Manpower Department of Banten Province).

In FY2023, we implemented the following measures to minimise OHSE non-compliance in our facilities:

- 1 Conducted routine examinations of our operations, encompassing safety audits and permit audits to ensure compliance with OHSE procedures and practices.
- 2 Organised safety talks within each department to raise understanding of HSE standards among employees and partners in our supply chain.
- 3 Operated in strict compliance with the Public Disclosure Programme for Environmental Compliance (“PROPER”), endorsed by the Ministry of Environment and Forestry. This programme highlights best practices for environmental management including assessments of our emission reduction initiatives, waste management, energy efficiency data and the adverse impacts on communities in areas where we operate.
- 4 Collaborated closely with our contractors, ensuring that they uphold OHSE standards within our supply chain. This involved the implementation of safety coaching and safety audits/inspections which are all formalised in our Contractor Safety Management System.

OSH INITIATIVES IN FY2023

Since 2019, the LOTTE Group has been committed to fostering a “Global Top Sustainable Safety Culture” in safety management. This involves implementing the LOTTE Global Culture Transform journey, referred to as the TRANSFORM programme, which guides our facilities to transition towards more sustainable operations.

To this end, we executed the following initiatives across all our operations:

- 1 All our employees are encouraged to report unsafe acts and conditions observed at the workplace in the EHS legacy system.
- 2 The enhancement of the Ergonomic Management Programme continued to be implemented to enhance awareness of ergonomic and manual handling in the workplace. A Functional Capability Evaluation Test was performed to evaluate employees’ capacity to meet the physical requirements of their roles, identifying risks in daily manual tasks and determining necessary modifications to prevent future injuries.

- 3 The Pre-Startup Safety Review (“PSSR”) ensures that comprehensive safety measures are considered for new or modified facilities before startup.
- 4 The Emergency Response Management Approach identifies gaps in emergency response readiness and formulates improvement plans, establishing incident command teams and protocols for efficient incident management during site operations.

Additionally, specific initiatives were conducted in our Malaysian and Indonesian operations:



MALAYSIA

- 1 The Field Risk Assessment (“FRA”) Programme minimises potential hazardous incidents through structured observations using the Barriers of Protection - Personnel, Facilities, Technology concept during Field Safety Observations at process plants.
- 2 The Hearing Conservation Programme was implemented since FY2019 and includes training on hearing conservation and the use of Personal Protective Equipment (“PPE”). A Hearing Fit Test Programme was introduced in FY2023. This real-world measurement is referred to as Personal Attenuation Rating and assessed individual auditory fitness, highlighting the effectiveness of their hearing protection devices.
- 3 The Life-Saving Rule initiative has been introduced to emphasise workplace activities with high potential for severe injuries or death. Communication methods include quizzes, informative cards, LED board displays and screensaver reminders.
- 4 The Safety Leadership Capability Development Programme organised a workshop to elevate front-line supervisor’s skills in Production and Maintenance, through hazard and risk identification training, emphasising their leadership responsibilities in establishing and maintaining safety standards.
- 5 The Asset Integrity Manual was established to manage process safety critical equipment effectively, with rapid assessments conducted to identify opportunities and assess their value.

STABLE AND SAFE PLANT OPERATIONS

Strategy Pillar 1



INDONESIA

- 1 Similar to the operations in Malaysia, Indonesia conducts a Field Risk Assessment called ‘HIRAC’ for every routine and non-routine job.
- 2 Noisy machines are controlled by adding reducers, limiting working time and providing PPE ear plugs and earmuffs. Noise measurements are carried out every six (6) months by a licensed third party. Additionally, the employees’ hearing ability is tested annually through a medical check-up.
- 3 Educated employees on safety information through safety signs, videos, cards, boards and banners.
- 4 Conducted an annual HSE Training Programme which includes compliance with OHSE expert certification regulations and organised an annual national safety month to increase safety awareness.
- 5 Implemented Element 11 from the mechanical integrity programme, including the identification and categorisation of equipment and instrumentation, development of maintenance procedures, training for process maintenance activities, inspection and testing, and correction of any deficiencies in equipment.

HEALTH AND SAFETY TRAINING

We remain steadfast in our commitment to maintaining rigorous health and safety standards across our entire supply chain. To achieve this, we provide training to our employees and contractors, ensuring a comprehensive and collective understanding of safety practices in our business operations.



MALAYSIA

In the year under review, our operations in Malaysia diligently conducted 51 Health and Safety training programmes, providing a total of 137 training sessions, accumulating a total of 25,739 training hours. A significant emphasis was placed on confined space training as well as Authorised Entrant and Standby Person (“AESP”) and Authorised Gas Tester and Entry Supervisor (“AGTES”) training courses. The AESP course focuses on educating workers about confined space hazards and preventive measures, while the AGTES course provides knowledge on gas testing to ensure confined spaces are safe for Authorised Entrants to enter and perform their job. Both courses are in strict compliance with the Industrial Code of Practice (“ICOP”) for Safe Working in a Confined Space, 2010 which is mandatory for employees involved in confined space activities, requiring refresher courses every two (2) years.

LCT appreciates the commitment and dedication shown by its employees in attending safety-related training. Positive participation was achieved, whereby LCT’s employees surpassed the target for training hours this year. These training programmes are essential as they help employees understand potential hazards in the workplace,

equipping them with the knowledge to recognise and mitigate risks, and enhance overall productivity by reducing accidents and associated downtime.

Additionally, we conducted 45 Safety Orientation Course (“SOC”) classes, covering essential aspects such as PPE requirements, OHS regulations, work permit systems and gas detection training for the contractors. Our commitment to enhancing safety awareness and competence is reflected in two (2) key training programmes: the three-hour General Safety Training for new joiners and the introduction of OHS regulations and on-the-job training tailored with personnel handling specific risks. The team consistently reviews training needs to ensure compliance to local requirements.

Other OHS training programmes conducted in FY2023 include:

1 Ergonomic and Manual Handling at Workplace for Plant Staff	7 SHE Committee Training
2 Confined Space Rescue	8 Field Risk Assessment (“FRA”) Workshop
3 Radiation Protection (“RPO”)	9 Process Hazards Analysis (“PHA”) Overview with Emphasis on Hazard and Operability Study (“HAZOP”)
4 Crane Safety Inspection and Lifting Gears	10 Working at Heights
5 Basic Fire Fighting Training	11 Process Safety Management Overview
6 Work Permit System Training	

For contractors at LCT, specialised training sessions include Work Supervisor Briefing (“WSB”), Permit to Work (“PTW”), Fire Watch Training and General Risk Assessment (“GRA”). Our multifaceted approach demonstrates our unwavering commitment to fostering a culture of safety and competence across our workforce and contractor base.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1



Our operations in Indonesia delivered 1,345 hours of health and safety training to our employees. These sessions included drills simulating a scenario where a factory is surrounded by burning ships. Additionally, we provided safety induction and training on the use of safety toolboxes.

Similar to Malaysia, we also provided health and safety training programmes for our employees such as:

1 Material Safety Data Sheet ("MSDS") & Chemical Handling	6 Hot Work Permit Authority
2 PROPER Programme	7 Training on Statutory Turnaround
3 Incident/Accident Reporting	8 Fire Protection System Class D & C
4 Ergonomics Training for Office Staff	9 First Aider Officer
5 Hazards of Chemical Handling	

IN-PLANT MEDICAL CLINICS

At our operational sites, in-plant medical clinics are established to address both communicable and non-communicable diseases including HIV/AIDS, tuberculosis and malaria. A designated Occupational Health Doctor oversees the management of these health issues and determines on-site action plans. Monthly prevention programmes and health campaigns are conducted, aligning with MOH requirements and recommendations from the Communicable Disease Control Unit in Malaysia.

Our on-site Occupational Health Protocols and Procedures are routinely updated to meet evolving national requirements. Comprehensive communication ensures that all personnel are informed and have constant access to this vital information.

Additionally, we have implemented the Mental Wellness Support Programme, to enhance employees' well-being, mental health, prevent mental illness and alleviate work-life imbalances. In our

Malaysian operations, a health campaign was organised with speakers from Regency Specialist Hospital, KPJ Puteri Specialist Hospital and KPJ Johor Specialist Hospital to discuss topics such as workplace ergonomics, anxiety, occupational illnesses and obesity.

As for our contractors and local communities, the following provisions are in place:

- a Fitness screening prior to work commencement
- b Emergency medication and treatment

These initiatives underscore our commitment to the health and well-being of both employees and the wider community, aligning with our proactive approach to OHS.

ELIMINATION/MINIMISATION OF POTENTIAL HAZARDS/RISKS AT THE WORKPLACE

To ensure the safety of our operations, we regularly conduct various safety audits, including the Permit To Work ("PTW") Audit, Interlock Bypass Audit and Fire Water Pump Tests. These audits ensure strict compliance with our policies and local safety and health requirements. In the event of an accident related to process or occupational safety, the respective OHS teams will investigate the incident and effectively manage associated hazards.



Within our Malaysian operations, our hazard identification process is divided into two (2) categories:

- 1 **Process Safety**
 - **Process Hazards Analysis ("PHA")**
We conduct PHA to identify, evaluate and control hazards associated with highly hazardous processes. This best practice is applied to both greenfield and brownfield facilities. The PHA is executed through the widely recognised HAZOP methodology. Recommendations based on the HAZOP exercise are pursued and closed within specified timeframes. In FY2023, our commitment to safety continued to lead us in conducting HAZOP studies for our existing process and utility areas.
 - **Risk Management**
To effectively manage operational risks, we emphasise the importance of updated risk assessments and a comprehensive understanding of current operations. LCT conducts HAZOP studies and periodic revalidation to mitigate or eliminate potential hazards, preventing accidents and injuries. In FY2023, LCT successfully completed a HAZOP revalidation study for the NC2 plant.

2 Occupational Health and Safety

As part of our standard OHS measures, we execute the following across our operations:

- **The General Risk Assessment ("GRA"):**
A GRA is mandated for both routine and non-routine work activities. The assessment is in line with the Department of Occupational Safety and Health's ("DOSH") guidelines for Hazard Identification, Risk Assessment and Risk Control ("HIRARC") and the ISO 45001:2018 OHS Management System standard, which aims to identify, analyse and evaluate the risk levels associated with each activity. Periodic assessments including Chemical Exposure Monitoring ("CEM"), Noise Risk Assessment ("NRA"), Indoor Air Quality ("IAQ") monitoring and Chemical Health Risk Assessment ("CHRA") are also conducted as part of our OHS risk management.
- **Permit To Work ("PTW")**
For both mandated routine and non-routine work activities, the objectives of PTW implementation are: (i) to ensure the safety measures of workers, properties and environment, (ii) to identify, prevent or minimise all possible risks prior to the work commencement and (iii) to ensure effective communication among all parties involved.
- **Discipline-Specific Training**
Trained personnel from various work disciplines including Operation, Technical, Safety, Mechanical, Electrical and Instrument are assigned to conduct HAZOP and GRA. Each department is responsible for ensuring that all work conducted by its personnel undergoes a rigorous assessment. Significant risks with potential elimination opportunities are recorded in the Risk and Opportunity Register, as per the ISO 45001 clause 6.1 requirement.
- **Employee Reporting Responsibility**
Employees play a crucial role by reporting any work-related hazards or hazardous conditions to their immediate superiors or the safety department immediately. All incidents are documented in the Incident Reporting System within the EHS Legacy System.
- **Learning from Incidents**
Root causes and proposed corrective actions from incident investigations are shared across the Malaysian operations complex for learning purposes. Each leader reviews the findings to identify the presence of similar hazards in their process units. In cases of identified hazards, immediate actions are taken to prevent the recurrence of similar incidents within their process units.



In our Indonesian operations, hazard identification is categorically divided into two (2) areas:

- 1 **Process Hazard Identification** (related to Process Safety)
 - Periodic Process Hazard Analysis ("PHA"): A PHA is conducted every five (5) years, to identify, evaluate, prioritise, control and monitor hazards through recognised methods such as HAZOP. Alternatively, a Pre-HAZOP may be undertaken as a preliminary risk assessment to determine if the residual risk is at an 'Unacceptable' or 'Not tolerable' level, which will then require a subsequent HAZOP analysis.
- 2 **Hazard Identification Risk Assessment Control ("HIRAC")** (related to OHS)
 - **HIRAC for New Projects**
A HIRAC is conducted for new projects, as a prerequisite to commencing routine and non-routine work. Site supervisors who are responsible for risk assessments, play a pivotal role in providing recommendations to minimise hazards.
 - **Employee and Contractor Awareness**
Both our employees and contractors are expected to be well-versed in the HIRAC procedure. To reinforce awareness, HIRAC and PTW documents are distributed to employees and contractors, serving as reminders of potential hazards.
 - **Preventive Measures and Root Cause Analysis**
In our commitment to prevent recurring incidents, we identify and recommend preventative measures. This is accomplished by leveraging on identified cause-based evidence through methodologies such as the Five-Why, Failure Modes and Effects Analysis ("FMEA") and Comprehensive List of Causes ("CLC"). These analytical tools allow us to examine root causes, enabling effective preventive measures.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

At LCT, we are committed to ensuring the effectiveness of our OHS management system, by actively pursuing nationally and internationally recognised certifications.



- Our Malaysian operations are currently ISO 45001:2018 certified, underscoring our commitment to robust OHS practices. The OHS-related internal audits that are conducted involve all levels of employees, from senior management to field technical staff, ensuring ongoing compliance with the ISO standard. OHS Management System conformity and effectiveness are evaluated through a yearly audit by the certification body, further validating our commitment to safety. In FY2023, LCT successfully passed the audit, and was recertified in ISO 45001:2018 with zero non-conformities ("NCRs").
- Any identified risks are presented during the annual management review meeting of the OHS Management System. Additionally, plant SHE Committee quarterly meetings, department safety meetings and contractor safety meetings are held to identify, assess and manage unsafe acts and behaviour.
- To enhance OHS awareness, we conducted training sessions for both employees and contractors, focusing on the ISO 45001:2018 OHS Risk Assessment procedure. These sessions, which are delivered through online and physical platforms, aimed to empower our workforce with the latest safety practices. Our operations also conducted an annual management review meeting to comprehensively evaluate our OHS performance and risks.

In recognition of our outstanding OHS performance, we received the following awards:

Two (2) Gold Merit and two (2) Gold Class 1 Awards from the Malaysian Society for Occupational Safety and Health ("MSOSH").

The annual Chief Government Security Office ("CGSO") Audit resulted in a remarkable score of 94% and 5 stars, further affirming our commitment to stringent security standards.

LCT received the highest distinction award at the 2023 Key Point Installation Star Rating Award ("APBSP"), underscoring LCT's commitment in implementing a comprehensive security protection management system that goes beyond conventional boundaries.



In Indonesia, we have recently renewed the SMK3 (OHS Management System) certificate, achieving a gold rating from the Kementerian Tenaga Kerja (Occupational Minister) for our outstanding OHS implementation. This prestigious certification is valid until 2025, reflecting our continuous dedication to maintaining exceptional OHS standards.

OUR OUTPUT – HOW WE PERFORMED

In FY2023, we achieved zero (0) fatalities across our operations in Malaysia and Indonesia, and saw an improvement in our accident rate. We will continue to strive towards achieving zero Lost Time Accident cases.

We strive to promptly respond to OHS violations by reporting all incidents to the Safety Department within 24 hours. Subsequently, we established an Incident Investigation Committee to identify the root cause of the incident and corrective measures will be proposed and implemented to prevent the recurrence of similar violations in the future.

Performance Data



	2021	2022	2023
Number of work-related fatalities	0	0	0
Lost time incident rate	0.13	0.12	0.12
Number of employees trained on health and safety standards	1,450	1,467	950



	2021	2022	2023
Number of work-related fatalities	0	0	0
Lost time incident rate	0	0	0
Number of employees trained on health and safety standards	367	53	51

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

LCT's structured OHS framework has effectively ensured that safety and health is maintained across all aspects of our operations. Given the inherent nature of our operations and products, the importance of health and safety at the workplace is not only a paramount concern but also a guiding operational principle in shaping our Company's internal ethos and our relationship with external stakeholders. This commitment aims to cultivate long-term value and sustainability for our organisation, thereby reinforcing our reputation as a responsible employer.

Additionally, we strive to enhance our compliance with health and safety standards and regulations. We will actively pursue additional certifications to demonstrate our commitment to the highest standards of safety.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT will prioritise employee health and process safety to enhance our OHS measures. We remain steadfast in this commitment, establishing an annual target of zero (0) Lost Time Accidents (LTAs) for all our operations. We will continue to conduct regular safety refresher training for our employees.

In addition, LCT is in the process of implementing stringent health and safety standards throughout its supply chain, by undertaking initiatives to enhance contractor safety management. Simultaneously, LCT is committed to the development and provision of training for leadership roles, emphasising their responsibility in establishing and upholding safety standards. This initiative aims to bolster leadership engagement and facilitate continuous improvement in the safety management system.

LCT will also focus on heightening employees' operational awareness, by fostering the right attitude to ensure tasks are performed with precision. In the long term, LCT plans to invest in emergency safety equipment at our plant sites, further contributing to the safety of workers in their daily tasks.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

SUPPLY CHAIN MANAGEMENT

“ A robust supply chain management is imperative for optimising our operational efficiency. At LCT, our supply chains thrive on integral collaboration, encompassing ESG practices. We consistently evaluate our procedures and policies governing supply chain management to uphold efficiency. This ongoing review aims to identify and prioritise risks, facilitating effective monitoring and mitigation strategies. ”

LCT's Focus Area

- Operational Efficiency

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicality in Petrochemical Industry Risk
- Supply of Feedstock Risk
- Foreign Exchange Risk
- Market Risk

Business Capitals

Financial Capital

Procurement expenditure on local suppliers across both Malaysian and Indonesian operations

Skilled Talent

A team of highly qualified employees with a deep understanding on managing supply risks through demand forecast and margin impact assessment, while conforming to principles of sustainable sourcing

Social and Relationship Capital

Maintaining a good relationship with all our suppliers and vendors based on shared values of transparency, ethics and social responsibility



OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We consistently collaborate with suppliers to secure products and services that are vital to our operations. These include raw materials, packaging, machinery supplies like spare parts and consumables which are essential for maintaining our production plants. Furthermore, we partner with third-party service contractors for various needs, such as maintenance, inspections, engineering, IT and warehousing.

In our commitment to upholding a responsible supply chain, we actively support local economic development by promoting local procurement and sourcing from established suppliers in Malaysia and Indonesia. In line with our environmental efforts, we are exploring more efficient sourcing practices to reduce waste. In response to the global trend, the Company is exploring feedstock alternatives including non-fossil fuel feedstock for the existing petrochemical complex to position LCT for long-term viability in a global market.

At LCT, ensuring operational continuity with minimal disruption is paramount. We mitigate risks by diversifying our sources and engaging multiple suppliers to reduce the risk of supply interruptions. Additionally, we maintain supply continuity by increasing buffer stocks, conducting regular inventory checks and closely monitoring delivery statuses.

To prevent delays due to shipping, we recalculate minimum allowable stocks and collaborate closely with suppliers on logistics arrangements. Embracing technology, we encourage our teams to leverage digital tools for streamlined communication processes.

POLICIES AND PROCEDURES

Our supply chain management is guided by the Supplier Code of Conduct (“SCOC”) throughout our operations. This code is conveyed to suppliers through emails, utilising the Vendor Declaration of Interest for existing vendors and the Vendor Validation Questionnaire for new vendors whom LCT has not previously collaborated with.



The SCOC for the Malaysian operations outlines our expectations for suppliers and contractors to engage in responsible and ethical business practices in compliance with all relevant laws and regulations. The SCOC mandates the following:

- Prohibits forced labour and child labour – all suppliers are expected to fully comply to the employment and human rights laws and regulations, including aspects such as working hours, salary, living conditions and freedom of association.
- Commits to environmental, health and safety standards - all suppliers to comply to environmental laws, regulations and related safety standards.

We communicate our SCOC to suppliers and contractors through various channels, which is available on our Company website and also distributed via email. To ensure clarity, both Bahasa Melayu and English versions are provided. For new vendors, the SCOC is included as part of the vendor validation questionnaire (“VVQ”) required for registration. Additionally, vendors participating in tenders for contracts worth RM300,000 or more must acknowledge the SCOC in their bidder declaration forms.

Additional requirements for LCT's vendors include:

- A revalidation of the declaration of interest for existing vendors submitting tender bids, if the declaration exceeds one year.
- Inclusion of the ABAC-related questions in the VVQ and the annual Vendor Self-Assessment Questionnaire for key vendors.
- Implementation of a safety pre-evaluation checklist as part of the vendor registration process for on-site contractors.

In FY2023, LCT began conducting screenings for new local suppliers through the Malaysian Anti-Corruption Commission (“MACC”) website to ensure compliance with anti-corruption standards. For new international suppliers, LCT performs sanction screenings and requires them to complete a sanction declaration within the vendor validation questionnaire (“VVQ”) form. Additionally, both MACC and sanction screenings are applied to bidders participating in contracts valued at RM300,000 or above. Beyond these screenings, LCT has enhanced its evaluation of the financial stability of new suppliers and tender bidders, aiming to partner only with those who are financially robust and reliable.

Additionally, an e-procurement system was implemented in FY2023 to digitalised LCT's value chain processes and reduce paper wastage. This system is also part of LCT's effort in ensuring fair bidding to all our suppliers.



In our operations in Indonesia, suppliers must adhere to the specified clauses in the Business Ethics & Code of Conduct (“BECOC”) and Pollution Control, Evaluation and Rating (“PROPER”) Guidelines. Compliance with these guidelines ensures adherence to policies related to human rights, forced labour and non-discrimination. Furthermore, we routinely assess the compliance status of our Indonesian suppliers using the sanctions search website.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

SUPPLIER ASSESSMENT

Apart from conveying our expectations to new suppliers, we consistently evaluate the practices of our existing suppliers to verify their alignment with our values.

Our operations routinely conduct supplier performance reviews, assessing suppliers based on a set of criteria that encompass ESG considerations in addition to evaluating their performance in key areas such as price, quality, service, delivery, documentation and safety compliance. Furthermore, we conduct due diligence reviews on potential new suppliers through risk assessments. There were no instances of non-compliance identified through our regular supplier audits for both our Malaysian and Indonesian operations, in the year under review.



In Malaysia, potential new suppliers are assessed on their quality, health, safety and environment (“HSE”), Anti-Bribery And Anti-Corruption (“ABAC”), governance, risk management and conflict of interest standards. Affiliate checking was added into the new suppliers’ risk assessment in FY2023.

For our current selected key suppliers, we mandated the completion of a Supplier Audit Questionnaire. This questionnaire covers various aspects, including ESG considerations, quality management systems, governance, legal compliance, human rights, supplier management and risk management. In FY2023, we expanded the supplier assessment to include greenhouse gas emissions (“GHG”) to ascertain if suppliers have established a GHG baseline.



Within our operations in Indonesia, existing suppliers and vendors must complete a questionnaire to evaluate their adherence to regulatory requirements. Additionally, we conduct annual supplier audits, selecting suppliers based on supplier’s grouping of chemical, mechanical, electric, project and consumables. Two (2) suppliers from each group are selected for the audit and are assessed on quality, raw material control, certification and traceability.

Operating Countries	Total number of suppliers	Number of Suppliers Audited	Qualified number of Suppliers	Outcomes of Audit
Malaysia	760	92	92	100% of our audited suppliers are qualified
Indonesia	407	2	2	100% of our audited suppliers are qualified

Operating Countries	Total Number of New Suppliers	Number of Suppliers Screened (Environmental and Social Criteria)	% of New Suppliers Screened (Environmental and Social Criteria)	Outcomes of Screening
Malaysia	73	73	100	100% of our audited suppliers are qualified
Indonesia	71	71	100	100% of our audited suppliers are qualified

VENDOR MANAGEMENT

We actively employ measures to oversee and conduct thorough assessments of all our vendors, including contractors. LCT conducted due diligence on two (2) selected vendors in FY2023, specifically on the audit cover quality, safety, environment, governance and legal compliances, to ensure compliance with established standards and policies. Before undergoing a site audit, vendors are obligated to complete a vendor site assessment, which LCT meticulously verifies all information provided by the vendors.

On the other hand, new on-site contractors must complete a safety pre-evaluation checklist as part of the new vendor registration process. This year, the new vendor validation questionnaire incorporates additional criteria pertaining to anti-corruption measures, sanction declaration and financial conditions. Furthermore, contractors are required to submit a form affirming the adequacy of their health, safety and environmental (“HSE”) procedures. Failure to meet these requirements results in the non-engagement of potential contractors.

In Indonesia, two (2) vendor site visits were jointly conducted with the user and HSE to assess the vendor’s equipment, performance and safety. There were no instances of non-compliance identified during the vendor due diligence process, in the year under review.

VENDORS’ CAPABILITY TRAINING

At LCT, prioritising safety is paramount. LCT specifies that all contractors are required to adhere to the highest standards in safety, environmental responsibility and health. This encompasses the implementation of practices and best practices to ensure the delivery of service. This commitment is reinforced through LCT’s safety training sessions and compulsory supplier attendance at meetings, which provide opportunities for contractors to gain insights into our expectations. Through these sessions, we can also gather valuable feedback and understand the challenges they face in meeting our standards.



To keep our vendors well-informed about the new systems and processes in place, guidelines on LCT’s e-procurement system and new vendor registration have been disseminated to all vendors.

Furthermore, material suppliers have been briefed on the practices and procedures for handling chemical spills during transit to enhance their awareness and response capabilities. Our commitment to keeping our suppliers informed on the latest information underscores our dedication to maintaining a seamless and efficient collaboration.



In our Indonesian operations, safety training sessions are key to the bidding process for contractors, given the escalating restrictions on safety requirements. LCT is committed to verifying contractors’ certifications in safety training to ensure their eligibility before a contract is awarded. This proactive approach emphasises our commitment to upholding stringent safety standards in all aspects of our operations.

SECURE FEEDSTOCK SUPPLY

LCT’s feedstock supply is mainly sourced from the regions of Asia, the Middle East and Europe. To safeguard our feedstock supply and mitigate supply chain disruptions, we implement the following measures:

- Spot Pricing** – To maintain cost-effectiveness throughout our supply chain, we employ spot pricing for short-term price advantages and establish long-term supply contracts with a pre-determined pricing formula based on market prices. Price counting is distributed to mitigate the impact of market volatility.
- Compliance with Import/Export Regulations** – our Malaysian and Indonesian operations actively engage with regulators to ensure efficient customs clearance processes for the import/export of materials.
- Recognition of Supply Chain Risks** – we have identified and addressed potential risks in our Risk Register, accompanied by relevant action plans and emergency procedures. Continuous monitoring of supply chain risks is integral to our risk management process, enabling the identification and implementation of corrective actions to mitigate these risks.
- Petrochemical Market Risks** – recognising the cyclical nature of the petrochemical market and the related feedstock and product price volatility, we have comprehensive plans in place. These include ensuring that there is optimal buffer stock in our operations and maintaining close communication with suppliers to minimise any potential supply chain disruptions.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

OUR OUTPUT – HOW WE PERFORMED

Total Number of Suppliers

LCT strives to maintain cost-effectiveness of our supplier base through ongoing collaborations with local vendors.

Number of suppliers appointed	2021		2022		2023	
	MY	IN	MY	IN	MY	IN
Local suppliers	611	335	635	332	608	361
Foreign suppliers	157	43	143	36	152	46
Total	768	378	778	368	760	407
Percentage of local suppliers	80%	89%	82%	90%	80%	89%
Percentage of foreign suppliers	20%	11%	18%	10%	20%	11%

New Suppliers

Number of new suppliers	2021	2022	2023
Malaysia	131	63	73
Indonesia	55	52	71
Total	186	115	144

Amount of Expenditure for Suppliers

Value of Expenditure	2021 (Mil MYR)		2022 (Mil MYR)		2023 (Mil MYR)	
	MY	IN	MY	IN	MY	IN
Local suppliers	290	126	451	145	343	172
Foreign suppliers	188	33	173	25	156	32
Total	478	159	624	170	499	204
Proportion of spending on local suppliers	61%	79%	72%	85%	69%	84%

Note: MY = Malaysia Operations, IN = Indonesia Operations

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We only collaborate with suppliers who are committed to operating responsibly and we enforce mandatory compliance with our BECOC and SCOC throughout our supply chain. Additionally, LCT conducts comprehensive ESG and financial due diligence to evaluate the long-term viability of our suppliers.

We enhanced our supply chain processes to optimise our production processes by shortening delivery times and achieving cost reductions. In doing so, we have offered contract terms to suppliers, enabling us to enjoy flexibility in switching suppliers based on supply availability and prices.

In addition, we actively support our suppliers in upholding vigorous health and safety standards through regular safety training sessions and meetings. These initiatives are aimed at fostering a continuous commitment to safety. By staying connected to our entire supply network, we enhance collaboration, agility and optimisation, enabling us to proactively address and overcome future challenges. This approach safeguards our reputation and brand value, highlighting the importance of our products in the marketplace.

FUTURE OUTLOOK – OUR PRIORITY

Going forward, LCT aims to increase its engagement in supply chain management, by fostering close communication with key major suppliers, with the ultimate goal of involving them in our supply chain management initiatives. Looking ahead, we will strengthen our supply chain resilience by diversifying the sourcing of suppliers and vendors. This will minimise the risk of supply disruptions during the upcoming year’s turnaround schedule, ensuring a robust and reliable supply chain.

SUSTAINABLE MANUFACTURING & PRODUCT QUALITY

It is vital to incorporate sustainability into our business model, strategies and risk management to ensure long-term growth and strengthen our resilience in the ever-changing business landscape. This strategic integration adds value, strengthening our competitive advantage in the years ahead. Our commitment to business sustainability also empowers us to identify and capitalise on growth opportunities, enabling the diversification of our portfolio and ensuring long-term business viability.

LCT’s Focus Area

- Prevention Maintenance System
- Operational Efficiency

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclical in Petrochemical Industry Risk
- Operation Risk

Business Capitals

Financial Capital

Investment in new technologies and management systems

Manufactured Capital

Existing infrastructure, machineries and systems used at production site

Natural Capital

Utilise various natural and manufactured resources in the production process such as naphtha, hydrogen gas, water and electricity

Skilled Talent

A global team of highly qualified employees who specialise in research and development

Intellectual Capital

Leveraging the expertise and knowledge from our resourceful manufacturing and technical workforce

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Our Day-to-day Manufacturing Process

LCT prioritises operational excellence in daily manufacturing, regularly improving our machinery for enhanced output. We conduct preventive maintenance to minimise equipment breakdown risks and gradually upgrade existing machinery for optimal performance.

Safety is paramount to our operations; we cascade necessary measures to protect our workers. Our Malaysian facilities comply with the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 and the Factories and Machinery (Special Scheme of Inspection) (Risk-Based Inspection) Regulations 2014. Compliance is ensured through periodic maintenance, machinery refurbishment and risk-based inspection programmes.

PLANT ENHANCEMENT INITIATIVES

A Efforts to Increase Operational Efficiency

We persist in executing various enhancement initiatives to optimise operational efficiency and attain increased cost savings. This involves carrying out regular maintenance, refurbishing and modifying machinery and equipment.



In our aim to bolster plant reliability, we have upgraded and enhanced our facilities with the Emergency Shutdown (“ESD”) System and Distributed Control System (“DCS”). These improvements aim to safeguard existing facilities and ensure employee safety during operational emergencies, enhancing the control and monitoring of operational stability within the production plants.

In FY2023, we completed the implementation of the Operator Training Simulator (“OTS”) in the Naphtha Cracker Plant 2 (“NC-2”). The OTS is instrumental in training new operators, refining the skills and knowledge of existing operators and boosting their confidence for smoother plant startups and shutdowns. The OTS has also contributed to a reduction in abnormal situations, trips and other untoward incidents at the plant.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1



INDONESIA

In 2023, we focused our efforts on the first turnaround that was conducted for the following purposes:

- Maintaining and repairing critical equipment.
- Upgrading obsolete equipment and systems.
- Conducting tie-in work for Ethylene and implementing utility integration between our operations in PT LOTTE Chemical Indonesia and PT LOTTE Chemical Titan Nusantara.

Below are some of the enhancements conducted during the year:

- Conveying pipe replacement to stainless steel - in selected areas, we replaced corroded carbon steel conveying pipes with stainless steel.
- Emergency Shutdown (“ESD”) System upgrade - the ESD system functions as the control system to safeguard facilities and company assets. Ensuring its up-to-date status enhances sensitivity to operational risks, necessitating shutdowns for safety. We also upgraded the Distributed Control System (“DCS”) for our PE-1 and PE-2 plants and utility area to monitor and manage our industrial processes.
- Modifying switchgear in primary, main plant and offloading substation to enhance performance and extend lifetime.
- Installing new travelling screen for Sea Water Intake system to ensure pump performance is sustained.
- Prioritising safety by replacing the flare tip and refurbishing the flare structure to extend its operational life.

B Efforts to Reduce Environmental Impacts



MALAYSIA

In FY2023, our facilities maintained the practice of reusing hydrogen and methane as fuel. The recovery of off-gases, from the polymer plant is recycled to NC plant for reprocessing.



INDONESIA

Our Indonesian operations also strived to reduce their environmental footprint by enhancing energy efficiency. This includes the substitution of LPG forklifts with electric forklifts.

QUALITY ASSURANCE AND HEALTH & SAFETY ASSESSMENT

We consistently uphold the highest standards of health and safety in our operations. Regular quality and safety assessments are integral components of our daily work procedures.



MALAYSIA

Our operations in Malaysia remain guided by the Quality Policy and Quality Principle. Our quality management system aligns with the ISO9001:2015 Quality Management System, enabling us to conduct Quality Control (“QC”) tests in compliance to international standards and licensors’ method statements, ensuring the delivery of excellence.

As part of our quality management system, we executed the following initiatives:

- An annual audit conducted by the external certification bodies to ensure compliance with ISO Standards - this assessment encompasses operational control of organisational processes, internal auditing, management review and management responsibility for organisational policies.
- Designated facilities in Malaysia performed QC testing on our products - for feedstock and petrochemical products, QC tests are performed in a monomer laboratory and two polymer laboratories. Rigorous QC procedures were implemented at each stage, from feedstock to in-process products, extending to final monomer and polymer products while QC tests are conducted on all monomer products and all grades of polymers, in accordance with product specifications and international standard methods.
- Conducted quality tests on our products in our Malaysian operations, with resampling in the event of discrepancies in specifications - in our QC process, close communication with the Technical Services (“TS”) and Production Departments ensured proper coordination before products are bagged, ensuring the delivery of quality products.
- Purchased new equipment - including gas chromatography, auto colorimeter and gel counters, to enhance production quality and efficiency.



INDONESIA

In our Indonesian operations, we proactively conducted regular quality checks and consistently upgraded our equipment to attain the highest standards in our production. Our commitment to sustaining high-quality performance and elevating customer satisfaction is shown by disseminating our customer satisfaction survey via email. Additionally, we carry out a customer satisfaction survey in our Indonesian operations to monitor the effectiveness of our production processes. Our employees also participate in regular refresher training courses to uphold stringent quality control.

PRODUCT RESPONSIBILITY AND INNOVATION

LCT remains competitive through continuous innovation and responsible manufacturing, meeting international standards by collaborating with key partners to drive product innovation. Our Malaysian products have met the requirements of the Bureau of

Indian Standard IS7328:2020 Specification for Polyethylene Material for Moulding and Extrusion certification for PE products. These certifications allowed us to gain entry into the Indian market.

We also received the International Sustainability and Carbon Certification (“ISCC”) Plus certification for our Malaysian plants for marketing and distributing certified polymers made from renewable or recycled materials. Additionally, our Plastic Technical Centre (“PTC”) developed two new grades of high impact copolymer for industrial application to meet customers’ expectations.

As customers’ preferences shift towards sustainability, we have integrated product responsibility in our facilities’ development process. For our food packaging grades in Malaysia, we strive to continue implementing energy-saving green initiatives and monitoring our CO₂ emissions reduction. Our random copolymers PP products carry the ‘Green Label’ certification, demonstrating our compliance to the highest environmental standards with a 10% energy savings and a 10% reduction in CO₂ emissions. Our Malaysian operations received renewal from Underwriter’s Laboratories (“UL”) for the Green Label use on six grades of clarified PP random copolymer and two grades of high flow PP homopolymer.

TECHNICAL SERVICES AND SUPPORT

Our PTC in Malaysia and the Technical Service and Product Development (“TSPD”) Department in Indonesia offer extensive customer support for product applications, development, production consultancy and technical training. The majority of our customers are local Small and Medium-sized Enterprises (“SMEs”). To strengthen collaborations and elevate the knowledge and expertise of our customers, our PTC conduct partnership programmes by request. These programmes focus on new applications, product developments and enhancements in quality and productivity. Meanwhile in Indonesia, our TSPD Partnership programme focuses on modification on properties of existing product.



MALAYSIA

In 2023, the PTC team from our Malaysian operations provided training for 105 employees from 12 customers, enhancing their product and market knowledge and boosting production output and product performance. Furthermore, LCT conducted 12 training programmes for customers, including topics on fabrication and products. We plan to continue this effort, offering diverse training courses based on customers’ requests and aligning with new initiatives, such as training on new products or ISCC.

Additionally, we responded to 18 diverse lab analysis requests, aiding customers in market development and troubleshooting. To restore our engagement to pre-COVID levels, we have embraced teleconferencing as a communication platform.



INDONESIA

Our operations in Indonesia maintains customer engagement through periodic visits, adhering to health and safety protocols, and conducting technical training and sharing sessions. This reflects our appreciation to our customers and strengthens customer relations.

CONTRIBUTION TO THE PETROCHEMICAL INDUSTRY



MALAYSIA

In our Malaysian operations, our PTC provides technical support to local government entities, NGOs, schools and industry associations, such as the Malaysian Plastics Manufacturers Association (“MPMA”) and the Malaysian Petrochemicals Association Plastics Resin Producers Group (“MPA-PRPG”).

In the year under review, LCT has made notable contributions in the industry:

- 1 Participated in and provided support to the working groups for the preparation of the Intergovernmental Negotiating Committee (“INC”) to develop an international legally binding instrument on plastic pollution, including in the marine environment.
- 2 Participated in and provided support to the Malaysian authorities for the preparation of Sub-Committee on Pollution Prevention and Response (“PPR”) under International Maritime Organisation (“IMO”) on reducing the environmental risk associated with the maritime transport of plastic pellets amongst other efforts.
- 3 Participated in the National Standards Committee (“NSC”) on Plastic and Plastic Products (NSC 10 & NSC 26).
- 4 Participated in the Single-Use Plastic (“SUP”) Circular Economy Townhall organised by the Malaysian Green Technology and Climate Change Corporation (“MGTC”), appointed by the Natural Resources, Environment and Climate Change (“NRECC”) Ministry for the preparation of a list of problematic single-use plastics using a Life-cycle Analysis approach.

Strategy Pillar 1 STABLE AND SAFE PLANT OPERATIONS

LCT was invited by the MPMA Johor Branch to take part in the annual Johor Bahru Chingay Festival, a century-old festival, on 10 February 2023. The objective was to promote "A Litter Free Chingay". A total of 24 volunteers from LCT, MPMA and other plastic manufacturers were stationed at three different locations along the Chingay route. Each station was equipped with bins for recyclables, non-recyclables and food waste, to educate the public on the proper segregation and disposal of rubbish. LCT volunteers held up conservation signage to promote 3R awareness. After a three-year hiatus due to COVID-19, the 2023 Chingay festival that was held over three (3) days returned with a grand celebration, attracting over 300,000 attendees. Despite the large crowd, the streets along the Chingay route remained clean and tidy, indicating a noticeable increase in public awareness on environmental protection.

Key Initiatives	Activities in FY2023
MPA-PRPG	
Member of organising committee for the 2023 Video/Multimedia Competition by universities' students.	The Organising Committee for the 2 nd Video Competition was established in May 2023 and the theme "Plastic is Valuable: Let's Circulate Towards Sustainability" was agreed upon by September 2023. The event has obtained approval from the MPA Council to be organised alongside the MPA Technical Seminar.
Other stakeholders (e.g. regulators, trade association, NGOs)	
PTC department actively promotes safe plastic use for food contact applications and engages in public dialogues with State Governments to highlight myths and misconceptions of plastic bags, advocating the 3R concept (Reuse, Reduce and Recycle).	Continued efforts to address misconceptions and negative publicity on environmental pollution from plastic products and health concerns related to the safe use of plastics in food and beverage packaging.



In Indonesia, LCT supported initiatives through its membership in the Asosiasi Industri Plastik ("INAPLAS") Indonesia and contributions to the Plastic and Rubber Indonesia 2023 Exhibition.

POLICY/LAWS AND COMPLIANCE

For our Malaysian operations, accessing our Product Guide Status is convenient through our company website, while customers also have the option to request product certificates. The self-preparation of specific chemicals and regulatory compliance can be done using our online system which is tailored to meet individual needs.

In Indonesia, our operations rigorously assessed 100% of its products for compliance with the Restriction of Hazardous Substances ("RoHS"). Furthermore, we conducted migration tests in alignment with the Commission Regulation (EU) 2016/1416, focusing on plastic materials and articles intended for contact with food.

Refer to 'Our Products & Quality' in Section 1 for the list of certifications received by LCT.

OUR OUTPUT – HOW WE PERFORMED

We are steadfast in our efforts to preventing any unscheduled plant shutdowns and safety incidents, with the aim to enhance our operating rate and overall plant production. In Indonesia, our plants have completed the turnaround activity, for maintaining and upgrading the equipment. Meanwhile, our operations in Malaysia have implemented a sustainable approach by reusing the steam, hydrogen and methane generated by our plants as fuel for cracking furnaces and boilers. This contributes to environmental responsibility, promoting efficient resource utilisation in our production processes.

1 Total Production Volume (KT)

	2021	2022	2023
Malaysia	2,686.97	2,381.90	2,051.66
Indonesia	320.00	361.08	330.73
Total	3,006.97	2,742.98	2,382.39

2 Plant Utilisation (%)

	2021	2022	2023
Malaysia	86	76	66
Indonesia	71	80	74

STABLE AND SAFE PLANT OPERATIONS Strategy Pillar 1

4 Product Quality Assessment on Health and Safety



Type of Assessment	Year 2023		Total number of products tested
	Number of products tested		
	Existing	New	
1	61	-	61
2	42	3	45

Note:

Assessment 1 - ROHS for compliance Directive (EU) 2015/863
 Products tested: HF0961 series, LDPE series, HF7000 series, HM5000 series, SM461, SM340 series, SM850 series, PM383 series, PD943, PM200, PM201 series, PM803 series, SM598 series, SM128.

Assessment 2 - FDA Internal Analysis
 Product tested: PM133, PD855, 6531M, PM200, 6431, PD701, PM803, PM201, PM602, PM903, SM198, SM461, SM398, SM498, SM598, SM488, SM798N, L-670M, SM128, SM340, EPC40R, SH311, SH611, SM240, SM840, SM850, SM950, HF0961, HB0972, MF1461, HM4560UA, HB5502, LDC800YY, LDC801YY, LDJ300YY, LDF260GG, LDF260YZ, LDF201FG, LDF200YZ, HI2000, HI1100, HI1600, HM5000, HI6178, HF5100.



Type of Assessment	Year 2023		Total number of products tested
	Number of products tested		
	Existing	New	
1	38	15	53
2	38	15	53

Note:

Assessment 1 - ROHS for compliance Directive (EU) 2015/863
 Products tested: HD5609 series, HD5210EA, HD5120 series, HD5220EF, HD4030AA, HD5740 series, HD6070 series, HD5211 series, HD5218 series, HD5301 series, HD5401GA, HD4801 series, HD5502 series, HD5707GM, LL0209 series, LL0220 series, BPD3320, Metallocene series.

Assessment 2 - Migration Test for compliance Commission Regulation (EU) No.10/2011
 Product tested: HD5609 series, HD5210EA, HD5120 series, HD5220EF, HD4030AA, HD5740 series, HD6070 series, HD5211 series, HD5218 series, HD5301 series, HD5401GA, HD 4801 series, HD5502 series, HD5707GM, LL0209 series, LL0220 series, BPD3320, Metallocene series.

5 Incidents of Non-Compliance of Products & Services Related to Health and Safety

There were zero (0) reported cases of non-compliance in relation to health and safety throughout our operations in Malaysia and Indonesia, in the year under review.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Enhanced operational efficiency and optimal resource utilisation does not only reduce cost but also beneficial to our customers. This strategic approach does not only boost our competitive edge but also strengthen our brand image and enhance our reputation. Our commitment to responsible innovation, coupled with a focus on quality, safety and health in our processes, plays a pivotal role in helping our customers build public trust.

FUTURE OUTLOOK – OUR PRIORITY

Throughout our operations, we remain committed to process integration and optimisation for continuous plant enhancement. This involves upgrading existing equipment and systems to ensure efficiency and minimise the risk of operational shutdowns and repairs. Our ongoing investments in facilities aim to maximise operational efficiency, providing resilience against potential disruptions. Additionally, for existing equipment, LCT is committed to refurbishment initiatives, strategically reducing long-term operational costs, enhancing product quality and mitigating risks associated with outdated or malfunctioning machinery.

Strategy Pillar 2 BUSINESS SUSTAINABILITY

BUSINESS SUSTAINABILITY Strategy Pillar 2

BUSINESS DEVELOPMENT

“ Amidst a challenging business landscape, LCT continues to fortify our business model, strategies, risk assessment and opportunities by embedding sustainability in our operations. We believe that sustainability leads to resilience, strengthens our competitive advantage and empowers us to explore and capitalise on growth opportunities. ”

LCT's Focus Area

- Business Enhancement
- Innovative Product & Market Development
- Value-accretive Expansions

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Cyclicity in Petrochemical Industry Risk
- Market Risk – Competition
- Project Risk

Business Capitals

Financial Capital

We will continue our focus on the development of our integrated petrochemical production facility, the LINE Project in Indonesia

Skilled Talent

- Project feasibility and timely completion of our expansion plan is made possible through our established multidisciplinary team.
- Experienced Board and Management Committees oversee the progress of our expansion plans.

Social and Relationship Capital

We maintain good relationships with our stakeholders comprising Government bodies, business partners, suppliers, customers and the surrounding communities in which we operate.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

As of FY2023, the global economy continued to grapple with the challenges of inflationary pressures and subdued growth prospects. The landscape was further impacted by the Middle East War (Israel-Hamas War). These factors have contributed to the downturn in market dynamics and marginal profitability in the petrochemical industry. Additionally, with more attention on ESG within the petrochemical industry, notably the environmental aspect, there are increased challenges in developing practical technologies to meet these new demands. LCT recognises the importance of these market shifts and is proactively exploring opportunities that can contribute to sustainability and energy transition initiatives.

BUSINESS DEVELOPMENT TASK FORCE

The Business Development Task Force for the Malaysian operations is responsible in assessing potential new businesses and collaboration opportunities for LCT. As part of our strategic focus, the Task Force is actively engaged in exploring projects that aim to address pressing global issues, specifically targeting concerns such as climate change and plastic pollution. This encompasses initiatives related to recycling and the potential incorporation of renewable fuel solutions.

To stay ahead in business, the Task Force subscribes to market information from consultants and actively participates in webinars that are organised by technology providers. The Task Force also collaborates with licensors to stay abreast of the latest technologies to enhance efficiency.

In response to the global trends and challenges, the Task Force is exploring feedstock alternatives including non-fossil fuel feedstock for the existing petrochemical complex to position LCT for long-term viability in a global market.

SCREENING AND ASSESSMENT PROCESS

As the market is shifting towards greater ESG and sustainability-related considerations, the Task Force has also incorporated such considerations when evaluating potential new businesses and projects. Our objectives are to strengthen LCT's existing portfolio competitiveness, comply with market regulations and explore new ESG and sustainability-related growth opportunities.

OUTPUT – HOW WE PERFORMED

Our Malaysian operations achieved a significant milestone in sustainability development with the attainment of the ISCC+ certification. This certification assures transparency and traceability of the recycled origin of feedstock and products and has enabled LCT to venture into a vital market segment centred around sustainability-related products.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

As demand for eco-friendly products increases, LCT is actively engaging our customers and other stakeholders including brand owners, suppliers and producers to better understand the market. Through this approach, LCT is empowered to fulfill our customers' demand by creating an integrated value chain, focusing particularly on the circular economy. The integrated value chain ensures that all parties involved will benefit in a sustainable manner. While developing an integrated value chain can be challenging, the process creates new opportunities for LCT.

FUTURE OUTLOOK – OUR PRIORITY

We are focused on strengthening our existing core business and remain committed to staying abreast of emerging trends, proactively evaluating potential opportunities in the sustainability area and the circular economy as strategic drivers for fostering growth. In the long term, LCT will seek new business opportunities for collaboration to drive our future growth and expansion.



Strategy Pillar 2 BUSINESS SUSTAINABILITY

BUSINESS SUSTAINABILITY Strategy Pillar 2

CUSTOMER VALUE CREATION

Customer engagement is a vital process as it fosters collaborative partnerships which plays a key role in driving value creation and enhancing the overall competitiveness of a business. We emphasise customer engagement, recognising our customers as integral business counterparts which contribute to our innovative processes.

LCT's Focus Area

- Innovative Product and Market Development
- Value-Accretive Expansion

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Supply of Feedstock Risk
- Market Risk – Competition

Business Capitals



Skilled Talent

A highly qualified and dedicated sales and marketing team to ensure we go the extra mile to exceed customers' expectations



Social and Relationship Capital

Strong relationships with our customers based on trust and ethical business practices



Manufactured Capital

Leverage the expertise and knowledge from our resourceful manufacturing and technical workforce to collaborate with our customers to develop and diversify our products



Intellectual Capital

We collaborate with our business partners, utilising our combined areas of expertise, to develop new products and diversify applications of our existing products.

OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

The subsiding pandemic in 2023 enabled us to maintain close relationships with our customers in a more effective manner through regular engagement activities. We also continue to disseminate information through various communication platforms. Our initiatives developed in Customer Management, Customer Engagement, Customer Partnership Initiatives and Customer Satisfaction Survey continued to generate value for our customers.

CUSTOMER MANAGEMENT

Effective customer management is crucial for us as it ensures customer satisfaction, facilitates the understanding of their evolving needs and builds long-term relationships that are essential for our sustained business growth.



The Sales, Plastic Technical Centre ("PTC"), Quality Management, Operations and Logistics departments have oversight of our customer management in Malaysia. They work closely with the Production Department in planning and coordinating delivery arrangements, managing after-sales services, addressing technical queries or customer complaints. During the year, we received 17 enquiries regarding quality and physical issues, specifically related to visual appearance defect and handling of products during transportation. We have managed to resolve all received complaints.

Our new employees from Sales and Technical Services are compulsory to attend product training sessions to improve their proficiency in addressing customer product enquiries. Meanwhile, ongoing coaching programmes were conducted to consistently elevate job competency. We also organised additional training sessions with our additive vendors, assisting our Technical Service Engineers to further understand the technology and its impact on our products.



In LCT Indonesia, Customer Management which consists of Domestic Sales, Exports and Technical Services are under the purview of the Commercial Department. We offer our customers training sessions to boost their technical expertise, aiding them in conducting ISO and similar standards audits. Additionally, all employees are mandated to undergo annual compulsory training in product knowledge pertaining to production and procurement.

CUSTOMER ENGAGEMENT

We continue to preserve our relationship with our customers by regularly engaging with them and serving their needs.



We reach out to our customers through regular site visits and annual customer gatherings for our domestic customers while virtual meetings are held for export customers. However, LCT also engages with our export customers annually in global events such as the leading plastic and rubber exhibition, CHINAPLAS. Additionally, we organised an annual golf event which is attended by customers from Malaysia, Singapore and Indonesia.

During these engagements, we introduce innovative products that leverage on technological advancements to enhance operational efficiency. We also gather feedback from the ground and share the insights with the respective departments for improvements.

This year, PTC conducted a total of 143 customer engagements which enabled us to gather valuable insights and strengthen our relationship with our customers.



LCT Indonesia increased the number of physical engagements with customers in 2023 as a way to boost rapport. Site visits were organised to gather and share insights while physical training sessions were held to share product knowledge and technical competency.

CUSTOMER PARTNERSHIP INITIATIVES

Forging strong partnerships with our customers enables us to improve and provide solutions through our products and services. As a result of our innovative solutions, our customers can stay competitive in their respective industries. In 2023, we have formed four (4) partnerships with various industry players in Malaysia which allowed us to provide industry-driven solutions and contribute to mutual growth. These partnerships assist us in broadening our product portfolio and increasing our market share.

Notably, we work with our business partners to source locally produced goods, aiming to achieve cost-effectiveness and ease in logistics.



In collaboration with a renowned industrial pail manufacturer in Malaysia, significant efforts have been dedicated to enhancing the aesthetic performance of industrial pails since 2022. Our collaboration has successfully resulted in the development of a new polypropylene (PP) grade application, improving processability without compromising material properties. This is crucial as the aesthetic appeal of the industrial pails has been elevated, alongside improvements in their processability and inherent properties. The introduction of this advanced PP grade has added significant value to the product, such as the possible usage at low temperature which is needed for freezers or cold climate conditions. Upholding customer focus as a core value, LCT remains committed to meeting customer needs and ensuring competitiveness in the market, thereby sustaining business growth.

LCT has taken a significant step forward in expanding our product portfolio with the development of Polypropylene Random (PPR) pipe grade resin. LCT aims to enhance the market presence in PPR pipe grade through strategic partnerships with two reputable thermoplastic pipe and fitting manufacturers. Our business partners have successfully produced PPR resin that meets the quality standards of the ISO 15874-2 Standard for Plastics Piping Systems for Hot and Cold Water Installation for PP resin. Notably, our resin also underwent and passed testing for its compatibility with thermoplastic fittings.

In line with the growing interest surrounding the circular economy, LCT has ventured into this new economic model by engaging our business partners to become involved in developing new sustainable products. Two (2) new mPCR grades were successfully developed this year and both grades were evaluated. These grades were developed to prepare LCT for a future that embraces sustainability and to enrich society. We believe that with the support from stakeholders and a conducive regulatory environment, these sustainable products will create greater value in addition to sustaining the company's business over the long term. The positive response from our business partners has enhanced our confidence to further venture and develop new mPCR grades that meet market requirements. Besides this, LCT is also actively encouraging our business partners to obtain ISCC+ certification with the objective of sustaining the value chain of the project under this regenerative economic system.

Strategy Pillar 2 BUSINESS SUSTAINABILITY

OUTPUT – HOW WE PERFORMED

Turnover for Customer Service:

We endeavour to resolve all feedback from customers promptly. Upon receiving feedback, we will engage all relevant departments internally to enable effective resolution of any issues.

Customer complaints/feedback received:

	Malaysia	Indonesia
Resolved Complaints	17	13
Unresolved Complaints	0	0
Total	17	13

In FY2023, our Malaysian operations received complaints related to physical issues, specifically related to the handling of products during transportation. The complaints were dealt with in accordance with our Customer Complaint Handling Procedure and we remedied the situation by improving process control and/or material replacement upon receiving and investigating the complaint. LCT Indonesia recorded complaints primarily with regards to product appearance, of which investigations were conducted and necessary measures were undertaken to address and resolve the concerns.

We have successfully resolved all complaints from both countries within the targeted response time of three working days and will continue to work towards accomplishing zero (0) customer complaints while ensuring that any complaints received are effectively resolved.

CUSTOMER SATISFACTION SURVEY

We conduct our annual Customer Satisfaction Survey to measure our customers' satisfaction level with our products and services. The survey is carried out with our domestic and international customers from various portfolios to provide a comprehensive view of our performance. The results from the survey offer us insights to improve and at the same time, strengthen our relationships with our customers.

In Malaysia, 60 customers participated in our survey and it revealed a 100% satisfaction rating, while in Indonesia, 39 customers participated and a 95% satisfaction rating was recorded. The ratings were applicable to LCT's product quality, response and communication, technical services, product development/improvement, shipping and delivery, as well as supply reliability.

LCT takes low ratings seriously as we cascade the results to relevant departments to understand and address the area of dissatisfaction.

Year	Malaysia	Indonesia
2021	100%	98%
2022	100%	97%
2023	100%	95%

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our exceptional customer engagement is a result of our proactive approach to prioritising customers' needs, fostering trust and enhancing customer loyalty. Although the export market presented challenges in FY2023 due to increased supply from China and other Southeast Asian regions, LCT maintained our customer loyalty through upkeeping our service standards by promptly addressing feedback and complaints. Through robust partnerships, we aim to bolster customer confidence by continuously improving our products to remain competitive in the market.

FUTURE OUTLOOK – OUR PRIORITY

We remain committed to delivering added value to our customers despite encountering challenges such as reduced customer demand and the emergence of eco-friendly products. The Company is focused on four (4) key growth areas which are sustainable production, new product development, customer loyalty and customer engagement. To execute these four (4) growth areas in Malaysia, we plan to allocate resources efficiently, build customer relationships and implement sustainable practices in our business operations.

As for Indonesia, we plan to maintain and seek to improve our product quality and supply ability while also monitoring the market situation to find the potential for developing new products to facilitate the needs of the market. It is crucial for us to maintain good communication with our customers and respond actively to any queries and complaints. Looking ahead, LCT will also evaluate the feasibility of developing sustainable products and enhance customer engagement through regular visits and appreciation events for customers.

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ENVIRONMENTAL MANAGEMENT & CLIMATE CHANGE

As a lifetime value creator, we are committed to reducing our environmental impacts and addressing climate change. We focus on efficient operations by following rigorous practices, complying with local regulations and optimising processes to minimise emissions and waste. This commitment ensures our competitiveness in an industry that places importance on resilience and sustainability.



OUR STRATEGIC ENABLERS – MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

100% of our manufacturing activities adhere to the ISO 14001:2015 Environmental Management System standard. We are committed to ensuring full compliance with ISO 14001 for all our Olefins & Derivatives and Polymers' products manufacturing processes. Our Malaysian and Indonesian operations received ISO 14001 recertification in the third quarter of 2023, reinforcing our commitment to maintaining high standards in quality environmental management.

Additionally, we have taken the following measures:

- 1 Adhering to local authorities' requirements, including the Department of Environment in Malaysia and the Department of Environmental and Forestry in Indonesia.
- 2 Participating in the Pollution Control, Evaluation and Rating (“PROPER”) programme for our operations in Indonesia.
- 3 Staying informed on the latest requirements and technical knowledge in environmental management.
- 4 Organising annual technical and external training to enhance the knowledge of our employees on our environmental management system.

WASTE MANAGEMENT



Our waste management in the Malaysian and Indonesian plants are regularly overseen by the respective Environment and Operation Departments. They manage the monitoring, management and disposal of our industrial and general waste.



In Malaysia, we have in place the Scheduled Waste Management Procedure and General Waste Management Procedure, which guides our waste management processes.

LCT's Focus Area

- Live in a Safe Environment

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Operational Risk
- Compliance Risk – Safety, Health & Environment

Business Capitals

Financial Capital

Invested in environmental facilities and environmental systems to maintain regulatory compliance, mitigate risks and improve operational efficiency.

Natural Capital

We utilise natural resources such as water and natural gas in our manufacturing processes. We are also guided by environmental policies, guidelines and accreditations in our approach to environmental sustainability management.

Skilled Talent

Employed a skilled and capable team from diverse backgrounds to conduct environmental monitoring, compliance and ensure continuous improvement.

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

In FY2023, we implemented the following to optimise waste management:

Daily Life Waste	In FY2023, we continued implementing our 3R Recycling Programme by introducing segregated waste bins at production and office sites for various types of everyday waste. The establishment of a mini “3R shelter” has significantly improved 3R activities and reduced daily life waste, while a centralised 2R system enhanced the efficiency of scheduled recycled waste collection across all plants.
Non-Polymer Scrap Waste	Various items including torn bags, used yarn, pallets, drums, carboys, lube oil, palladium, catalyst, etc., undergo a value recovery process through saleable scrap.
Polymer Scrap Waste	Our procurement team is tasked with the management of polymer waste, directly involved in its acquisition or purchase, often for recycling purposes.
Electronic-Waste and Others	Adopted a “Pay-As-You-Throw” system for selected general waste and scheduled waste. Disposal costs are based on the volume or type of waste.
Scheduled Waste (SW) Enhancement Programme	Activities such as SW Audit Inspection, introduction of new SW Label and ERA Site Audit Inspection are conducted regularly.

INDONESIA

In Indonesia, we maintain our waste management practices in compliance to the Environment Management Performance Rating/ Program Penilaian Peringkat Kinerja Perusahaan (“PROPER”) Guidelines and Environmental Law No. 22/2021 on Environmental Protection and Management.

MALAYSIA

In our Malaysian operations, the Environmental Department is responsible for ensuring compliance and overseeing the monitoring of water treatment facilities. Meanwhile, the Manufacturing Department operates the treatment systems and ensures performance monitoring is conducted for each processing unit.

We have implemented the following water management initiative:

- 1 Wastewater Treatment Plants (“WWTP”):** Currently, two WWTPs are in operation. At WWTP1, an auto shut Motor Operated Valve (“MOV”) system ensures precise pH control, while WWTP2 features upgraded monitoring directly linked to our Common Control Room. Additionally, we are reviewing the feasibility of recycling effluent water from the polymer plant back into the cooling water system to reduce effluent discharge.

Throughout FY2023, we maintained sufficient water for internal use, enabling uninterrupted plant operations for over 48 hours in accordance with the Water Services Industry (Water Reticulation and Plumbing) Rules 2014.

INDONESIA

The HSE Department and Production Department oversees our water management initiatives at our operations in Indonesia. The HSE Department is responsible for regular reporting to the government as mandated. Our Indonesian operations currently adhere to the requirements outlined in PERMEN LHK No. 1/2021 at PROPER. In FY2023, we continued implementing the following water recycling systems:

- 1 Recycle Coal Boiler Wet Ash Water:** Our current coal boiler system utilises a wet ash conveyor system that uses water to cool coal ash post-combustion. We continue to implement a sedimentation process to separate water from the coal ash, enabling the water to be recycled in our coal boiler system. We also use high quality coal with less bottom ash and fly ash.
- 2 Utilise Prepolymer Drier Cooling Water for Fire Water Tank:** In the manufacturing processes of our PE-1 and PE-2 plants, we employ prepolymerisation reactors to produce catalysts. This process includes the utilisation of cooling water for the prepolymerisation drying process. The resulting by-product, demineralised water, is recycled for the fire water tank.

In addition, we executed the following initiatives to reduce our water consumption:

- We have reduced the operating hours for the coal boiler in our production plant, leading to a reduction in the consumption of cooling water from the bottom ash cooler.
- To enhance monitoring and treatment processes, we have set up an on-site in-house lab.
- To ensure consistent long-term water management, we regularly monitor our wastewater data.
- Daily checks on industrial and domestic wastewater levels are conducted to ensure compliance to regulatory requirements. Furthermore, a third party has been engaged to monitor quality levels in compliance with local government requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

AIR EMISSIONS AND CARBON EMISSIONS



MALAYSIA

In our Malaysian operations, the Environment and Operation Departments oversee the monitoring of air emissions and performance. They are tasked with conducting emissions monitoring, ensuring compliance with environmental regulations and periodically reporting these emissions to the government in line with the national Environmental Management Plan (“EMP”) requirements. The following measures have been implemented to monitor our emissions:

- a** Implemented a Continuous Emission Monitoring System (“CEMS”) and Predictive Emission Monitoring System (“PEMS”) for all our boilers and Heat Recovery Steam Generators (“HRSG”) respectively. The CEMS and PEMS allows continuous, 24-hour online monitoring of the boilers and Heat Recovery Steam Generators (“HRSG”). Emissions reported by the CEMS and PEMS remained within the acceptable thresholds as per DOE’s guidelines.
- b** Conducted regular noise and vibration inspections and assessments during heavy flaring at boundary and residential areas to ensure our emissions are within acceptable limits. These inspections are carried out by a third-party accredited laboratory.
- c** Monitored Volatile Organic Compound (“VOC”) readings every six (6) hours at 13 of our locations to ensure smooth and safe operations.
- d** In FY2023, the Board approved capital expenditure for additional VOC Photo Ionisation Detector (“PID”) equipment to monitor VOC levels around our Tanjung Langsat plant vicinity.

INDONESIA

In Indonesia, the HSE and Risk Department oversees the monitoring of air emissions and performance. We have implemented the following initiatives to minimise our environmental impacts:

- a** Operated an Ethylene Recovery Unit (“ERU”) to mitigate GHG emissions by capturing hydrocarbons from plant flares.
- b** Collaborated with independent third-party assessors to measure the VOC levels in the plant vicinity.
- c** Submitted reports of GHG emission levels from boilers and plant flares to the Ministry of Environmental and Forestry every six (6) months, in compliance with Indonesian regulations.
- d** Conducted regular maintenance on our recycled gas compressor equipment.
- e** Installed solar panels for LCT Merak office to decrease carbon emissions which shows our commitment to sustainable practices.
- f** Substituted Liquefied Petroleum Gas (“LPG”) forklifts to electric forklifts in Merak plant.

ENERGY MANAGEMENT



MALAYSIA

Our Technical Department currently oversees the energy usage of our Malaysian operations. Their responsibilities include optimising energy consumption in plant operations and developing action plans to implement energy-saving opportunities. We consistently improve our energy conservation programme by replacing outdated systems with more energy-efficient functions.

INDONESIA

In Indonesia, the Energy Management Task Force Team, comprising the Technical, Operations, Maintenance and HSE Departments, oversee energy management. We have obtained an Energy Audit Certificate from the Department of Energy and Mineral Resources, complying with the Indonesian regulations established for the implementation of our energy management system.

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ENVIRONMENTAL-RELATED TRAINING AND CAPACITY BUILDING



MALAYSIA

In our Malaysian operations, we identified enhancements in environmental compliance through on-site observations, focusing on Scheduled Waste (“SW”) management, clean air regulations, effluent discharge compliance and the implementation of environmental aspects and impacts.

As part of our extensive environmental training initiatives, we engaged external consultants and organised in-house training sessions for our employees. In FY2023, we have implemented several crucial procedures to enhance employee capabilities and optimise our operations:

Training for Contractor Environmental Officers

During turnaround periods, we prioritise specialised training for Contractor Environmental Officers. This will minimise major incidents related to environmental management and enhance the overall effectiveness of our scheduled waste management practices.

Environmental Risk Assessment (“ERA”):

We frequently conduct ERAs involving our operations, maintenance, environment teams and contractors. This ensures the identification of all environmental aspects and impacts well before the commencement of any plant activities, enabling immediate corrective actions in case of environmental risk issues.

Competency-based Training

Our employees undergo a range of competency-based training programmes covering modules such as Scheduled Waste Management (“CePSWaM”), Industrial Effluent Treatment (“CePIETSO-PCP”, “CePIETSO-BP”) and Scrubber and Bag Filter Operation (“CePSO”, “CeFBFO”). These programmes equip our employees with the skills and knowledge necessary for responsible and compliant operations within their respective fields.

Training on Environmental Management Systems

At our Pasir Gudang and Tanjung Langsat operations, employees receive training on Environmental Management Systems. This provides knowledge for implementing and maintaining environmentally sustainable practices, demonstrating our commitment to robust environmental management practices.

In-House Training Modules

Our in-house training approach encompasses diverse modules, covering areas such as SHE Committee, Incident Investigation, TRANSFORM’s Root Cause Analysis (“RCA”), OSH Awareness, Noise Exposure Regulations 2019 and Incident Command System. This underscores our commitment to fostering both safety and environmental excellence.

INDONESIA

In our Indonesian operations, we conduct training programmes focused on environmental protection. The primary goal of these training sessions are to establish effective methods of pollution control.

Environmental Training

To facilitate environmental management, LCT delegates personnel to participate in training on air pollution control, hazardous waste management and water pollution control.

Environmental Risk Assessment

LCT consistently conducts environmental risk assessments across all tasks in every department. These assessments are carried out regularly and are updated to reflect the latest regulations, with a focus on identifying aspects and environmental impacts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

OUR OUTPUT – HOW WE PERFORMED

Energy Consumption

In line with global climate goals, LCT diligently monitors and prioritises energy efficiency in its operations. We meticulously track and manage energy consumption, aiming for continuous improvement across our plants to address challenges encompassing climate change, energy security and competitiveness.

Energy Consumption	Units	2021	2022	2023
Natural gas ^(a)	MW	220	197	162
Fuel gas ^(b)	MW	906	808	622
Purchased electricity ^(c)	MW	38	39	45
Total energy consumption	MW	1,164	1,044	829
Production	Kilotonnes (kT)	2,687	2,382	2,052
Energy intensity	MW/kT	0.43	0.44	0.40

Energy Consumption	Units	2021	2022	2023
Natural gas ^(a)	MW	1.27	1.58	2.30
Coal	MW	2.18	2.44	2.05
Fuel gas ^(b)	MW	0.15	0.14	0.11
Purchased electricity ^(c)	MW	22.90	24.93	23.26
Total energy consumption	MW	26.50	29.09	27.72
Production	Kilotonnes (kT)	320	361	331
Energy intensity	MW/kT	0.08	0.08	0.08

Notes:

^(a) Natural gas consumption covers data from boilers and gas turbines.

^(b) Fuel gas consumption covers data from production plants at Pasir Gudang, including fuel gas usage in boilers and gas turbine.

^(c) Purchased electricity covers all production sites as well as Johor and Merak offices only.

GHG Emissions

LCT recognises the importance of mitigating GHG emissions to enhance resilience and ensure business sustainability. Thus, we measure and report our Scope 2 emissions, aiming to develop a comprehensive climate strategy that goes beyond mitigation. This involves creating awareness and sharing knowledge to empower communities to adapt to climate change.


GHG Emissions	Units	2021	2022	2023
Scope 2 GHG emissions	tCO ₂ eq	195,140	202,674	229,185

GHG Emissions	Units	2021	2022	2023
Scope 2 GHG emissions	tCO ₂ eq	158,449	172,498	160,973


Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Water Consumption

We routinely assess water management plans, monitor our progress and enhance water consumption through conservation efforts, process improvements and the integration of technologies for treating, reusing and recycling water from our operations.

Water Consumption		Units	2021	2022	2023
 MALAYSIA	Water consumption ^(a)	Megalitres	13,606	12,053	10,596
	Production volume	KT	2,687	2,382	2,052
	Water intensity	Megalitres/kT	5.06	5.06	5.16


Notes:
^(a) Water consumption reported is only applicable to our plant operations in Pasir Gudang and Tanjung Langsat.


Water Consumption		Units	2021	2022	2023
 INDONESIA	Water consumption ^(a)	Megalitres	73	101	104
	Production volume	KT	320	361	331
	Water intensity	Megalitres/kT	0.23	0.28	0.31

Notes:
^(a) Water consumption reported is only applicable to our plant operations in Merak.

Wastewater Discharge Quality

LCT regularly monitors and assesses the quality of discharged wastewater, including drainage system integrity to minimise our environmental and ecosystem impacts.

Wastewater Discharge		Units	2021	2022	2023
 MALAYSIA	Temperature	°C	33.24	33.00	33.23
	Potential of Hydrogen (pH)	-	7.24	7.17	7.17
	Biological Oxygen Demand (BOD ₅)	mg/L	13.12	12.31	10.55
	Chemical Oxygen Demand (COD)	mg/L	55.60	49.11	45.30
	Suspended solids	mg/L	22.55	17.36	15.86
	Oil and grease	mg/L	1.92	1.66	1.65
	Ammoniacal Nitrogen	mg/L	10.41	4.23	3.87


Wastewater Discharge		Units	2021	2022	2023
 INDONESIA	Temperature	°C	30.20	28.83	29.50
	Potential of Hydrogen (pH)	-	7.80	7.87	7.97
	Biological Oxygen Demand (BOD ₅)	mg/L	13.25	11.08	11.92
	Chemical Oxygen Demand (COD)	mg/L	35.75	27.25	31.00
	Suspended solids	mg/L	43.10	51.25	37.67
	Oil and grease	mg/L	2.36	2.74	2.47
	Ammoniacal Nitrogen	mg/L	0.30	0.28	0.81


ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

Air Emissions


As part of our sustainability efforts, LCT is committed to minimising air emissions in its operations. We employ advanced technologies, complying with strict regulations and collaborating with stakeholders to reduce pollutants throughout our operations. Through continuous monitoring, we aim to not only go beyond compliance standards, but also demonstrate our commitment to continuous improvement and innovation. Going forward, we will enhance our emission reduction measures to contribute to cleaner air and a healthier environment.


Air Emissions		Units	2021	2022	2023
 MALAYSIA	Nitrogen Oxides (NOx)	kg	695,238	510,320	495,267
	Sulfur Oxides (SOx)	kg	8,212	5,463	2,760
	Carbon Monoxide (CO)	kg	210,670	173,995	59,107
	Particulate Matter (including dust)	kg	40,029	28,368	12,482

Air Emissions		Units	2021	2022	2023
 INDONESIA	Nitrogen Oxides (NOx)	kg	64,420	63,340	76,860
	Sulfur Oxides (SOx)	kg	20,790	91,900	200,330
	Carbon Monoxide (CO)	kg	100,998	225,659	123,843
	Particulate Matter (including dust)	kg	24,800	18,590	23,070

Waste Management

We monitor both hazardous and non-hazardous waste. Our operations generate hazardous waste which includes waste oil, spent solvent, used batteries, e-waste, sludge, spent catalyst, contaminated rags and filters, mixed chemicals, used drums and filters and coal ash. In FY2023, Indonesia switched to an ISO-tank packaged catalyst instead of drum packaging to reduce our waste. We continued to monitor our non-hazardous waste which includes waste such as used plastics, wood and metal scraps and tin cans, among other types of general waste.

Waste Generation		Units	2021	2022	2023
 MALAYSIA	Hazardous waste	Tonnes	20,955.43	2,553.44	3,754.01
	Non-hazardous waste	Tonnes	4,287.63	4,162.21	3,533.90
	Total waste generation	Tonnes	25,243.06	6,715.65	7,287.91
	Total waste diverted from disposal	Tonnes	8,842.71	4,195.96	4,336.22
	Total waste directed to disposal	Tonnes	16,400.35	2,519.69	2,951.69

Waste Generation		Units	2021	2022	2023
 INDONESIA	Hazardous waste	Tonnes	423.45	610.88	470.05
	Non-hazardous waste	Tonnes	199.21	291.75	208.48
	Total waste generation	Tonnes	622.66	902.63	678.53
	Total waste diverted from disposal	Tonnes	-	-	-
	Total waste directed to disposal	Tonnes	622.66	902.63	678.53

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

LCT strives to reduce environmental impacts in the countries it operates in. We prioritise the maintenance and enhancement of our environmental management systems and monitoring equipment. Additionally, continuous efforts are made to identify opportunities for advanced environmental monitoring equipment, especially in emissions monitoring to address climate change risks.

LCT is dedicated to environmental compliance in all our operations and any identified non-compliance or issues will be promptly rectified, demonstrating our commitment to ethical conduct and regulatory standards.

FUTURE OUTLOOK – OUR PRIORITY

Our approach to environmental management is driven by a commitment to develop, maintain and operate our business while complying with industry standards and best practices to manage future investments in technology. In our Malaysian operations, we remain committed to continuously upgrading the Air Pollution Control Systems (“APCS”) and Industrial Effluent Treatment Systems (“IETS”).

In Indonesia, our aim is to transition PROPER’s rating from blue to green. We plan to initiate a waste recycling programme. Going forward, LCT will persist in its efforts to minimise waste production and water consumption through ongoing waste and water recycling initiatives.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) Strategy Pillar 3

COMMUNITY DEVELOPMENT

“ LCT acknowledges the potential we have in creating positive impacts on communities, especially in our operational areas within Malaysia and Indonesia. As such, we invest in community development programmes through purposeful CSR initiatives. These efforts are aimed at inspiring and empowering sustainable change, reflecting our commitment to making a lasting and meaningful difference in the regions where we operate. ”

LCT’s Focus Area

- Environmental Management
- Social Responsibility

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Compliance Risk – Safety, Health & Environment

Business Capitals

Financial Capital

Expenditure on CSR programmes

Skilled Talent

Employees’ participation in CSR activities

Social and Relationship Capital

Maintaining good relationships with the local community in our operating areas

OUR STRATEGIC ENABLERS - MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We are guided by our holistic CSR theme encompassing People, Education, Aid, Community and Environment, or “P.E.A.C.E” when engaging with our communities. The “P.E.A.C.E” theme enables us to support as many aspects needed by the community, gaining their confidence and trust that is essential for fostering sustainable development. At the same time, our initiatives also strengthen our licence to operate.



Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Our CSR initiatives in FY2023 are as follows:

Focus Area 1 PEOPLE Providing financial assistance to underserved groups

<p>MALAYSIA</p> <ul style="list-style-type: none"> Donated school bags and sets of co-curricular uniforms to 200 B40 students in Johor. 	<p>INDONESIA</p> <ul style="list-style-type: none"> Supplied nutritious food to high-risk pregnant women. Covered the Badan Penyelenggara Jaminan Sosial (“BPJS”) Kesehatan health insurance fees for underprivileged individuals in Rawa Arum, Gerem Village and Cilegon City. Provided medical equipment, including anthropometry kits, weight and height scales, and body measuring tools for babies and children, to monitor their growth in the community health centre. Supported the government latrine programme.
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Focus Area 2 EDUCATION Providing learning skills development, learning tools and financial incentives to underprivileged students

<p>MALAYSIA</p> <ul style="list-style-type: none"> Hosted Universiti Teknologi Malaysia (“UTM”) students and lecturers for a plant site visit. Hosted students from Korea Yeosu Petrochemical High School for a plant site visit, providing a valuable opportunity for academic engagement. 	<p>INDONESIA</p> <ul style="list-style-type: none"> Covered the educational fees for underprivileged children in Untirta Cilegon City through the implementation of the Sustainable Scholarship Programme. Provided stationery supplies and school bags to students in Rawa Arum and Gerem Village. Donated used, good condition desktops to an elementary school to support learning activities. Donated cement and other materials for school renovation. Provided opportunities for local residents to participate in free diploma education programmes in collaboration with the Ministry of Industry, enabling them to compete for job opportunities in the industry based on qualifications and company requirements.
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Focus Area 3 AID Providing financial assistance to selected animal shelters, natural disaster and pandemic victims


MALAYSIA

- Organised eye screenings for 936 B40 primary school students and provided prescribed glasses to 275 students.
- Collaborated with Yayasan Sultan Ibrahim to support STEM and TVET programmes in 10 selected high schools in Johor, providing them with 10 units of Newline Interactive Touch Panels and four units of smart TVs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

Focus Area 4 COMMUNITY Assisting local communities to improve their well-being by enhancing public amenities and facilities

<p>MALAYSIA</p> <ul style="list-style-type: none"> Collaborated with the Pasir Gudang City Council to distribute 10,500 packs of Bubur Lambuk during Ramadhan. Conducted a “gotong-royong” session at Kg. Pasir Putih, together with the community and Majlis Bandaraya Pasir Gudang (“MBPG”). 	
<p>INDONESIA</p> <ul style="list-style-type: none"> Donated cement for sports facility construction. Donated a Three-Wheel Vehicle (“CATOR”) for the collection of domestic garbage. Contributed basic food to the community around the plant under the Ramadhan Programme. Contributed sacrificial animals to residents near the plant for Eid Adha. Assisted a village to access to clean water by donating PVC pipes. Assisted farmers within the local community, aiming to increase their household income by providing necessities such as plant seeds, fertilizer, water tanks, mulch, fence construction, signage work and other essentials. 	

Focus Area 5 ENVIRONMENT Increasing environmental awareness by organising recycling programmes in collaboration with the local community, local authorities and industrial associations

<p>MALAYSIA</p> <ul style="list-style-type: none"> Planted 500 mangrove trees and installed three units of Educational Signages at Tg. Piai National Park. 		<p>INDONESIA</p> <ul style="list-style-type: none"> Supported the Waste Bank by donating a weighing scale, trash bin and used shelf regularly. Supported a River Housekeeping programme near the plant with the community and government.
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We aim to understand our local communities better, which will enable us to address their needs more effectively. As we continue to work closely with local councils, government agencies and NGOs, we will also look towards improving our ongoing efforts to serve our communities best.

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

COMMUNITY ENGAGEMENT

Active involvement and participation in community activities which are achieved through transparent interactions and dynamic collaborations can foster trust and promote social inclusion. Our strategy in engaging the communities on environmental, safety and health (“ESH”) matters is through effective conversations with our stakeholders, evaluating their socio-economic status and collaborating with like-minded partners including surrounding operators and local government authorities. Through these efforts, we strive to identify our impacts and address local needs, working together to create a more sustainable and inclusive future for all.

 MALAYSIA

- There were no major safety and environmental incidents reported in 2023.
- Regular monitoring of noise pollution and vibration from flaring and steam optimisation was conducted.

 INDONESIA

- Gained recognition from the Mayor of Cilegon and the Cilegon government for our CSR initiatives.
- Attended government CSR programmes organised for industrial companies on a regular basis.

GRIEVANCE MECHANISM – LOCAL COMMUNITIES

We advocate transparency by ensuring that our stakeholders have a channel to express their concerns without fear of reprisal. To this end, we have in place a grievance mechanism which serves as a vital tool for discovering, understanding and addressing issues promptly. The mechanism also acts as an effective platform that enhances stakeholders’ trust and promotes continuous dialogue for sustainable development, contributing to the overall integrity of the company.

 MALAYSIA

- Local communities can engage with us by giving their feedback and/or complaints by calling our hotline or visiting our registration counter located at our security guardhouse.
- To date, we have not received any reported complaints on either platform.

 INDONESIA

- We have a WhatsApp platform for receiving grievance reports, to which we have committed to responding and resolving complaints within a day.
- During the year under review, we have not received any reported cases on the platform.

OUTPUT – HOW WE PERFORMED

Contribution for FY2023

Giving back to communities has helped us build an enduring relationship with them, especially when a crisis arises and is resolved together. Additionally, these contributions provide a fulfilling platform for our people and foster a sense of ownership and commitment among the community members, ensuring the sustainability of the company’s investments in the long run.

Amount invested in community initiatives and number of beneficiaries

 MALAYSIA

Year	2023
Total number of beneficiaries from community investments	12,258
Volunteering Hours	578

 INDONESIA

Year	2023
Total number of beneficiaries from community investments	2,856
Volunteering Hours	212

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

The community will continue to benefit from our “P.E.A.C.E” driven CSR initiatives, empowering them to change their life for the better. By proactively engaging them through dialogues and collective action with stakeholders, our social projects are designed not only to make an immediate positive impact but also to build trust and foster long-term value by promoting sustained social change within these communities.

FUTURE OUTLOOK – OUR PRIORITY

LCT endeavours to create a positive change by providing upskilling opportunities to targeted communities, especially the youth. We also prioritise the well-being of the underserved by providing accessible health services and assisting them in creating a livable space through collaborative cleaning activities in our operational areas.

In Indonesia, we remain steadfast in our commitment to community contributions through our longstanding membership in Paguyuban CSR Merak, an industry association for petrochemical and chemical companies. We will continue to acknowledge and uphold the significance of sustainability, adopting eco-friendly practices and aligning with our dedication to cultivate a healthier and sustainable future for the communities we serve.

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DATA SECURITY & PROTECTION

“ Digitalisation is gaining prominence in our business as we continue to increase the amount of data we create and store. To this end, the need to safeguard information through data protection is critical. We are focused on data recovery and restoration in the fastest turnaround time in the event of any corruption that occurs in the system. Protecting data against being compromised and ensuring data privacy are integral aspects of our data protection measures. ”

LCT’s Focus Area

- Governance & Compliance

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- System Integrity and Cybersecurity Risk


Business Capitals

 Financial Capital

Invested in software and hardware, as well as IT systems to reinforce data security

 Intellectual Capital

Advanced IT architecture to ensure our Company’s systems and information assets remain safe and secure

 Skilled Talent

Emplaced a proficient and competent IT team to implement our centralised IT architecture to ensure robust information security across Group

OUR STRATEGIC ENABLERS - MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

We prioritise Information Technology (“IT”) and the enforcement of data security. Our system is currently supervised by the IT Department which is governed by a well-defined IT Policy and Group Information Security Policy, providing an overall foundation for a robust security programme. All employees must understand, acknowledge and comply with the policies which include procedures for remote working with the necessary security directives and guidelines to ensure organisational risks are mitigated.



Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

SAFEGUARDING CYBERSECURITY IN VARIOUS WORK MODELS

We responded to the COVID-19 pandemic by readjusting our work model and embracing the adaptability and flexibility of remote working. Post pandemic, the Company underwent the transition from the prior practice of work-from-home (“WFH”) to returning to office-based operations in both Malaysia and Indonesia. This shift represents a strategic initiative to rebuild connections and promote in-person collaborations within the organisational framework, thereby enhancing team engagements.



Despite transitioning back to working in the office, we have implemented the following initiatives to safeguard our cybersecurity:

	Utilised Virtual Private Network (“VPN”) for access by authorised employees who are working remotely. The role of VPN is to enhance security by encrypting an additional layer of protection for confidential information.
	Ensured that employees adhered to IT policies in order to safeguard proprietary information and minimise the risk of disclosure or data breach while utilising VPN.
	Reminded employees on IT policies via email.
	Increased employee awareness by conducting at least two (2) phishing email mock tests.
	Evaluated monthly firewall reports to understand our employees’ internet usage patterns.
	Distributed Data Loss Prevention (“DLP”) and Digital Rights Management (“DRM”) monitoring emails to department managers for oversight and prevention of potential data breaches.

IT SECURITY SYSTEM AND INFRASTRUCTURE

Safeguarding our organisation from cyber threats requires a comprehensive strategy and a practical cybersecurity framework. The centralisation of information security systems in Malaysia and Indonesia is overseen by the Group IT Department in Korea which assumes leadership in driving and monitoring the implementation of cybersecurity initiatives. In FY2023, our Malaysian and Indonesian operations implemented secure measures and essential steps to enhance their respective IT infrastructure and vigilance.



- Observed all Information Security systems and continuously sought ways for improvement.
- Proceeded to implement the current Endpoint Detection Response (“EDR”) to assist us in preventing unwanted virus attacks and monitoring any virus or malware-related issues.
- Incorporated an Advanced Persistent Threat (“APT”) prevention solution for email which reduces the risk of cybersecurity incidents due to zero-day threats and phishing/scam emails.



- Implemented the APT.
- Conducted the Annual Renewal Return Material Authorisation.
- Continued with the EDR system and performed monthly preventative maintenance.

RISK MANAGEMENT EXERCISES

Our IT Department plays an important role in maintaining data privacy and information security. The Department is tasked to stay informed about the latest trends in threats and their corresponding solutions. Additionally, regular training sessions are conducted to heighten staff, awareness of IT security, ensuring they are well-informed about evolving threats.

IT AWARENESS TRAINING

LCT proactively prevents and mitigates user risks through security awareness training. Our various programmes also empower our employees to effectively combat information security breaches:

- Information Security Awareness training sessions are conducted online, in the form of video contents. To enhance understanding, employees are required to participate in a quiz after the training session.
- Employees are required to participate in simulated phishing tests to assess their level of awareness and those who are unsuccessful will undergo further face-to-face training.
- Superiors are tasked to conduct pre-resignation checks on employees including data transfer history, access history on sensitive files, records of emails shared to personal emails and

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

- file backup records. This procedure is carried out prior to the employee leaving the organisation and safeguards LCT against potential risk of data breaches.
- Quarterly newsletters are distributed to employees, updating them on information privacy and security.
- Utilising desktop screensavers and banners as a platform, we incorporate cybersecurity awareness such as Clear Desk & Screen policy and phishing email prevention in all employees’ computers to update them on policies and current security threats.

KEY INITIATIVES/ACTIVITIES

In FY2023, we undertook effective measures and implemented defensive strategies to strengthen the resilience of our IT, data privacy and security systems by:



- Implementing an off-site Disaster Recovery (“DR”) migration to cloud project aimed at enhancing the DR process and procedures. This ensures effective management of the DR replication process, optimising data recovery capabilities in the event of a security incident or data breach and minimising the risk of important data loss if the physical device is compromised.
- Deploying an email APT to safeguard our information assets from cybersecurity threats or attacks, including zero-day exploits and ransomware.
- Completed the Proof-Of-Concept (“POC”) to validate the practicality and effectiveness of a security solution in order to protect sensitive information and systems.
- Installing an updated WiFi system with WPA3, entailing higher speed and security.
- Distributing laptops to critical users for user mobility and management of risk during disasters or government movement control orders, which ensured minimal impact on business operations.
- Undertaking the digital transformation journey on cloud facility and introduced Robotic Process Automation (“RPA”) to optimise operational processes.
- Investing in an e-invoice system to comply with government requirements for e-invoicing and implemented an e-admin system to convert hardcopy documents into digital formats.



Apart from frequent firmware updates, the effectiveness of the virtual machine infrastructure has guarded us against risk security issues for the IT services system, resulting in seamless operations. Additionally, we also executed the following:

- Developed annual information security plans.
- Conducted periodic PC and server security inspections.

- Administered security patches for PC and server.
- Delivered preventive maintenance for firewall, endpoint security, DRM and DLP.
- Organised internal/external security training.

OUTPUT – HOW WE PERFORMED



Year	2021	2022	2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0



Year	2021	2022	2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We fortified the organisation’s IT security by developing robust cybersecurity practices and increasing employee awareness through training sessions. This also enabled the prevention of any loss or leakage of information on top of cybersecurity breaches.

FUTURE OUTLOOK – OUR PRIORITY

Moving forward, LCT will continue to explore new solutions pertaining to cybersecurity threats, aiming to enhance information security while aligning with the principles of cost-effectiveness. We are focused on strengthening our data and network security measures by implementing more stringent controls over our servers and constantly aligning ourselves with emerging technologies. We hope that by embracing technological advancements, we can better assess and eliminate redundant data security protection mechanisms, such as outdated firewalls.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

HUMAN CAPITAL DEVELOPMENT

“ We recognise that human capital is our most valuable asset in our pursuit of sustainable business growth. Our organisation’s performance is profoundly influenced by the strength of our human capital. LCT’s team members, with their diverse talents and skills, contribute significantly to the company’s path to success. As such, we invest tirelessly in the development of our workforce to create a legacy of innovation and resilience. For us, human capital is the cornerstone of a future where our organisation not only survives but thrives. ”

LCT’s Focus Area

- Social Responsibility
- Governance & Compliance

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals

Financial Capital

Invested in training and career development programmes in our Malaysia and Indonesia operations, as well as engaged an external consultant to enhance our training and development programmes and outcomes. These training programmes cover both technical and non-technical training.

Skilled Talent

Led by the Board, a highly experienced Management team and supported by a skilled and committed workforce

OUR STRATEGIC ENABLERS - MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Policies and procedures

At LCT, our employees’ knowledge and competencies are top priorities in our human capital development agenda. We accomplish these priorities by implementing internally developed policies and procedures. These policies and procedures carefully define our approach to organising training and development, facilitating career advancement and conducting performance appraisal. Our commitment extends to implementing several systematic approaches to cover training procedures and certification modules. Regular reviews and updates to our policies and procedures are integral to providing continuous support and inspiration for our employees on their learning journey within our organisation.



In FY2023, the Employment (Amendment) Act 2022 came into effect, along with some key changes to the First Schedule which outlines employees who will be covered by the amended Employment Act. It is crucial to emphasise that we have actively observed and diligently complied with changes mandated by the Act.

These key changes encompass various aspects, such as:

- Reduced weekly working hours from 48 to 44 hours.
- Increased maternity leave from 60 days to 98 days while paid paternity leave was introduced.
- Strengthened protection for pregnant mothers against termination.
- Enhanced awareness and measures to prevent sexual harassment.



Indonesia’s Ministry of Manpower (“MOM”) has introduced substantial changes to labour regulations in FY2023, prioritising adaptability and fairness.

The following are the key updates:

- Allowed export-oriented companies to adjust work hours and salaries.
- Amended termination procedures, outsourcing rules and minimum wage calculations.
- Streamlined expatriate work permits and introduced fixed-term employment agreements.
- Implemented mandatory workplace harassment prevention protocols.

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TRAINING AND DEVELOPMENT PROGRAMMES

We are committed to supporting the professional development of our people. Our targeted training programmes are designed to align with individuals’ career goals, fostering sustained motivation and continuous enhancement of competencies.

The training team consistently assesses the effectiveness of our programmes, making revisions for optimal outcomes and continuous improvement. We evaluate our training programmes through pre-test and post-test assessments to measure the impacts and successes of the respective training. This year, LCT expanded employee training options and sustained HR Learning & Development Programmes to boost learning awareness. Building on the success of previous initiatives, the programme’s impact will be assessed through Competency Gap, Learning Culture and Learning Effectiveness, fostering a culture of continuous learning and motivation among young talents at LCT.



The foundation of our Learning & Development initiative is built upon five (5) main pillars:



In FY2023, LCT successfully conducted a broad spectrum of training sessions for its staff, encompassing both in-person and virtual formats. These sessions addressed various critical areas, including job skills, safety, compliance, environment and soft skills. The programmes were strategically combined with performance management to emphasise strategic communication, providing invaluable insights crucial for shaping leaders’ skills and competencies.

The technical training modules were meticulously designed to enhance employees’ proficiency in their respective roles, ensuring they remain abreast of the latest industry developments.

LCT also gave special attention to the refinement of soft skills through training sessions covering stress management, mental well-being and the cultivation of positive work habits and self-motivation skills. This holistic approach equips our staff with essential interpersonal and personal development tools for their daily work interactions. By combining technical proficiency with a focus on soft skills, our goal is to create an environment that encourages the well-rounded development of our employees.

Furthermore, a training evaluation survey is disseminated to gather the respondents’ feedback on the various training courses.



- In FY2023, we employed the comprehensive Training Needs Analysis (“TNA”) to design our training initiatives. Each Department Head is assigned with the responsibility of identifying critical training needs essential for the upcoming financial year.
- We organised the training needs into three (3) categories:

- 1 Mandatory Training**
Encompasses essential skills such as forklift and crane operation.
- 2 Competency Training**
Targets crucial aspects like effective supervision, excellence in behaviour and cultivating a positive attitude.
- 3 Technical Skill Training**
Involves specific operational abilities, demonstrated by tasks like extruder and pump operation.

- We also provided accelerated programmes for future leaders at the employee level. Additionally, we also offer Lifetime Empowerment and Acceleration Programme (“LEAP”). The duration of this programme is six (6) months and is designed to develop both hard and soft competencies of our identified potential leaders.
- To facilitate these training programmes, we utilised various platforms, including e-learning, online and offline libraries and on-site training within our plant facilities. This diverse approach ensured that our workforce received tailored and effective training, contributing to their professional development and overall competence.

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CAREER DEVELOPMENT PROGRAMMES

We are dedicated to supporting the success and accomplishments of our employees. Hence, we have developed comprehensive programmes so our employees have ample opportunities to advance their careers and realise their full potential. In FY2023, we conducted the following programmes:

- 1 **Career Programme Development for all employees**
Supported employees by helping them to recognise areas where their competencies may be lacking, enabling them to cultivate the skills required to bridge these gaps.
- 2 **Internship, Scholarship Programmes and Apprenticeship**
We provide internship placements and scholarships for students at Tirtayasa University and Politeknik Petrokimia Banten, Indonesia. In FY2023, we conducted a one to three-month apprentice programme, with selected individuals being offered permanent positions.
- 3 **Industrial Site Visits**
Provided students with the opportunity to engage in on-site visits to our manufacturing facilities.
- 4 **Employee Transition Assistance Programme**
Facilitated smooth transitions to retirement, ensuring readiness and offering support with pension and insurance processes for retiring employees.
- 5 **Customised Supervisory Programme**
Offered leadership skills training to selected individuals at the supervisory level, with a focus on strengthening their people management capabilities to better support their roles.
- 6 **Resilience Programme**
Enhanced the mental resilience of LCT employees by providing them with skills to manage negative emotions, cultivate positive emotions and transform challenges into opportunities.

TALENT MANAGEMENT

At LCT, we cultivate a culture of excellence through robust training and development programmes. We empower our team with tailored initiatives, fostering skills, leadership and adaptability. Committed to continuous improvement, we invest in our greatest asset—our people—ensuring they thrive in a dynamic and evolving professional landscape.



In 2023, LCT Malaysia proactively boosted organisational performance through a comprehensive performance management system implemented across all leadership levels. To ensure clarity in staff expectations and goals, the company introduced a set of detailed Key Performance Indicators (“KPIs”) that serve as benchmarks for employee performance, establishing specific targets and objectives contributing to the overall success of the organisation.

As an integral part of the performance management process, LCT Malaysia incorporated a robust review mechanism involving continuous feedback from officials. This feedback loop enables leaders to gain valuable insights into their performance, fostering a dynamic and responsive approach to improvement. The company values officials’ input, leveraging their perspectives to ensure a comprehensive assessment of leadership effectiveness.

Recognising the significance of providing staff with a clear career development roadmap, LCT Malaysia aligns individual performance with organisational goals. This approach not only makes employees aware of the expectations set for them but also helps them understand the direct impact of their contributions on the company’s success.



Through our talent management initiatives, we aim to inspire, engage and retain employees, fostering improved performance using the following approach:

- **Talent Acquisition**
Identify the most suitable individuals for specific roles, whether through experienced hires or initiatives to cultivate new talent.
- **Talent Mapping**
Conduct gap analysis and position employees in roles that align with their identified talents through the talent mapping process.
- **Talent Development**
Enhance existing talent pool by tapping into the potential identified through talent mapping, achieved through training programmes and workshops based on employees’ competencies.
- **Career Management**
Implement succession planning for individuals to facilitate effective career progression.

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In FY2023, we initiated the implementation of various people development programmes which include the following:



- 1 **Engineering Development Trainee (“EDT”)**
EDT, our entry-level programme, offers recent engineering graduates experiences, tools and support to empower them to contribute significantly to our business development, particularly in our manufacturing environments. This programme is conducted in partnership with Poltek Banten (Petrochemical Polytechnic) as part of a vocational initiative.
- 3 **Apprenticeship Programme**
LCT established an internal apprenticeship programme, providing on-the-job training opportunities for individuals from school and universities.
- 4 **Internship Programme**
LCT collaborated with the Ministry of Industry in a government internship programme, hosting two (2) candidates as part of this initiative.
- 5 **LOTTE Scholarship Foundation**
The LOTTE Scholarship Foundation has offered six (6) scholarships in the fields of mechanical and chemical engineering.

PERFORMANCE APPRAISAL

The performance appraisal process involves documenting and evaluating an employee’s performance to enhance work quality, output and efficiency. At LCT, we apply an e-Appraisal system through the Employee Self Service (“ESS”), which features a 180-degree evaluation process involving the employee, their immediate superior and the Head of Department. This e-Appraisal system has been instrumental in identifying, evaluating and enhancing the long-term performance of employees.

In addition to our commitment to performance assessment, LCT values its employees by providing annual increments, performance bonuses, promotions and technical allowances. We believe in recognising and rewarding the dedication and hard work of our team members to foster a culture of continuous improvement and success.

SUCCESSION PLANNING

In line with our commitment to sustaining organisational excellence, our succession planning framework undergoes a thorough biennial review. Emphasising the cultivation of leadership skills and capabilities among our workforce, our focus extends to LCT leaders in Malaysia and Indonesia. Our succession programme for LCT leaders is built upon key pillars, including Leadership Modules, Leadership Development Programmes and Leadership Coaching and Mentoring initiatives. This holistic approach ensures a dynamic and well-prepared leadership pipeline, fostering the continuous growth and success of our teams across the region.

In our Malaysian operations, we utilise LOTTE Academy’s 180-degree leadership assessment survey for employees holding managerial positions and above. The survey findings assist in recognising areas where employees may have opportunities for improvement, prompting the creation of plans to address these areas. Furthermore, the process extends to identifying potential successors and implementing designated Leadership Modules to enhance employees’ leadership styles and competencies.

In FY2023, LCT Malaysia continued to implement the following succession planning initiatives:

- Restructuring of positions within job grading.
- Advancements based on competency, extending beyond specific job vacancies.
- Implementation of the Leader Allowance Policy, allowing qualified employees assessed as competent to assume leadership responsibilities and receive corresponding leader allowances.

RETIREMENT PROGRAMME

We are committed to empowering individuals for a smooth transition into the next chapter of their lives by providing essential support and resources.

- 1 **Pre-retirement**
Intended retirees are provided with pre-retirement planning and those who are interested in extending their service, with one of the several post-retirement placement packages available. Our operations in Indonesia have implemented a pre-retirement planning initiative designed to facilitate the transition of employees approaching retirement. This programme aims to support individuals in preparing for non-working life, ensuring readiness for retirement and offering assistance with the submission of pension plan and insurance programme applications. Pre-retirement training is provided to employees who are approaching retirement. This training aims to cultivate a positive attitude towards retirement by offering seminars on retirement preparation. In addition to the training sessions, we also present retirees with souvenirs in various forms, such as precious gold and other special gifts, to serve as memorable tokens of appreciation for their contribution to the company.
- 2 **Post retirement**
The available packages encompass fixed-term employment, short-term project support, advisory service contracts and job placements within subsidiary companies. These options are determined based on factors such as age, length of service, experience and any specialised skills that contribute to the organisation. The Fixed Term Employment Contract Policy remains applicable in 2023.

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OUR OUTPUT – HOW WE PERFORMED

A Training Hours

1 By Gender

MALAYSIA	Year	Female	Male	Total training hours
	2021	3,208	27,358	30,566
2022	5,668	27,989	33,657	
2023	9,031	45,910	54,941	

INDONESIA	Year	Female	Male	Total training hours
	2021	570	2,030	2,600
2022	633	4,683	5,316	
2023	273	5,313	5,586	

MALAYSIA	Year	Average training hours per female employee	Average training hours per male employee	Average training hours per employee
	2021	14.99	28.74	26.21
2022	26.61	29.68	29.12	
2023	39.96	49.69	47.77	

INDONESIA	Year	Average training hours per female employee	Average training hours per male employee	Average training hours per employee
	2021	12.12	6.97	7.69
2022	13.19	15.98	15.59	
2023	5.69	18.13	16.38	

2 By Employee Category

MALAYSIA	Year	Senior Management	Middle Management	Executive	Technician and below
	2021	548	1,752	20,938	7,328
2022	132	2,299	12,963	18,263	
2023	176	1,717	22,514	30,534	

INDONESIA	Year	Senior Management	Middle Management	Executive	Technician and below
	2021	0	158	1,273	1,169
2022	0	152	2,686	2,478	
2023	0	200	2,155	3,231	

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MALAYSIA	Year	Average training hours per Senior Management	Average training hours per Middle Management	Average training hours per Executive	Average training hours per Technician and below
	2021	22.83	24.68	53.55	10.78
2022	5.08	33.81	33.93	26.86	
2023	7.04	23.52	58.94	45.57	

INDONESIA	Year	Average training hours per Senior Management	Average training hours per Middle Management	Average training hours per Executive	Average training hours per Technician and below
	2021	0	5.83	8.96	7.08
2022	0	5.43	18.52	15.11	
2023	0	7.14	14.76	19.82	

B Performance and Career Development Review

We managed to remain consistent in communicating with our employees through performance and career development review.

1 By Gender

MALAYSIA	Year	Number of Employees receiving regular performance and career development reviews		Percentage (%)	
		Female	Male	Female	Male
	2021	208	927	18	82
	2022	200	881	19	81
	2023	216	876	20	80

INDONESIA	Year	Number of Employees receiving regular performance and career development reviews		Percentage (%)	
		Female	Male	Female	Male
	2021	46	284	14	86
	2022	45	285	14	86
	2023	47	282	14	86

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2 By employee category

Year	Number of Employees receiving regular performance and career development reviews				Percentage (%)			
	SM	MM	E	T	SM	MM	E	T
2021	23	68	374	670	100	100	100	100
2022	24	66	352	639	100	100	100	100
2023	23	72	354	643	100	100	100	100

Year	Number of Employees receiving regular performance and career development reviews				Percentage (%)			
	SM	MM	E	T	SM	MM	E	T
2021	3	25	139	163	100	100	100	100
2022	3	26	140	161	100	100	100	100
2023	3	26	140	160	100	100	100	100

Note: SM : Senior Management MM : Middle Management E : Executive T : Technician and below

3 Succession Planning

Year	Number of participants	Number of critical positions filled	Number of vacant critical position	Percentage of critical position
2021	0	0	0	-
2022	0	0	0	-
2023	87	3	3	100%

Year	Number of participants	Number of critical positions filled	Number of vacant critical position	Percentage of critical position
2021	4	2	2	100%
2022	2	2	2	100%
2023	0	2	2	100%

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We empower our workforce by investing in their training and development, empowering them with the necessary expertise and knowledge to fulfill their responsibilities and manage challenges of our knowledge-intensive and skill-focused industry. Our efforts stand as an advantage in enhancing our competitive edge. Moreover, our commitment to sustainable value creation is underscored through the substantial emphasis we place on employee leadership and succession planning.

FUTURE OUTLOOK – OUR PRIORITY

Our operations in Malaysia will continue focusing on developing LCT's Training Structure, encompassing all tiers of LCT employees. Supported by our five key pillars, we are dedicated to fostering the development of our younger talents, recognising their pivotal role in the organisation's growth. Furthermore, our commitment extends to prioritising safety training for legal compliance, reflecting our dedication to a secure and compliant work environment. In essence, LCT remains firm in its commitment to comprehensive employee development, specifically on the well-rounded growth of our team.

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HUMAN RIGHTS & FAIR EMPLOYMENT PRACTICES

Compliance serves as a foundation for LCT's approach to employment and career opportunities. While we adhere to regulatory requirements, our sustainability plan sets a higher standard by actively safeguarding the rights of all stakeholders. We extend this commitment to employees, suppliers and communities. We believe that every employee should be afforded the opportunity for meaningful employment and fair remuneration.

LCT's Focus Area

- Social Responsibility
- Governance & Compliance

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Talent Management Risk

Business Capitals

Financial Capital

Hiring skilled talents (i.e., management and operational workforce) to ensure business continuity

Skilled Talent

Led by a highly experienced Management team and supported by a skilled and committed workforce

OUR STRATEGIC ENABLERS - MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

Commitment to Human Rights and Non-Discriminatory Behaviour

We respect and support the protection of internationally proclaimed human rights of all our employees. Discrimination has no place in our organisation and we condemn any biases related to gender, age, religion, race, sexual orientation, disabilities, nationality, or educational background. Our Business Ethics & Code of Conduct (“BECOC”) serves as a guide, outlining our commitment to diversity, equal opportunity and human rights, and emphasising our proactive approach to eradicating sexual harassment and workplace violence.

Within our BECOC, the following commitments and statements are outlined:

- Committed to promoting diversity and equal opportunities for every employee to foster an inclusive workplace.
- Our strong opposition to child labour is explicitly communicated in our recruitment and staffing policies. This policy prohibits the hiring of minors for any roles within LCT, extending to third-party service providers and contractors. Employment is exclusively open to individuals aged 18 and above.

We actively promote adherence to expected behavioural standards by maintaining continuous engagement with both employees and stakeholders. This commitment is reinforced through diverse initiatives, such as comprehensive training sessions covering policy content, specialised training on topics like sexual harassment and bullying, integration of awareness in performance management processes and periodic refresher courses specifically focused on reinforcing the principles outlined in the BECOC.

Elimination of Excessive Work Hours

In our commitment to fostering a healthy work environment and preventing adverse effects such as employee burnout and work-life imbalances, our Overtime Compensation & Limitation Policy strategically guides us in tackling potential issues such as overtime, safety concerns, absenteeism and decreased productivity. We strongly encourage our team leaders to actively oversee and manage their teams' overtime, emphasising the importance of utilising overtime only when absolutely necessary.

Taking a proactive stance, we have addressed the issue of equal pay and equal work within our organisation through comprehensive documentation, including our BECOC and Collective Labour Agreement (“CLA”). The principle of ‘Equal Employment Opportunity,’ outlined in our BECOC, also guides us in upholding equal opportunities for employment and advancement for all qualified individuals in the organisation. This helps in preventing any form of discrimination based on age, colour, national origin, race, religion, sex, physical or mental disability or veteran status. On an annual basis, we instil accountability by requiring all employees to certify their compliance with both the BECOC and the ABAC Manual, reinforcing our dedication to maintaining a workplace that embodies fairness and equal treatment.

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Ensuring compliance with the Employment Act of 1955, we prioritise fair compensation for our employees based in Malaysia. We diligently manage our workforce to meet operational requirements and foster a healthy work environment to prevent excessive work hours.



Our operations in Indonesia consistently follow the relevant Indonesian legal regulations concerning payroll disbursements, particularly with regards to compensating shift members for overtime.

Fair and Equal Treatment

Our internal policies and procedures for labour practices are designed to uphold fair and equitable treatment for all employees, promoting and safeguarding fundamental human rights. The BECOC, Whistleblowing Policy and CLA specifically address staffing and selection, health and well-being, compensation and grievance handling. All employees in LCT are treated fairly regardless of nationality. Moreover, our approach emphasises equality, extending the same rights and considerations to expatriate employees, as stipulated in the CLA. No complaints were made regarding any unfair treatment of expatriate employees in FY2023. These policies underscore our commitment to the following:

- 1 Strive for equal opportunity**
We hire and retain top talents without discrimination based on a person's age, race, religion, gender or physical disability. Talent is employed solely based on merit and qualifications related to the job role.
- 2 Ensure merit-based selection**
We screen applicants' basic qualifications, job experience and various aspects to select the right candidates. The details written on the application are verified.
- 3 Maintain transparency**
We clearly communicate the recruitment process to candidates, from application to selection.
- 4 Uphold ethical standards**
We formalise our commitment towards fair and ethical hiring practices, as stipulated in our Business Ethics & Code of Conduct.

We established a systematic process to identify, attract and hire qualified talents. Our recruitment procedures follow a general framework:

- 1 Internal Manpower Requisition
- 2 Job Vacancies Advertisement
- 3 Candidates Screening
- 4 Interview Sessions Invitation
- 5 Technical and Skills Tests
- 6 Management Approval
- 7 Pre-Employment Medical Examination Tests
- 8 Letter of Offer Issuance and Acceptance

In addition, we emphasise on local hiring in our recruitment process, reflecting our commitment to community growth and actively contributing to job opportunities for residents in the areas where we operate.

Employee Remuneration Review

We offer equitable and competitive compensation packages to our employees, ensuring that they receive proper remuneration and recognition for their contributions in the workplace.



- Employee remuneration packages are shaped by individual performance, evaluated through Key Performance Indicators (“KPIs”). We gauge competency, innovation and development to determine annual increments, performance bonuses and promotions
- The Human Resources Department conducts assessments, while the final decisions are made by the Heads of Departments. This meticulous process aims to provide fair compensation for employees, reinforcing the principle of equal pay for equal work as outlined in our Salary Guideline policy, which defines remuneration based on job grade and salary range



- We conduct a remuneration review at a minimum of twice a year to ensure a thorough and equitable evaluation of our employees' remuneration packages
- Remuneration packages are determined based on employees' achievements, innovation, as well as team development during the evaluation process

The criteria for the annual remuneration review are outlined in the CLA, encompassing factors such as annual inflation, performance criteria and the company's financial condition.

Employee Welfare and Benefits

Our commitment to labour practices is firm, marked by our strict adherence to legal standards and proactive responsiveness to evolving regulatory requirements. Our remuneration packages not only meet but exceed current minimum wage regulations, demonstrating our commitment to fair and competitive compensation. Emphasising our dedication to competitiveness, we regularly benchmark against industry peers and conduct thorough reviews of remuneration packages that includes extensive healthcare benefits for outpatient, hospitalisation and dental treatments. In addition, continuous commitment to acknowledging and rewarding the outstanding contributions of our people is exemplified through quarterly bonuses tied to LCT's performance. Other benefits include:

- Parental Leave
- Flexible Working Arrangements
- Condolence and Calamity Donations
- Allowances and Subsidies

The terms specified in the individual contracts determine other welfare and benefits extended to our contract employees.

Employees in Malaysia and Indonesia benefit from interest-free loans, encompassing personal, education and emergency financial assistance.

Employee Engagement

We have conducted the Employee Engagement Survey (“EES”) and Employee Satisfaction Survey (“ESS”) across our Malaysian and Indonesian operations. The EES evaluates the employees' engagement levels, while the ESS assesses their satisfaction across various aspects. These surveys form part of our ongoing commitment to gain better insights and understanding of our employees' perceptions towards the Company. The EES was conducted in-house at the end of FY2023.

During FY2023, we did not conduct an EES for our operations in Indonesia due to turnaround activity. Nonetheless, our employee engagement initiatives continued to include health awareness programmes and team-building events.

Strategy Pillar 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



Year	Engagement Rate (%)	Enablement Rate (%)	Employee Satisfaction Rate (%)
2021	-	-	94
2022	67	66	-
2023	67	68	-



Year	Engagement Rate (%)	Enablement Rate (%)	Employee Satisfaction Rate (%)
2021	89	93	94
2022	-	-	-
2023	-	-	-

Employee Grievances/Labour Union

We remain guided by the CLA, which supports our employees' right to freedom of association and collective bargaining, as stipulated by the following clauses:

- 1 All workers, without any discrimination, possess the right to join or establish trade unions of their choice and engage in collective bargaining
- 2 Employers are encouraged to maintain an open and supportive approach towards the activities of trade unions and their organisational endeavours
- 3 Workers' representatives should not face discrimination and must be granted access to fulfil their representative functions within the workplace
- 4 In instances where legal restrictions impede the right to freedom of association and collective bargaining, the employer is obligated to facilitate, rather than impede, the development of alternative avenues for independent and unrestricted association and bargaining

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)



We have established an internal platform known as the Joint Consultative Committee (“JCC”) which serves as a grievance mechanism for our Malaysian employees. This forum facilitates monthly discussions and addresses various matters, including health and safety, employee benefits and compensation with around 30 employee-elected representatives. The involvement of employees is ensured by securing elected members through the organisation’s constitution and providing them with compensation for serving as representatives in the JCC.

The JCC holds 10 annual sessions to address and resolve employee-company issues and follows a standard operating procedure with three key steps:

- 1 It maintains an open-door policy, allowing anyone to raise concerns or problems
- 2 An external advisor is involved in meetings to offer diverse perspectives on the issues at hand
- 3 Should any issues remain unresolved, they are escalated to the president for high-level attention

This approach reflects a commitment to fair decision-making and proactive issue resolution. In FY2023, 10 JCC sessions were held as mandated, addressing and resolving 63 cases.



In Indonesia, Labour Union meetings are held biweekly. The CLA for the period of 2022-2024 underwent the renewal process and was officially registered with the Manpower Department in August 2022. We aim to share information about the revised CLA with all of our employees.

We have also taken an active step to foster a collaborative work environment by founding a trade union for our employees. This union, led by an elected chairperson and deputy, comprises seven (7) representatives. Committed to upholding the principles outlined in Indonesian labour laws, our union has been a vital conduit for transparent communication between management and employees. We are gearing up to propose a new CLA that will set the foundation for the union’s activities from 2024 to 2026, with a particular focus on accommodating new members to join our workforce.

Other Employee Engagement Initiatives

By consistently fostering open communication and collaboration, we aim to create a vibrant and enriching atmosphere that empowers our team members.



In Malaysia during FY2023, additional employee engagement initiatives were implemented. These included hosting high tea events tailored to specific departments for non-executive groups, offering an open mental wellness support programme and providing updates on employment laws. These efforts aimed to strengthen employee relations, enhance the working environment and promote mental well-being and stress management, underscoring the company’s commitment to employee welfare.



In Indonesia, LCT implemented a range of engagement activities throughout FY2023. These included townhall events, Umrah trips, family gatherings, as well as recognising high-performing employees during company anniversaries and providing birthday gifts for all employees. Furthermore, LCT has a team-building event scheduled for the upcoming year. Additionally, LCT offers facilities such as lactation rooms and actively supports employees’ hobbies and activities. These efforts demonstrate a comprehensive approach to employee engagement and support within the Indonesian branch, showcasing LCT’s dedication to fostering a positive and inclusive work environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

OUR OUTPUT – HOW WE PERFORMED

Note: * The figures for our Malaysian operations exclude temporary staff

A Employee Profile

1 By Gender*

Year	Malaysia				Indonesia			
	Female		Male		Female		Male	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	214	18	952	82	47	14	291	86
2022	213	18	943	82	48	14	293	86
2023	226	20	924	80	48	14	293	86

2 By Age Group*



Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	280	24	713	61	173	15
2022	253	22	726	63	177	15
2023	261	23	712	62	177	15



Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	60	18	202	60	76	22
2022	62	18	199	58	80	24
2023	60	18	204	60	77	23

3 By Region*

Year	Malaysia		Indonesia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	1,166	78	338	22
2022	1,156	77	341	23
2023	1,150	77	341	23

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

4 By Employment Type

At LCT, we do not offer part-time employment. All employees are employed on a full-time basis.

i By Gender

Year	Malaysia							
	Female				Male			
	Permanent		Temporary		Permanent		Temporary	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	214	18.30	3	0.26	952	81.44	0	-
2022	213	18.43	0	-	943	81.57	0	-
2023	226	19.65	0	-	924	80.35	0	-

Year	Indonesia							
	Female				Male			
	Permanent		Temporary		Permanent		Temporary	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	47	13.91	0	-	287	84.91	4	1.18
2022	47	13.78	1	0.29	288	84.46	5	1.47
2023	48	14.07	0	-	288	84.46	5	1.47

ii By Region

Year	Malaysia				Indonesia			
	Permanent		Temporary		Permanent		Temporary	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	1,166	99.74	3	0.26	334	98.82	4	1.18
2022	1,156	100	0	-	335	98.24	6	1.76
2023	1,150	100	0	-	336	98.53	5	1.47

B Employees with a Disability

Year	Malaysia		Indonesia	
	Number of employees with disability	Percentage of employees with disability (%)	Number of employees with disability	Percentage of employees with disability (%)
2021	0	-	1	0.3
2022	0	-	1	0.3
2023	0	-	1	0.3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

C New Hire

1 By Gender

Year	Malaysia				Indonesia			
	Female		Male		Female		Male	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	8	15	47	85	3	16	16	84
2022	20	18	89	82	5	16	27	84
2023	27	21	102	79	1	6	15	94

2 By Age Group

Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	37	67	13	24	5	9
2022	75	69	25	23	9	8
2023	90	70	37	29	2	1

INDONESIA

Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	12	63	5	26	2	11
2022	24	75	6	19	2	6
2023	11	69	5	31	0	-

3 By Region*

Year	Malaysia		Indonesia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	55	5	19	6
2022	109	9	32	9
2023	129	11	16	5

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) Strategy Pillar 3

D Attrition Rate

1 By Gender

Year	Malaysia				Indonesia			
	Female		Male		Female		Male	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	5	19	22	81	1	11	8	89
2022	13	14	82	86	4	33	8	67
2023	9	9	88	91	0	-	8	100

2 By Age Group



Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	16	59	8	30	3	11
2022	51	54	40	42	4	4
2023	42	43	54	56	1	1



Year	Below 30		30 to 50		Above 50	
	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)	Number of Employees	Percentage (%)
2021	4	44	5	56	0	-
2022	5	42	7	58	0	-
2023	5	62	3	38	0	-

3 By Region*

Year	Malaysia		Indonesia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)
2021	27	2.32	9	2.66
2022	95	8.22	12	3.52
2023	97	8.43	8	2.35

E Number of substantiated complaints concerning human rights violations

Year	2021	2022	2023
Malaysia	0	0	0
Indonesia	0	0	0

F Parental Leave*

Year	Number of employees											
	2021				2022				2023			
	Malaysia		Indonesia		Malaysia		Indonesia		Malaysia		Indonesia	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Entitled to parental leave	162	789	36	256	163	769	37	244	160	744	38	248
Took parental leave	9	67	5	30	14	63	3	18	14	48	3	16
Returned to work in the reporting period after parental leave ended	9	67	5	30	14	63	3	18	14	48	3	16
Returned to work after parental leave ended that were still employed 12 months after their return to work	9	67	5	30	14	63	3	18	14	48	3	16

G Ratio of Basic Salary and Remuneration of Women to Men*

Year	2021		2022		2023	
	Malaysia	Indonesia	Malaysia	Indonesia	Malaysia	Indonesia
Senior Management	0.98:1	-	0.96:1	-	1.02:1	-
Middle Management	0.96:1	1.81:1	0.88:1	1.27:1	0.81:1	0.56:1
Executive	0.91:1	1.16:1	0.90:1	0.90:1	0.86:1	0.87:1
Technician and below	0.83:1	0.83:1	0.82:1	0.82:1	0.82:1	0.57:1

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

Our unwavering commitment to responsible and ethical employment practices has generated tangible outcomes for every team member, including fair and equitable treatment. The results of our dedication to diversity and inclusivity are evident in our recruitment and promotion processes, consistently delivering equal opportunities regardless of ethnicity. By prioritising the value and growth of our employees and fostering an inclusive workforce, we have successfully attracted, developed and retained exceptional talent in the market. This has contributed to creating substantial value for our stakeholders and our company.

In FY2023, there were zero (0) instances of discrimination or non-compliance related to labour standards reported in our operations in Malaysia and Indonesia.

FUTURE OUTLOOK – OUR PRIORITY

We remain steadfast to upholding human rights and promoting a diverse, inclusive workplace for our employees. We will continue prioritising internal communication to actively engage with our employees, while also leveraging our workforce to contribute to the local economy and create new job opportunities. In addressing challenges specific to Malaysia’s outlook, we are actively working to advocate for employee human rights and ensure fair employment practices. Our commitment extends to Indonesia, where ongoing efforts in the near term are dedicated to refining the CLA to align with local labour laws and regulations.

Strategy Pillar 3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

REGULATORY COMPLIANCE

“ LCT is committed to maintaining high standards of corporate responsibility by ensuring compliance in all our activities. This dedication, at the core of our values, fosters strong connections with stakeholders, regulators and governmental agencies. Additionally, LCT’s commitment to regulatory compliance instills confidence among stakeholders, reinforcing its commercial standing, reputation and trust for a lasting impact. ”

LCT’s Focus Area

- Governance & Compliance

Contribution to the United Nations Sustainable Development Goals



Mapping to Our Risks and Opportunities

- Compliance Risk – Safety, Health & Environment
- Compliance Risk – License

Business Capitals



Social and Relationship Capital

Maintaining good relationships with all stakeholders including Government regulators, suppliers, customers and the communities in which we operate

OUR STRATEGIC ENABLERS - MITIGATING RISKS AND MATERIALISING OUR OPPORTUNITIES

At LCT, we diligently maintain the trust and confidence built over the years through our steadfast adherence to ethical principles and robust governance practices across our value chain. We believe that trust is not just a concept but is truly manifested in our actions, reflecting the integrity embedded in our organisational ethos.

With oversight and endorsement from our Board, our ethical conduct and governance are guided by our Anti-Bribery & Anti-Corruption (“ABAC”) Framework, including but not limited to the following policies:

- 1 Business Ethics & Code of Conduct (“BECOC”)
- 2 Anti-Bribery & Anti-Corruption (“ABAC”) Manual
- 3 Whistleblowing Policy
- 4 Supplier Code of Conduct

The framework and policies developed comply with the corporate liability provisions in the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Company maintains a zero-tolerance policy for any form of bribery or corruption and has established appropriate procedures and mechanisms to ensure full and continuous adherence to all applicable laws and regulations.

In FY2023, we maintained our commitment to implementing the monitoring programme within our Malaysian operations, as outlined in the ABAC Framework. This comprehensive initiative included annual ABAC Certification for all departments, regular ABAC audits and continuous enhancements to our third-party due diligence exercises. Additionally, we conducted refresher training sessions under the ABAC Framework to ensure ongoing compliance and understanding across the organisation.

1 BUSINESS ETHICS & CODE OF CONDUCT (“BECOC”)

Our BECOC is accessible to all of our employees in Malaysia and Indonesia, and is available in English, Bahasa Malaysia and Bahasa Indonesia. It outlines the following policies and procedures:

- Responsible and ethical business conduct from the Board of Directors to working-level employees, ensuring full compliance with applicable laws and regulations.
- Equal employment opportunity, diversity, faithful service, and the prevention of corruption, abuse of power, sexual harassment and workplace violence.
- Guidelines governing employee conduct in business engagements with third parties, including suppliers and consultants.
- Anti-bribery and anti-corruption policies, including the No Gift Policy, which we practice with limited exceptions. The Legal & Compliance team sends out regular email reminders on this policy to our people especially during festive seasons.

It is mandatory for all LCT employees to make an annual declaration in compliance with the BECOC. Our employees can revisit the BECOC awareness training materials via the HR portal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strategy Pillar 3

2 Anti-Bribery & Anti-Corruption (“ABAC”) Manual

Our ABAC Manual sets out our strict zero-tolerance stance on bribery and corruption. We communicate this stance through BECOC, ABAC Manual & Whistleblowing Policy refresher training sessions for our employees. The manual is readily available on both the employee’s portal and the Company’s website. LCT consistently emphasises compliance with the ABAC Manual to our vendors by embedding it into our Purchase Order documents.

3 Whistleblowing Policy

Our Whistleblowing Policy promotes the reporting of wrongdoing or improper conduct within LCT. It sets clear procedures and a reporting channel for the Board of Directors, employees and third parties to voice concerns or report unethical or illegal behaviour.

- Whistleblowing forms are accessible on both our employee’s portal and Company’s website for reporting and submission of potential unethical or illegal behaviour.
- The policy ensures whistleblower protection whereby confidentiality is maintained, except in instances where disclosure is mandated by law.

Whistleblowing reports can be directed to either the immediate superiors, the Compliance Officer, President & CEO or the Chairman of the Audit Committee. This ensures independence, transparency and governance in protecting confidentiality.

PERSONAL DATA PROTECTION ACT AND PERSONAL DATA PROTECTION LAW

Personal Data Protection Laws and Regulations

In today’s interconnected digital landscape, LCT places paramount importance on safeguarding personal data integrity. Our commitment extends beyond legal compliance, embodying a core ethical principle. By prioritising transparency and respecting individual rights, we nurture enduring partnerships built on trust and integrity.



In Malaysia, our commitment translates into strict adherence to the Personal Data Protection Act (“PDPA”) 2010. Our compliance involves keeping abreast of new developments in the law, reflecting our dedication to safeguarding personal data against any unauthorised access or misuse.



Similarly, in Indonesia, we are proactive in responding to the newly enacted Law No. 27 of 2022 concerning Personal Data Protection (“PDP Law”). Since its enactment on 17 October 2022, we have embarked on a comprehensive journey to align our processes with the requirements of the PDP Law. These include:

- Engaging in detailed assessments to identify areas for alignment with the PDP Law.
- Implementing necessary changes and enhancements in our data handling and privacy policies.
- Ensuring all relevant departments are fully informed and trained in compliance with the new law.

As the PDP Law stipulates a two-year period for full compliance, we are committed to not only meeting this timeline but also striving to exceed these regulatory standards where possible.

Our pledge to protect personal data is unwavering. As regulations evolve and technology advances, LCT remains steadfast in its commitment to privacy, viewing it as an essential component of the trust our stakeholders place in us. We continually strive to enhance our data protection measures, ensuring we remain at the forefront of compliance and ethical responsibility.

INSIDER TRADING

In Malaysia, we conduct regular briefings on insider trading for all employees. In Indonesia, such briefings are conducted annually for managerial staff and above. These training sessions encompass crucial topics including insider information, actions classified as insider trading, the liabilities facing both the Company and its employees and the legal ramifications of any breaches.

ONGOING EFFORTS TO MITIGATE BRIBERY AND CORRUPTION

In our ongoing efforts to reduce the risk of bribery and corruption across our operations, we proactively take the following initiatives:

- New staff receive ABAC briefings during their onboarding.
- Refresher training on anti-bribery measures are held periodically for our people to stay updated on the latest anti-bribery provisions within the organisation.
- Employees based in our Malaysian operations must make an online declaration, confirming their understanding and agreement to adhere to the BECOC, ABAC Manual and other relevant Group policies and procedures.
- Conflict of interest declarations are made annually by Malaysian employees and every three years by employees in Indonesia, while new joiners declare any conflicts upon joining. Continuous monitoring of compliance with BECOC, ABAC Manual and conflict of interest declarations is maintained.
- Anti-bribery clauses are integrated into our official documents, policies and standard agreements, obligating all parties to comply with these provisions.
- Each line department is responsible for obtaining a signed Third-Party Declaration form from new customers, suppliers, consultants and any third parties involved in business with LCT or its subsidiaries.

Further to an internal audit conducted in 2021 to evaluate the effectiveness of the ABAC Framework, we have further enhanced the vendor and customer due diligence process for our Finance, Treasury, Risk Management, Credit Control and HR departments in FY2023 for our operations in Malaysia. Vendors are assessed on their anti-bribery and corruption procedures by submitting a completed ABAC questionnaire.

Strategy Pillar 3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The Group’s commitment to compliance with applicable laws and regulations is evident in annual reviews, focusing on areas such as the Business Compliance Processes, Legal Register updates and ABAC Framework improvements. At the same time, continuous and relevant training on applicable laws for our employees ensures a strong understanding in our Group operations.

OUR OUTPUT – HOW WE PERFORMED

A LCT’s BECOC Training

Number of employees that received training on LCT’s BECOC

Year	2021	2022	2023
Malaysia	352	100	123
Indonesia	338	341	341

Percentage of employees that received training on LCT’s BECOC (%)

Year	2021	2022	2023
Malaysia	30	9	11
Indonesia	100	100	100

B ABAC related Training

Number of employees who received training related to ABAC

LCT ensures that all employees receive ABAC training. Each employee is required to refresh their ABAC training once every three (3) years.

MALAYSIA

Year	2023
Senior Management	92%
Middle Management	95%
Executive	90%
Technician and below	82%

INDONESIA

Year	2023
Senior Management	100%
Middle Management	100%
Executive	100%
Technician and below	100%

Note: In Malaysia, each employee is required to refresh their ABAC training once every three (3) years. The ABAC training was introduced in Malaysia in FY2020 and in Cycle 1 (2020 - 2022), 100% of the employees received the training.

C Operations assessed for corruption-related risks

Percentage of operations assessed for corruption-related risks

Year	2021	2022	2023
Malaysia	100%	100%	100%
Indonesia	100%	100%	100%

D Confirmed incidents of corruption and action taken

Year	2021	2022	2023
Malaysia	0	0	0
Indonesia	0	0	0

E Political Contribution

LCT prohibits any form of political contributions.

OUTCOME – VALUE CREATED FOR OUR BUSINESS AND STAKEHOLDERS

We are dedicated to continuously enhancing the Company’s corporate governance structure and corporate culture. LCT’s security and governance principles maintain the trust of our stakeholders so that they remain intact.

FUTURE OUTLOOK – OUR PRIORITY

LCT is steadfast in its commitment to strict compliance with laws and regulations across its operational countries, emphasising ethical corporate citizenship through robust governance policies. In Malaysia, we ensure continuous training on key areas of concern such as the ABAC, Related-Party Transactions Policy, as well as Corporate Disclosure Policies and Procedures. Meanwhile, in Indonesia, efforts are directed towards establishing a comprehensive legal register on the impact of legislation and regulations on various aspects of business operations.





HOW OUR LEADERSHIP DRIVES A SUSTAINABLE FUTURE

PROFILE OF BOARD OF DIRECTORS

PROFILE OF BOARD OF DIRECTORS





TAN SRI DATO' ABDUL RAHMAN MAMAT
Independent Non-Executive Chairman




DATE OF APPOINTMENT
2 June 2011
(6 years and 8 months as Independent Director since Date of Listing)*

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**

MEMBERSHIP OF BOARD COMMITTEES
Nil





PARK HYUN CHUL
President & Chief Executive Officer, Non-Independent Executive Director




DATE OF APPOINTMENT
1 January 2021

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**

MEMBERSHIP OF BOARD COMMITTEES

- Risk Management Committee

OTHER DIRECTORSHIPS:

- Listed Entities**
- MCE Holdings Berhad
 - ECA Integrated Solution Berhad
 - Malaysia Building Society Berhad

- Public Companies**
- Malaysian Industrial Development Finance Berhad
 - Malaysian Technology Development Corporation Sdn. Bhd. (subsidiary of Khazanah Nasional Berhad)

QUALIFICATION(S)

- Bachelor of Economics (Honours), Universiti Malaya
- Advanced Management Programme, Harvard Business School

EXPERIENCE & EXPERTISE

An accomplished figure in Malaysia's corporate sector, **Tan Sri Dato' Abdul Rahman Mamat** had an illustrious career serving the Government of Malaysia, with extensive knowledge in international trade, economics, investments, corporate governance and entrepreneurship. He was appointed as the Chairman of the Board on 31 March 2017.

He joined the Ministry of International Trade and Industry ("MITI") in April 1975 as an Assistant Director. During his 35-year career at MITI, he held various senior positions before retiring in December 2010. Among them, include Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States (US); Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; Economic Counsellor/Trade Commissioner and Deputy

Permanent Representative to the United Nations Economic and Social Commission, Malaysian Trade Office, Bangkok, Thailand; Special Assistant to the then Minister of MITI; Member of the Board of Directors, Malaysian Industry-Government Group for High Technology (MIGHT); Director of Industries; Senior Director of Policy and Industry, Services Division; Deputy Secretary General (Industry) of MITI; and Secretary General of MITI.

He was also MITI's appointed representative on the boards of various government-linked entities including the Malaysian Investment Development Authority (MIDA), Johor Corporation, Regional Economic Development Authority (RECODA) Sarawak, SME Corporation Malaysia, Pahang State Economic Development Corporation, Malaysian Technology Development Corporation and MATRADE.

He represented Malaysia at many international meetings, negotiations, conferences and symposiums and was involved in formulating, implementing and monitoring policies and strategies on international trade and industries and entrepreneurship development.

He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High-Level Task Force on ASEAN Economic Integration and a member of PEMUDAH (Special Taskforce To Facilitate Business).

He also sits on the boards of several private limited companies in Malaysia, operating in finance, manufacturing, retail and services sectors covering global logistics, healthcare, as well as oil, gas and energy.

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

Nil

QUALIFICATION(S)

- Degree in Chemical Engineering, Pusan National University, Republic of Korea

EXPERIENCE & EXPERTISE

Mr Park Hyun Chul was appointed President & Chief Executive Officer of LOTTE Chemical Titan Holding Berhad ("LCT") on 1 January 2021. He has over 31 years of experience in production, cracker operations, project development and management in the petrochemical industry.

Mr Park joined LOTTE Chemical Corporation ("LCC") in 1991 and rose through the ranks and successfully led production at various plants and many production improvement projects in LCC, such as revamping the cracker, benzene, toluene and xylene (BTX) plant and the butadiene (BD) plant. Mr Park was also the project leader for the Front End Engineering Design (FEED) of the Indonesian LINE Project.

In 2008, he was promoted to General Manager of Production covering the naphtha cracking centre (NCC), cogeneration, air separation and water treatment plants. From 2010 to 2012, he was the Project Manager for the NCC and BTX revamping projects. In 2012, he was appointed Director of the Production Division and later in that year as Project Leader for the Uzbekistan Ustyurt Gas Chemical Complex (UGCC) Project.

In 2016, Mr Park was posted to Uzbekistan for two (2) years to lead a project management team in the construction of LCC's petrochemical complex. His most prior position at LCC was Senior Vice President with overall responsibility for production at the LCC plants in Yeosu, Daesan and Ulsan.


Mr Park is an appointed representative of LCC, the major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS

PROFILE OF BOARD OF DIRECTORS



ANG AH LECK
Independent Non-Executive Director



AGE
67

DATE OF APPOINTMENT
31 March 2017*

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**

MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Risk Management Committee



DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES
Nil

QUALIFICATION(S)

- Chartered Accountant, Malaysia
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Chartered Tax Institute of Malaysia

EXPERIENCE & EXPERTISE


Mr Ang Ah Leck is a qualified chartered accountant by profession, with over three (3) decades of expertise in audit, finance, corporate advisory, risk management, regulatory compliance and governance.

He began his career as an auditor with Peat Marwick Mitchell & Co. (currently known as KPMG PLT, Malaysia) in 1978. Between 1987 and 1989, he was seconded to the KPMG office in Houston, Texas, United States, where he accumulated experience in the audits on some of the country's largest oil and gas companies.


In 1997, he was appointed audit partner at KPMG PLT, where he served as the partner-in-charge of the Company's Johor Bahru office until his retirement in 2011.

Whilst in KPMG PLT, Mr Ang gained extensive experience in coordinating and managing complex assurance assignments in the oil and gas, plantation, manufacturing, trading, construction and property development industries. He also worked on numerous due diligence exercises on many Initial Public Offerings (IPOs), corporate bonds and rights issue.

Mr Ang opted out of retirement in August 2014 by joining BDO as its Executive Director, Advisory, where he is an Engagement Director for Internal Audit, Enterprise Risk Management, Corporate Governance, forensic accounting and litigation support services.



TAN SRI DATUK (DR.) RAFIAH BINTI SALIM
Independent Non-Executive Director




AGE
76

DATE OF APPOINTMENT
31 March 2017*

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**

MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee
- Nomination and Remuneration Committee (Chairperson)
- Risk Management Committee



OTHER DIRECTORSHIPS:

Listed Entities

- Cyberjaya Education Group Berhad (formerly known as Minda Global Berhad)
- Public Companies**
- Yayasan Petronas

QUALIFICATION(S)

- Bachelor of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Master of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Honorary Doctor of Laws, Queen's University Belfast, Northern Ireland, United Kingdom
- Certificate of Legal Practice ("CLP")
- Honorary Doctor of Laws, Universiti Malaya

EXPERIENCE & EXPERTISE

Tan Sri Datuk (Dr.) Rafiah binti Salim is a notable figure in the Malaysian financial regulatory sector with significant local and international exposure in the areas of legal, human capital, risk and internal controls, governance and corporate finance.

A qualified lawyer, she began her career in 1974 as an Associate Professor at the Faculty of Law, Universiti Malaya ("UM"), where she lectured on the Law of Contract, Company and Commercial Law, Evidence and Family Law.


Tan Sri Datuk (Dr.) Rafiah obtained her CLP in 1980 and was admitted as an Advocate and Solicitor of the High Court of Malaya in the same year. In 1988, she entered the corporate arena, moving from her position as Dean of

the Law Faculty, UM, to join Malayan Banking Berhad as Head of the Legal Department. She was promoted to General Manager of the Human Resource Department in 1991. Between 1995 and 1997, she was Assistant Governor for the Security Department, Legal Department and Property and Service Department at Bank Negara Malaysia.


She gained substantial international experience when she joined the United Nations, New York, as Assistant Secretary General for the office of Human Resource Management from 1997 to 2002. Between 2003 and 2005, she was Executive Director of the International Centre for Leadership in Finance (Iclif). She was then appointed Vice-Chancellor/ President of UM, where she served until 2006.

PROFILE OF BOARD OF DIRECTORS

PROFILE OF BOARD OF DIRECTORS



TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR
Independent Non-Executive Director




AGE
71


DATE OF APPOINTMENT
1 February 2019

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**


MEMBERSHIP OF BOARD COMMITTEES

- Audit Committee
- Risk Management Committee (Chairperson)





MOON YOUNG TAE
Non-Independent Executive Director




AGE
53

DATE OF APPOINTMENT
1 February 2023

ATTENDED BOARD MEETINGS:
During the financial year
4/4 **100%**

MEMBERSHIP OF BOARD COMMITTEES
Nil



OTHER DIRECTORSHIPS:

- Listed Entities**
- Duopharma Biotech Berhad (Chairperson)
- Public Companies**
- Awqaf Holdings Berhad (Chairperson)

- Qualification(s)**
- Bachelor of Economics, Universiti Malaya
 - Master of Business Administration, Henley Business School, University of Reading, United Kingdom
 - Honorary Doctor of Letters, University of Reading, United Kingdom
 - Honorary Doctor of Philosophy (Corporate Management), University Utara Malaysia

EXPERIENCE AND EXPERTISE:
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir is a distinguished corporate figure and a respected leader in the healthcare and education services sectors with extensive experience in leadership, strategy and business transformation in Malaysia.

She began her career with Johor Corporation ("JCorp") in 1974 and joined JCorp's Healthcare Division in 1978. She was the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd from 1989 until the company's listing on the Main Board of Bursa Malaysia in 1994 known as KPJ Healthcare Berhad ("KPJ").

At KPJ, she served as Managing Director from 1993 until her retirement in 2012, and then as the company's Corporate Advisor from 2013 to 2014. In her years at KPJ, Tan Sri Datin Paduka Siti Sa'diah led the transformational strategies that has made KPJ one of the leading private healthcare service providers in Malaysia today. She was an Independent Director of KPJ from 2015 until 2020.

She was also the Chairman of KPJ Healthcare University College ("KPJUC") from 2011 to 2016, Pro-Chancellor of KPJUC from 2011 to 2018 and the Chancellor of KPJUC from January 2019 until 31 October 2022.

She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and was a Board Member of Malaysia External Trade Development Corporation ("MATRADE") from 1999 to 2012. She served as a Director of a few other public listed companies under Johor Corporation Group namely Al-'Aqar Healthcare REIT, Kulim (M) Berhad, KFC Holdings Malaysia Bhd and QSR Brands (M) Holdings Bhd from 2006 to 2016. She was the Chairman of Nationwide Express Holdings Berhad from 2016 to 2019 and was a Director of OSK Holdings Berhad from 2016 to 2021.

In 2010, Tan Sri Datin Paduka Siti Sa'diah was conferred the "Malaysia's CEO of the Year 2009 Award", jointly by the New Straits Times Press and American Express. Between 2011 and 2015, she received numerous awards and accolades for her contributions to the healthcare industry in Malaysia. In 2013, she published her biography titled "Siti Sa'diah: Driven by Vision, Mission and Passion".

Tan Sri Datin Paduka Siti Sa'diah is also a passionate leader in the development of Malaysia's talent landscape. She served as a Director of University Utara Malaysia ("UUM") and was the Chairman of the Board of UUM from 2016 to 2018. She was a member of the Leadership Development Committee, Razak School of Government from 2013 to 2018. She was the Pro-Chancellor of the University of Technology Malaysia ("UTM") from 2016 to 2021 and a member of Azman Hashim Business School UTM from 2019 to 2022. Currently she has been a Strategy Board member at Henley Business School, University of Reading, London since 2021.

Dedicated to advancing the quality of Malaysian healthcare, she was the President of the Malaysian Society for Quality in Health (MSQH), a national accreditation body for healthcare services since its inception in 1997 until her retirement in December 2018. She also sits on other national-level councils and committees.

DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES

Nil

QUALIFICATION(S)

- Degree in Chemical Engineering, Chonnam National University, Republic of Korea


EXPERIENCE & EXPERTISE

Mr Moon Young Tae joined the Company on 27 December 2022 as Executive Vice President, Manufacturing. He is responsible for overseeing and managing all production units, maintenance, technical processes, safety, quality, task force and innovation.


Mr Moon has over 29 years of experience in plant operations management, including naphtha cracker operations, production, utility maintenance, technical processes and safety and environment in the petrochemical industry. He joined LOTTE Chemical Corporation ("LCC") in 1995 and has successfully led many production improvement projects, including the expansion of the naphtha cracker plant in LCC's Yeosu Plant.

Mr Moon is an appointed representative of LCC, the major shareholder of the Company.

PROFILE OF BOARD OF DIRECTORS



PARK JAE SUN
Non-Independent Non-Executive Director




AGE
49

DATE OF APPOINTMENT
5 July 2019

ATTENDED BOARD MEETINGS:
During the financial year
5/5 **100%**

MEMBERSHIP OF BOARD COMMITTEES

- Nomination and Remuneration Committee



DIRECTORSHIPS IN OTHER PUBLIC AND LISTED COMPANIES
Nil

- QUALIFICATION(S)**
- LLB, Yonsei University, Republic of Korea
 - LLM in International Commercial Law, Law School at Queen Mary University of London
 - LLM in Business Law, Law School of the University of California, Los Angeles (UCLA), United States ("US")
 - Qualified and licensed lawyer in New York State, US
 - Qualified and licensed lawyer in the Republic of Korea

EXPERIENCE & EXPERTISE
Ms Park Jae Sun joined LOTTE Chemical Corporation ("LCC") as Legal Counsel in 2012 and assumed her role as General Counsel of the Legal Affairs team in 2015. In 2023, she was appointed as the Head of Legal Department.

Ms Park's portfolio includes advising on corporate transactions such as mergers and acquisitions, litigation & arbitration and providing compliance and legal advice. Prior to that, she was an in-house Legal Counsel for a US-based global finance company, AIG Korea, from 2009 to 2010. Between 2004 and 2007, she gained substantial legal experience in a government agency, the Press Arbitration Commission, South Korea.

Ms Park is an appointed representative of LCC, the major shareholder of the Company.

All Members of the Board of Directors

- Have no family relationship with any director or major shareholder of the Company
- Have no conflict of interest with the Company or its subsidiaries
- Have not been convicted of offences in the past five years
- Do not have any public sanction or penalty imposed by any regulatory body during the financial year

- Details of Directors' attendance at Board Meetings during the financial year are contained on page 130.
- * Tenure as Independent Non-Executive Director commences from 11 July 2017 (Date of Listing) for Tan Sri Dato' Abdul Rahman Mamat, Mr Ang Ah Leck and Tan Sri Datuk (Dr.) Rafiah binti Salim.

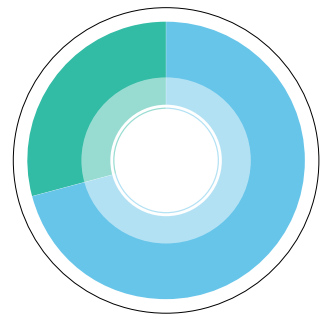


PROFILE OF SENIOR MANAGEMENT TEAM

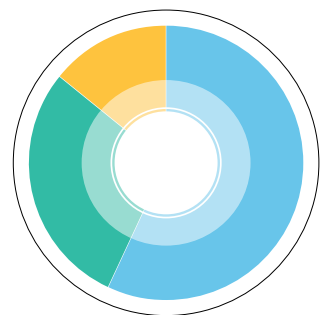
Senior Management Team's Composition



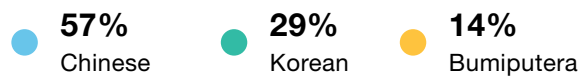
AGE RANGE



GENDER



ETHNICITY



PARK HYUN CHUL
President & Chief Executive Officer,
Non-Independent Executive Director

AGE
58

DATE OF APPOINTMENT
1 January 2021

For **Mr Park Hyun Chul's** profile, please refer to page 109 of this Integrated Annual Report.

MOON YOUNG TAE
Executive Vice President,
Manufacturing, Non-Independent Executive Director

AGE
53

DATE OF APPOINTMENT
1 February 2023

For **Mr Moon Young Tae's** profile, please refer to page 113 of this Integrated Annual Report.

PHILIP KONG CHOCK HOON
Executive Vice President,
Corporate Planning

AGE
64

DATE OF APPOINTMENT
1 February 2018

QUALIFICATION(S)

- Bachelor of Law (Hons), Middlesex University, London, United Kingdom
- Barrister-at-Law, Lincoln's Inn
- Malaysian Association of Company Secretaries

PROFESSIONAL EXPERIENCE

Mr Philip Kong is the Executive Vice President of Corporate Planning since 1 February 2018. He is responsible for corporate planning, communications, sustainability, legal & compliance.

He has over thirty-nine (39) years of working experience, including stints at reputable companies such as Shearn Delamore & Co., Shell Group of Companies in Malaysia and Thames Water, Asia Pacific, Singapore.

PROFILE OF SENIOR MANAGEMENT TEAM



SAW EWE BENG
Vice President,
Olefins and Derivatives Business







AGE
58



DATE OF APPOINTMENT
1 January 2022

QUALIFICATION(S)

- Bachelor of Science, Universiti Malaya

PROFESSIONAL EXPERIENCE

Mr Saw Ewe Beng is the Vice President, Olefins and Derivatives Business since 1 January 2022. He is responsible for the purchase of feedstocks and the sales and marketing of olefins and derivatives.

He has over thirty-one (31) years of sales and marketing experience with LCT, covering domestic polymer sales, feedstocks purchase and sales and marketing of olefins and derivatives. Mr Saw expanded his regional sales exposure during his secondment to Indonesia as Senior Regional Manager in 2010. He returned to Malaysia in 2011 and was redesignated as Senior Manager of Olefins and Derivatives Business to oversee the feedstocks purchase and sales and marketing of olefins and derivatives.



JEAN CHING GUEY JING
Vice President,
Finance and Treasury (CFO)







AGE
44



DATE OF APPOINTMENT
1 May 2022

QUALIFICATION(S)

- Bachelor of Commerce in Accounting and Finance, Monash University, Melbourne, Australia
- Member, Malaysian Institute of Accountants
- Member, CPA Australia

PROFESSIONAL EXPERIENCE

Ms Jean Ching is the Chief Financial Officer since 1 May 2022. She is responsible for treasury and finance matters of LCT.

She has over twenty-three (23) years of working experience in audit and accounting functions. Prior to joining LCT, Ms Jean Ching obtained experience in the field of audit, tax and accounting while working at established companies such as Deloitte.



OTHMAN BIN MD SALLEH
Vice President,
Procurement, IT and Plant Government Affairs







AGE
58



DATE OF APPOINTMENT
1 November 2022

QUALIFICATION(S)

- Bachelor of Science (Chemical Engineering), University of Tulsa, Oklahoma, United States of America

PROFESSIONAL EXPERIENCE

En Othman Md Salleh is the Vice President for Procurement, IT & Plant Government Affairs since 1 November 2022. He is responsible for the functions of Procurement, IT and Plant Government Affairs. He is also Chairman of the Joint Consultative Committee (JCC) and Co-Chairman of the CSR Organisation for LCT.

He has more than thirty-two (32) years of combined working experience with LCT in the Manufacturing department covering Production Polymers (PP & PE1), Technical team and Safety, Health & Environment team. Prior to LCT, he was a Plant and Project Engineer at Pan Century Edible Oils, Pasir Gudang, Johor for two (2) years.



TIEW SWEE LING
Director, Human Resources







AGE
56



DATE OF APPOINTMENT
26 October 2023

QUALIFICATION(S)

- Bachelor of Science, Universiti Malaya

PROFESSIONAL EXPERIENCE

Ms Tiew Swee Ling is the Director of Human Resources ("HR"). She was appointed to lead HR department on 26 October 2023. She is responsible for all human resource services and functions. She has more than thirty (30) years of combined working experience with LCT covering quality management and process. Ms Tiew expanded her career into human resources in 2011 under the mentorship of LOTTE Chemical Corporation's senior human resources leaders and assumed the position as Head of Human Resources in 2023.

- All Members of the Senior Management Team**
- Have no family relationship with any director or major shareholder of the Company
 - Have no conflict of interest with the Company or its subsidiaries
 - Do not hold directorships in public and listed companies
 - Have not been convicted of offences within the past five years
 - Do not have any public sanction or penalty imposed by any regulatory body during the financial year

A man in a dark blue suit and glasses is looking at a tablet held by a woman in a grey blazer and pink hijab. They are walking in front of a modern building with large glass panels. The man is also holding a white coffee cup.

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

Corporate Governance Overview Statement	122
Audit Committee Report	144
Statement on Risk Management and Internal Control	147
Additional Compliance Information	154
Directors' Responsibility Statement for the Audited Financial Statements	157


CORPORATE GOVERNANCE OVERVIEW STATEMENT

“ We are committed to safeguarding stakeholder value creation and accountability to our stakeholders for the sustainable long-term success of the Group. ”

VISION	STRATEGY
 <p>TO BE A TOP-TIER PETROCHEMICAL COMPANY IN SOUTHEAST ASIA</p>	<ul style="list-style-type: none"> Stable and Safe Plant Operations <ul style="list-style-type: none"> Preventive Maintenance System Operational Efficiency Live in a Safe Environment Business Sustainability <ul style="list-style-type: none"> Business Enhancement Innovative Product and Market Development Value-accretive Expansions ESG <ul style="list-style-type: none"> Environmental Management Social Responsibility Governance and Compliance

ETHICAL LEADERSHIP

The Board fosters a strong ethical environment in our dealings with our stakeholders. We draw on policies and processes that have been put in place that reflect our ethical values and our approach to doing business.



ETHICAL LEADERSHIP

Business Ethics & Code of Conduct (“BECOC”)
The BECOC sets out the standards of behaviour which are expected of the Group’s Directors and employees in their interactions with customers, suppliers, the community, shareholders and each other.

Whistleblowing Policy
The policy encourages reporting of suspected unethical, illegal, fraudulent or undesirable conduct, ensuring that anyone who makes a report can do so safely, securely and with confidence that they will be protected and supported.

Conflict of Interest
Directors and employees avoid any conflict of interest situations which may, directly or indirectly, in the course of discharging their duties or outside of work, have the potential to interfere with their objectivity in performing duties or exercising judgement on behalf of the Group.

Anti-Bribery & Anti-Corruption Manual
Any form of bribery and corruption activities is strictly prohibited. The Board is committed to a zero-tolerance policy on corruption and demands compliance with all relevant laws.

These policies and documents can be found at <https://www.lottechem.my/company/gov-3.asp>.

Relevant policies and guidelines are also adopted by the principle operating subsidiaries, such as the BECOC (including Conflict of Interest), the Anti-Bribery & Anti-Corruption Manual and the Whistleblowing Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR APPROACH TO GOVERNANCE AND GUIDING PRINCIPLES

We have consistently upheld our commitment to strong governance practices. Our Board firmly believes that practising sound corporate governance principles will result in the creation of long-term sustainability, benefiting both our shareholders and stakeholders.

Our corporate governance practices are guided by the following three (3) broad principles set out in the **Malaysian Code on Corporate Governance (“MCCG”)**.

<p>Board Leadership and Effectiveness</p> <p>Principle A</p>	<p>Effective Audit and Risk Management</p> <p>Principle B</p>	<p>Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders</p> <p>Principle C</p>
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Compliance with MCCG

This Statement together with the Board Committee Reports describing how the Company and Group have complied with the relevant provisions of the MCCG and applied its main principles during the year, was approved by the Board on 7 March 2024.

This Statement is to be read in conjunction with the Corporate Governance Report (“CG Report”), which is available on the Company’s website as follows:

<https://www.lottechem.my/investor/agm.asp>

Best Practices Introduced Under the MCCG 2021

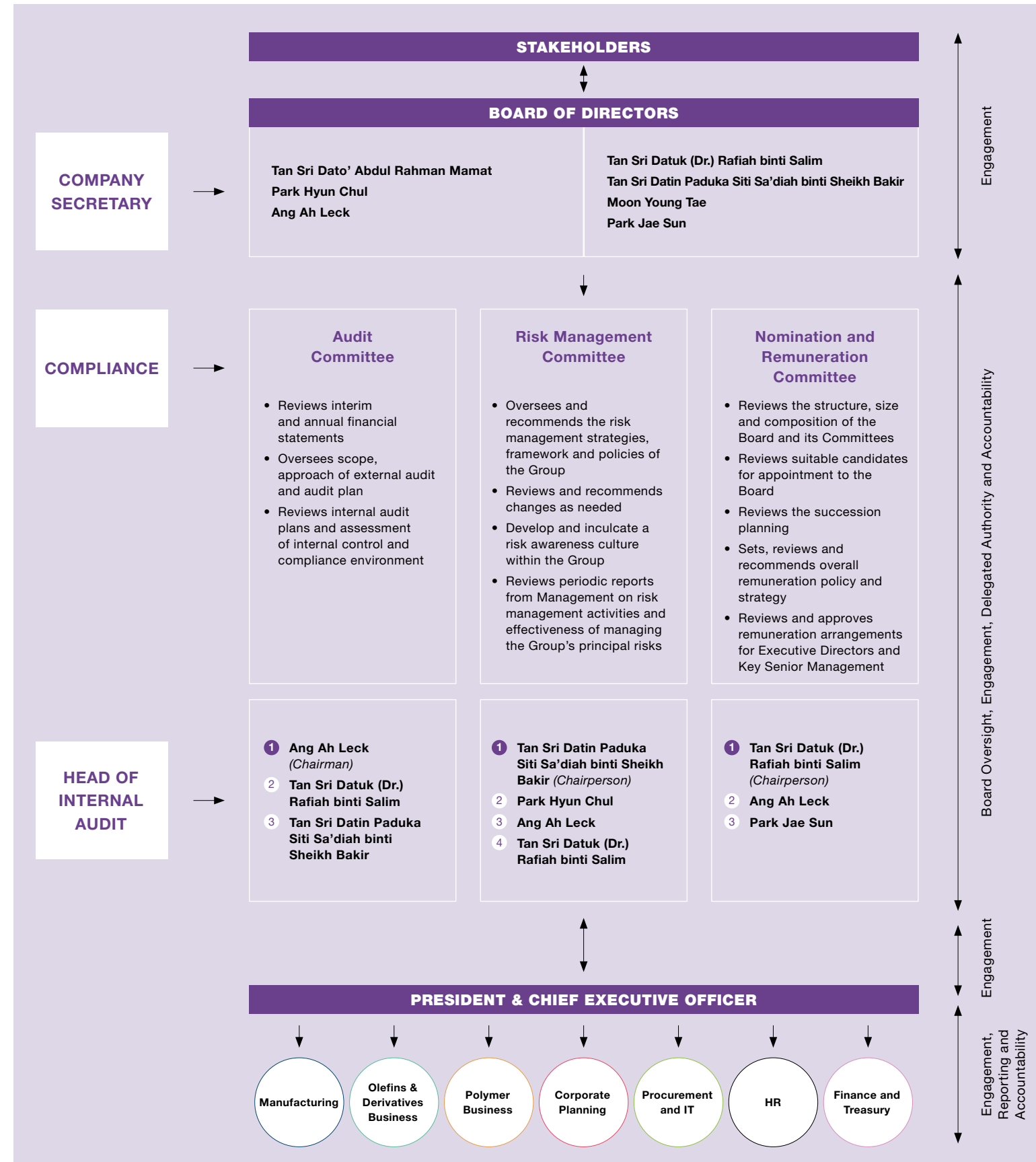
Our Board is pleased to inform that save for those listed below, we have fully complied with all the MCCG practices for the year:

MCCG		Timeline	Alternative Practices Adopted
Practice 8.2	The Board discloses on a named basis the top five (5) senior management’s remuneration in bands of RM50,000.	No timeline has been provided for compliance to maintain confidentiality and a stable working environment.	An indication of the salary bands paid to key senior management is contained in the Integrated Annual Report.
Step up Practice 8.3	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	No timeline has been provided for compliance to maintain confidentiality and a stable working environment.	An indication of the salary bands paid to key senior management is contained in the Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE FRAMEWORK

The Company's governance framework is fundamental to its operations. Our governance framework outlining the Board Oversight, Engagement, Delegated Authority and Accountability is illustrated below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness



ROLE OF THE BOARD

The Board collectively leads the Group, promoting its long-term success and delivering sustainable value to its stakeholders. The Board sets the Company's values and standards that align with the Company's strategic objectives and the desired business culture, provides effective oversight of the business and manages the key risks facing the Group. The Board also sets the appropriate tone at the top and advocates the adoption of good governance and ethical practices throughout the Group.

ROLE OF BOARD COMMITTEES

The Board has appointed the following Board Committees from among the Board members to ensure good governance in the decision-making process:

- Audit Committee;
- Nomination and Remuneration Committee; and
- Risk Management Committee.

The Chairman of the Board Committees reports to the Board on the decision or outcome of the Committee meetings.

These Board Committees operate under specific Terms of Reference, which may be amended by the Board from time to time. Independent and Non-Executive Directors play a leading role in these Board Committees. The Board exercises collective oversight of the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

MATTERS RESERVED FOR THE BOARD

The Board has a charter that outlines its responsibilities, including powers that are expressly reserved for the Board, which include:

Board Structure

- Appointment and changes in Directors
- Appointment and removal of Company Secretary/Secretaries
- Establishment of Board Committees, their members and the specific Terms of Reference

Company's Operation

- Review and approval of Company's strategic plan and annual budget (including capital expenditure budget)
- Approval of capital expenditure exceeding prescribed thresholds based on the formalised limits of authority
- Approval of investment or divestment in a company, business, property or undertaking
- Approval of investment or divestment of a capital project which represents a significant diversification from the Company's existing business activities
- Approval of major changes in the activities of the Company
- Approval of treasury policies and bank mandates of the Company
- Approval of limits of authority for the Company and the Group

Financial

- Approval of financial statements and their release (including financial reports for announcement to Bursa Malaysia Securities Berhad)
- Approval of the Directors' Report and the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report
- Approval of distribution of interim/final dividends

Ethics

- Establishment and implementation of ethical policies, procedures and practices to build a strong corporate governance culture
- Provide assurance to stakeholders of the Company's compliance with applicable laws and regulatory requirements on anti-corruption
- Review of the Anti-Bribery & Anti-Corruption framework, which includes clear policies and objectives that adequately address corruption risk, together with a standalone Whistleblowing Policy

Board Remuneration

- Recommendation of Directors' fees for Non-Executive Directors to be approved by shareholders
- Approval of remuneration packages for Executive Directors

Division of Roles and Responsibilities of the Chairman and the President & CEO

<p>Chairman Independent Non-Executive Director</p> <p>Tan Sri Dato' Abdul Rahman Mamat</p>	<ul style="list-style-type: none"> • Provides leadership to the Board • Leads Board meetings and discussions and encourages active participation • Manage the interface between Board and Management • Ensures the Group maintains effective communication with stakeholders • Leads the Board in establishing and monitoring good corporate governance practices in the Group 	<p>President & CEO</p> <p>Park Hyun Chul</p>	<ul style="list-style-type: none"> • Responsible for leading the day-to-day operations • Implementation of strategic decisions of the Board • Implementation of the Group's policies <p style="text-align: center; border: 1px solid black; padding: 5px; margin-top: 10px;">Our President & CEO is supported by the key management staff in managing the day-to-day business of the Company, which he consults regularly.</p>
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Our Independent Directors provide an impartial and objective perspective in the decision-making process and ensure that the interests of all stakeholders are considered and taken care of by the Board. The Non-Independent Non-Executive Directors oversee the conduct of the Company's business and evaluate whether the business is properly managed.

BOARD DYNAMICS

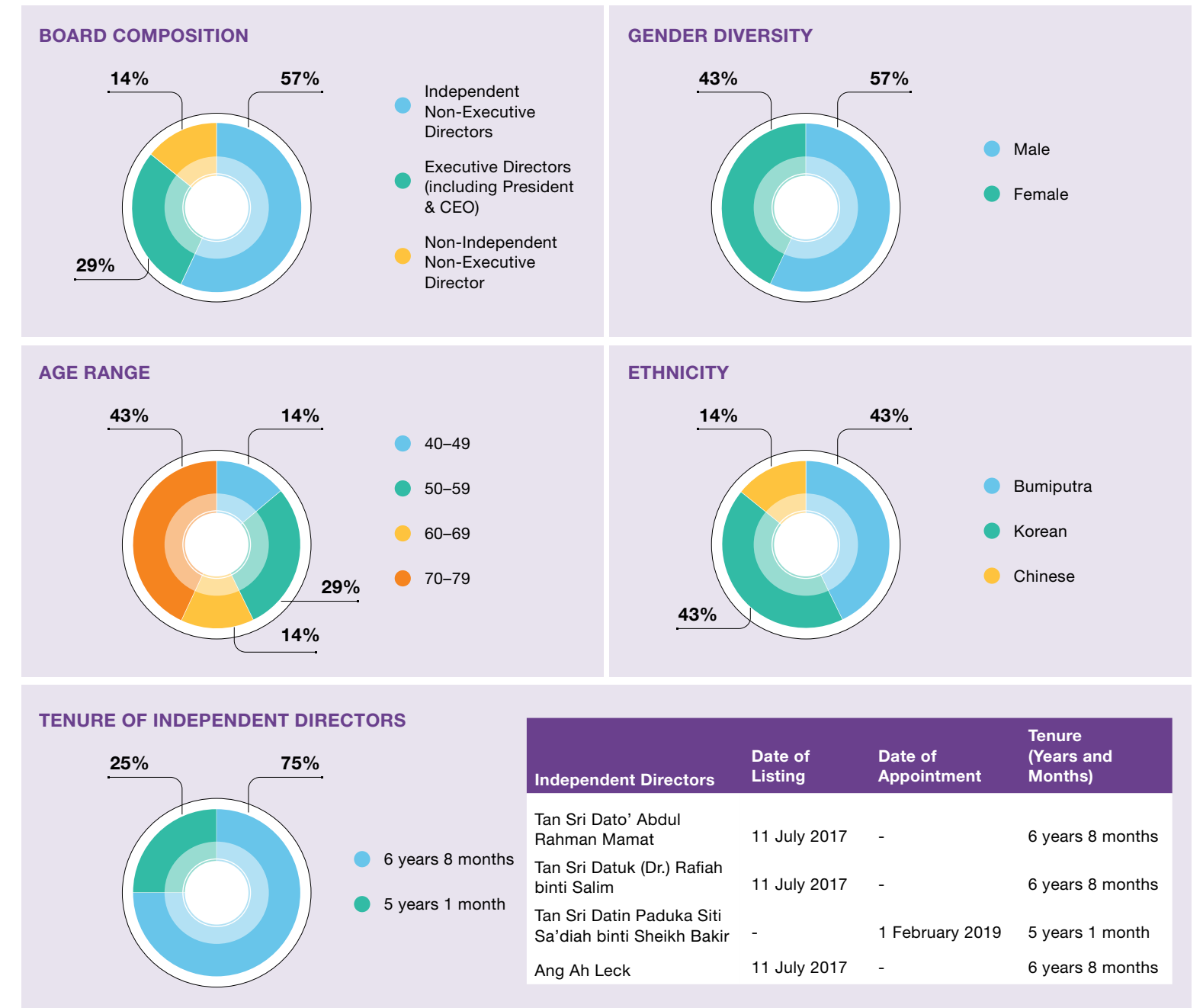
Size and Composition of the Board

Our Board is led by experienced members in various professions with wide-ranging backgrounds. Diverse perspectives from a rich mix of board skills and experiences, including deep industry expertise, strengthen our oversight of the business.

Boardroom Diversity Policy

The Boardroom Diversity Policy sets out the Board's approach to diversity. Selection of candidates is based on a range of diverse perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, ethnicity and educational background. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to the Board.

Our Board diversity is represented below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

SKILLS AND EXPERIENCE

	Tan Sri Dato' Abdul Rahman Mamat	Park Hyun Chul	Ang Ah Leck	Tan Sri Datuk (Dr.) Rafiah binti Salim	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Moon Young Tae	Park Jae Sun
Public Service	✓						
Accounting/Finance/Corporate Finance	✓		✓	✓	✓		
Audit	✓		✓	✓	✓		
Corporate Restructuring	✓	✓		✓	✓		✓
Strategy Formulation	✓	✓	✓	✓	✓		
Petrochemical Engineering		✓		✓	✓	✓	
Plant Operations		✓				✓	
Legal/Regulatory			✓	✓	✓		✓
Environmental, Social and Governance	✓	✓	✓	✓	✓		✓
Human Resource	✓	✓	✓	✓	✓		
Sales			✓		✓		
Corporate Governance	✓	✓	✓	✓	✓		✓
Internal Control/Risk Management	✓	✓	✓	✓	✓		

Directors contribute industry knowledge, international experience, perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the implementation of our strategy and long-term success.

TIME COMMITMENT

Directors devote adequate time in discharging their roles.

DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES

One (1) Director holding three (3) Listed Directorships

3

Two (2) Directors holding one (1) Listed Directorship

1

INDEPENDENCE

Our Independent Directors comprise of Tan Sri Dato' Abdul Rahman Mamat, Mr Ang Ah Leck, Tan Sri Datuk (Dr.) Rafiah binti Salim and Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir. Their profiles are contained on pages 108 to 112 of the Integrated Annual Report. Notably, our Board of Directors maintain a strong commitment to corporate governance. Our Independent Directors constitute the majority of our Board, aligning with the principles outlined in Practice 5.2. Furthermore, we uphold transparency and best practices by adhering to the ("MCCG") and adopted the policy that limits the tenure of the Independent Non-Executive Directors to nine (9) years without further extension, pursuant to Step Up Practice 5.4 of the MCCG, which is reflected in the Board Charter.

BOARD AND BOARD COMMITTEE ATTENDANCE FOR FY2023

Board Meetings are held at least quarterly, with additional meetings convened as and when necessary.

Board papers contain sufficient detail to assist the Board in arriving at informed decisions. Board and Board Committees papers are furnished to the Directors and Board Committees at least five (5) business days before a meeting unless there are unavoidable circumstances.

Management is present at the board meetings to provide briefings on their areas of remit. Relevant external consultants provide presentations to the Board where applicable to answer any queries from the Board.

Management also reports regularly to the Board on any new developments, laws and regulations that impact the business where necessary to keep the Board abreast of the operations. Directors are entitled to request additional information at any time they consider it appropriate and an open dialogue with the President & CEO and Management at the Board and Board Committees meetings is encouraged. Robust deliberations of the Board and Board Committees are recorded in an adequate and timely manner and contain key points discussed in the meetings. Directors are well aware of the need to disclose their interests or any potential conflicts of interest on matters put forth for the Board's consideration. The disclosure of interest or potential conflicts of interest are duly recorded and requirements from abstention on voting where relevant are duly adhered to.

Minutes are tabled at the following Board Committee or Board meetings for confirmation to ensure that they accurately reflect the discussions of the meeting.

Status of matters arising from the Board and Board Committee meetings are tabled at subsequent meetings to ensure they are duly acted upon.

Use of circular resolutions are confined to administrative matters or are prepared as a follow-up to matters already discussed at a meeting unless in unavoidable circumstances. Sufficient information pertaining to the resolution is circulated together to assist the Board Committees or Board in arriving at a decision.

The Board is provided in advance with an annual tentative calendar tabled in the July Board meeting each year to schedule Board or Board Committee meetings for the forthcoming financial year.

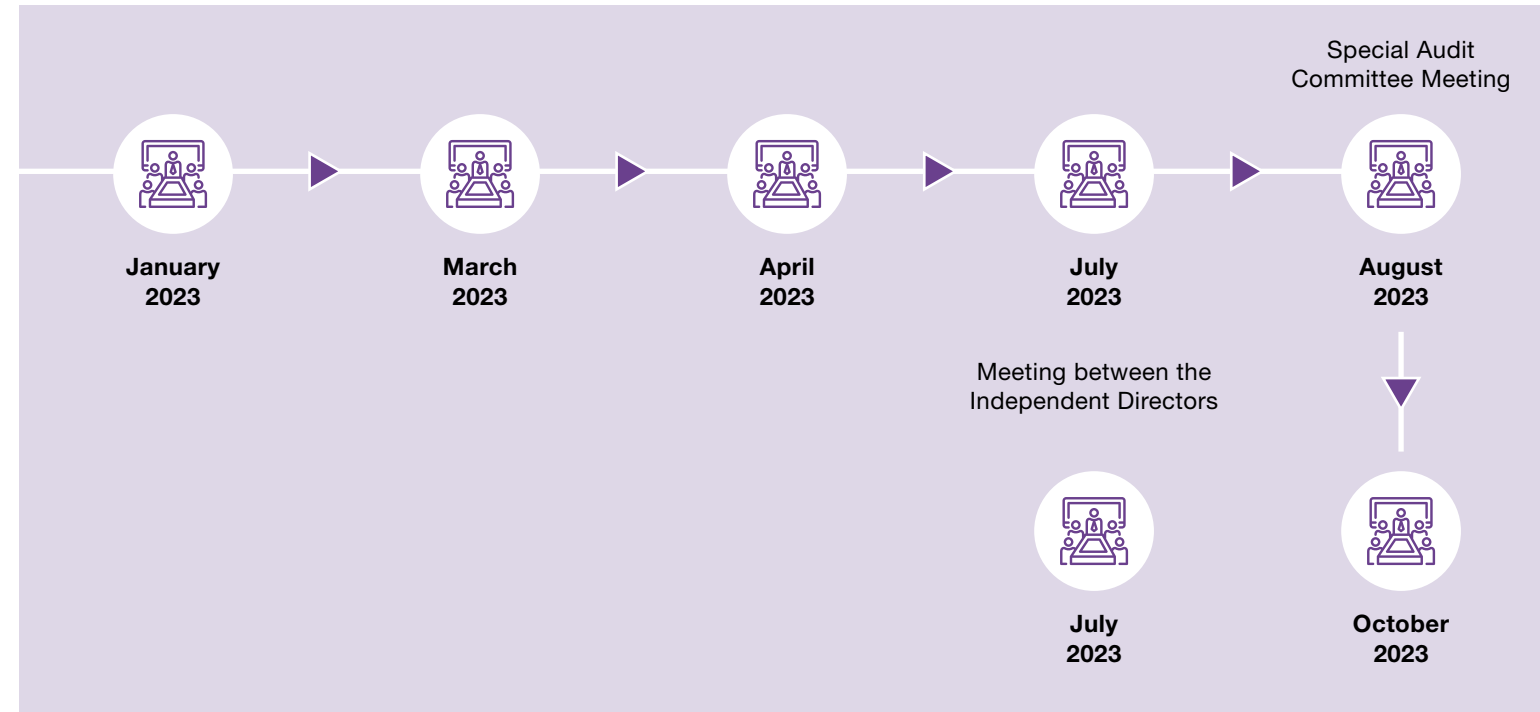
The Board and Board Committees held meetings during FY2023 as detailed in the next page. In an effort to strengthen their autonomous position, the Independent Directors held their annual Independent Directors' meeting on 27 July 2023. The session focused on strategic, governance and operational issues of LCT.

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PRINCIPLE A Board Leadership and Effectiveness

BOARD AND BOARD COMMITTEE MEETINGS



The details of attendance at meetings of the Board and Board Committees during the year under review are set out below:

	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
TOTAL NUMBER OF MEETINGS	5	6	2	4
Tan Sri Dato' Abdul Rahman Mamat	5/5 (100%)	-	-	-
Park Hyun Chul	5/5 (100%)	-	-	4/4 (100%)
Ang Ah Leck	5/5 (100%)	6/6 (100%)	2/2 (100%)	4/4 (100%)
Tan Sri Datuk (Dr.) Rafiah binti Salim	5/5 (100%)	6/6 (100%)	2/2 (100%)	4/4 (100%)
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	5/5 (100%)	6/6 (100%)	-	4/4 (100%)
Moon Young Tae <i>(Appointed w.e.f. 1 February 2023)</i>	4/4 (100%)	-	-	-
Park Jae Sun	5/5 (100%)	-	2/2 (100%)	-

PROFESSIONAL DEVELOPMENT AND CONTINUOUS EDUCATION FOR DIRECTORS

All newly appointed Directors participate in an induction programme, which includes information relevant to their new role, attendances at key sites and introductions to key staff.

This induction includes briefings on the Company's business, strategy, financial, operational and risk management matters and factors relevant to the sectors and environments in which the Company operates.

The Board is also updated on material developments in laws and regulations.

Directors also underwent professional development and upskilling programmes in the following areas for financial year ended 31 December 2023:

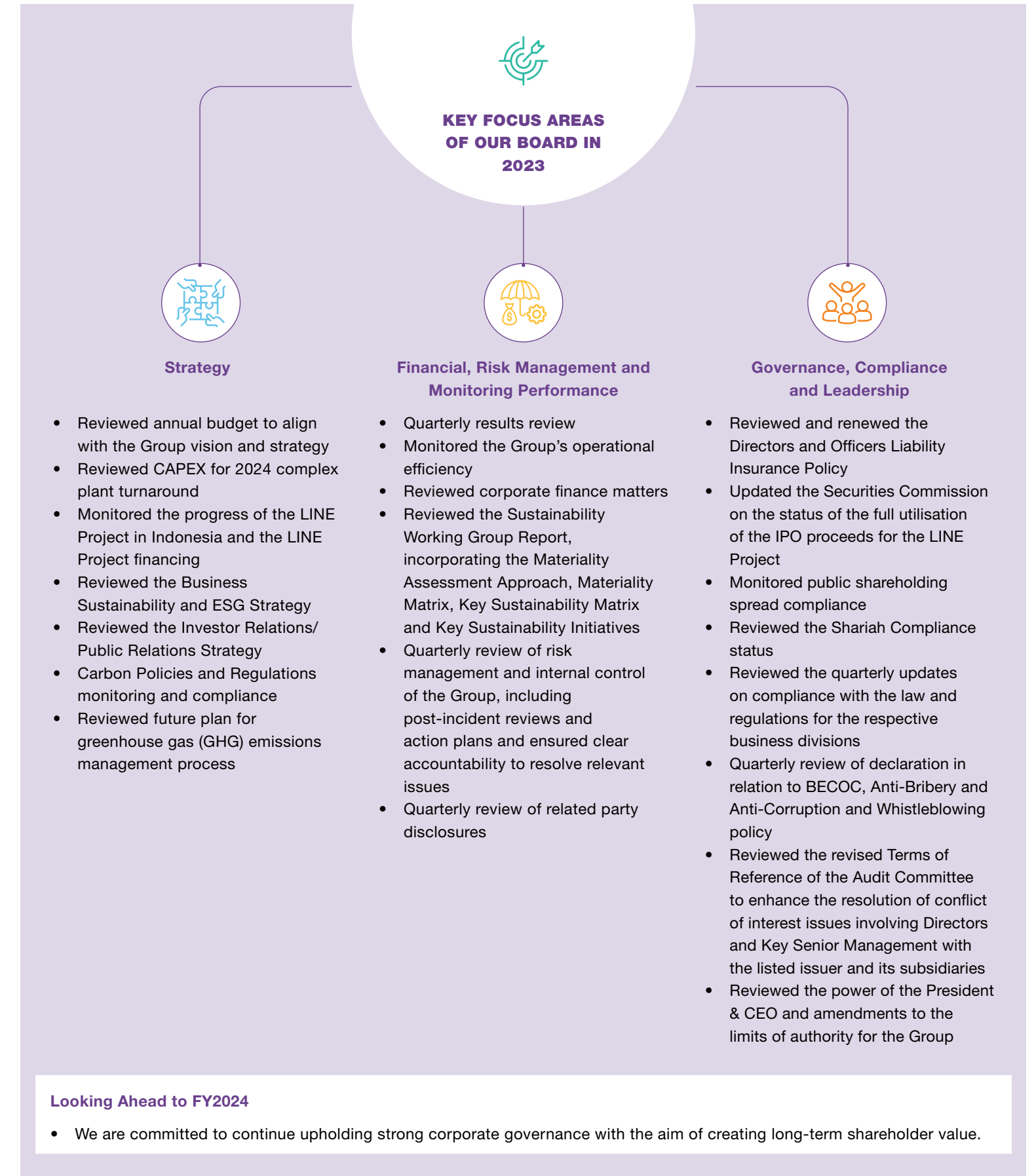
Directors	Training/Seminar Attended	Date
Tan Sri Dato' Abdul Rahman Mamat	FIDE Forum: "Can America Stop China's Rise? Will ASEAN be damaged?" by Professor Kishore Mahbubani	12 January 2023
	Governance, Ethics and A Code of Conduct	10 May 2023
	ESG: Essentials for Directors & Senior Management	17 May 2023
	Remaking Corporate Governance for an ESG World	31 May 2023
	MIDF Automation & Digital Forum in Penang – The Journey Together Driving Business Through Digitalisation and Automation	9 June 2023
	Crisis Management & Negotiation	12 June 2023
	MIDF Green Conference 2023 with YB Nik Nazmi bin Nik Ahmad, "Shaking Things Up"	15 June 2023
	MIDF Roundtable Discussion with YB Nik Nazmi bin Nik Ahmad, "Navigating the Energy Transition – What's Next for Malaysia?"	20 July 2023
	MIDF Automation & Digital Forum in JB	22 August 2023
	Mandatory Accreditation Programme Part II: Leading for Impact	4–7 September 2023
	MIDF Automation & Digital Forum in Kuala Terengganu	12 September 2023
	MBSB's Shariah Advisory Committee Session FY2023 - Islamic Social Finance	9 October 2023
	Cybersecurity, Disruptive in Technology and Digitalisation	9 October 2023
	MIDF Roundtable Dialogue with YB Anthony Loke, "Laying the Tracks of Tomorrow: The Future of Malaysia's Transport Infrastructure"	11 October 2023
	MIDF Roundtable Dialogue with YB Tengku Zafrul, "NIMP 2030: Curating Malaysia's Sustainable Investments & Growth"	16 October 2023
	JC3 Journey to Zero Conference 2023	23–24 October 2023
Park Hyun Chul	Board's Role in Value Creation	8 August 2023
	Conflict of Interest and Governance of Conflict of Interest	15 August 2023
	What Amounts to a Conflict of Interest by Directors	13 October 2023

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PRINCIPLE A Board Leadership and Effectiveness

Directors	Training/Seminar Attended	Date
Ang Ah Leck	ACIIA CAE Forum 2023 – CAEs (Chief Audit Executives) Pivot to Meet Challenges	17 May 2023
	Open Enrolment Program namely Remaking Corporate Governance for an ESG World	14 August 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	19 September 2023
Tan Sri Datuk (Dr.) Rafiah binti Salim	Open Enrolment Programme: Remaking Corporate Governance for an ESG World	14 August 2023
	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	19 September 2023
	A New Strategy & RISK Approach – Out With The Old, In With The New	12 October 2023
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Session with Minister Dato' Sri Nancy Shukri, United Nations and Women Ambassadors to Malaysia	3 February 2023
	Speaker for Roundtable Session on the Topic "Empathy Leadership"	17 March 2023
	APHM Healthcare Conference – New Dynamics in Delivery of Healthcare	30 May–1 June 2023
	2023 Board and Audit Committee Priorities	6 July 2023
	Khazanah Megatrends Forum 2023 – Orchestrating a Development Bargain for Sustainable Growth	2–3 October 2023
	KPJ Healthcare Conference 2023 – Healthcare Transformation – Reimagining and Redefining	2–3 November 2023
	Convention on Pharmaceutical Ingredients (CPHI)	24–26 October 2023
	PNB Knowledge Forum – Education Reimagined	15 November 2023
	PNB Planet Cyber Security – Securing the Future, Elevating Cyber Resilience	28 November 2023
	Embodying Prophetic Leadership – Lessons for Women by Mufti Menk	8 December 2023
Moon Young Tae	Bursa Malaysia Mandatory Accreditation Programme	4–5 April 2023
	OSH (Noise Exposure) Regulation 2019 Awareness	27 September 2023
	Mandatory Accreditation Programme Part II Leading for Impact (LIP)	4–5 December 2023
Park Jae Sun	Performance Management Training: Session 1 (Performance Conversation, Review and Feedback)	13 & 14 December 2023
	Ethical Code of Conduct Programme – Leadership	May 2023
	Bae, Kim and Lee Seminar – Legal Review for Fire Accident Risks in Plants	June 2023
	Ethical Code of Conduct Programme – Healthy & Positive Culture in a Company	September 2023
	Ethical Code of Conduct Programme – Anti-Corruption Law	23 December 2023



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PRINCIPLE A Board Leadership and Effectiveness

Our Approach to Sustainability Governance

Our sustainability practice is led by the Sustainability Working Group (“SWG”) comprising leaders from all business divisions.

The SWG takes the lead in executing and overseeing ESG initiatives across the key pillars of SWG and operates within a well-defined reporting mechanism. The Quarterly updates and progress reports are provided to the SWG Chairman. The Chairman, in turn, reviews the efforts and presents updates to the President & CEO.

Quarterly reports are submitted to the Board to update them on the progress and monitoring of group-wide sustainability management. These reports ensure alignment with our overall business and adherence to our sustainability strategy. Additionally, we have integrated ESG initiatives into departmental Key Performance Indicators.

Key focus of SWG’s ESG initiatives are detailed below:

BUSINESS SUSTAINABILITY

<h1 style="font-size: 2em; margin: 0;">E</h1> <p style="margin: 0;">Environment</p> <ul style="list-style-type: none"> Carbon Policy Compliance Carbon Management Resource Management Circular Economy 	<h1 style="font-size: 2em; margin: 0;">S</h1> <p style="margin: 0;">Social</p> <ul style="list-style-type: none"> Health & Safety Human Capital Development Mutual Growth 	<h1 style="font-size: 2em; margin: 0;">G</h1> <p style="margin: 0;">Governance</p> <ul style="list-style-type: none"> Compliance & Corporate Governance Risk Management
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For more information on the sustainability governance structure, refer to Section 2 Sustainability Working Group Chairman’s Message

Nomination and Remuneration Committee (“NRC”)

Composition

Members of the NRC are exclusively Non-Executive Directors, a majority of whom are independent. The members during the year comprised the following Non-Executive Directors:

Chairperson

Tan Sri Datuk (Dr.) Rafiah binti Salim
(Independent Non-Executive Director)

Members

Ang Ah Leck
(Independent Non-Executive Director)

Park Jae Sun
(Non-Independent Non-Executive Director)

The NRC has a dual role of assisting the Board in determining the composition and make-up of the Board. The Chairperson of the NRC is Tan Sri Datuk (Dr.) Rafiah binti Salim, an Independent Non-Executive Director. She was selected to lead the NRC to provide insight and objectivity to the process due to her profound understanding of the business, its culture and values, her extensive knowledge and expertise in human resources and governance, along with her exemplary leadership and dedication. She is supported by members with diverse skills and backgrounds who contribute valuable guidance and input through their professionalism and industry knowledge, effectively fulfilling their roles.

The NRC is governed by its Terms of Reference, which guides the Committee in its objectives, authority and responsibilities.

The Terms of Reference of the NRC is available on the corporate website at <http://www.lottechem.my/company/gov.asp>.

NRC ACTIVITIES AND KEY FOCUS IN FY2023

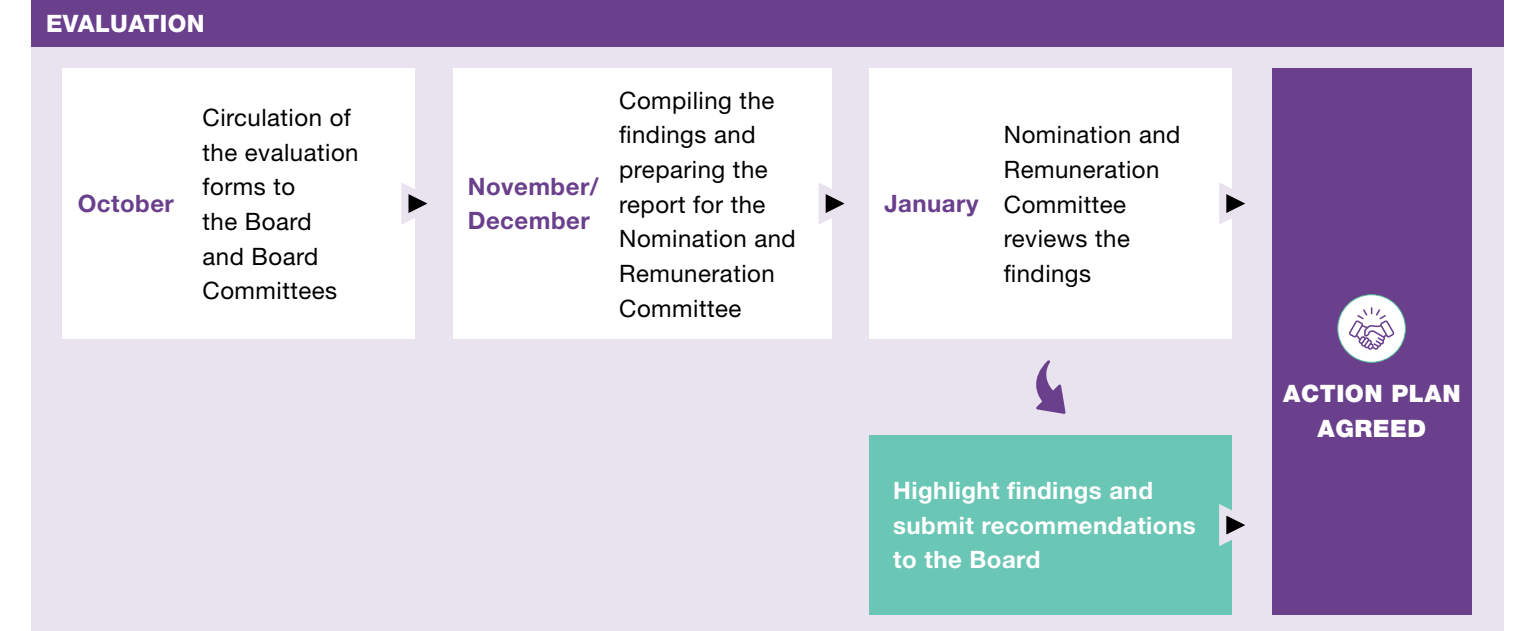
(i) Board, Board Committees and Individual Director Evaluation

The NRC oversees the Board evaluation process. The performance evaluation of the Board, Board Committees and individual Directors are undertaken annually. For 2023, the Board evaluation process was facilitated by the external company secretary.

The evaluation process commenced with the completion of questionnaires. Areas evaluated included:

- Efficiency and effectiveness of Board leadership
- Directors’ fitness and propriety
- Directors’ independence
- Conflicts of interest
- Meeting and information processes
- Quality of boardroom discussions and relationships
- Board’s relationship with Management
- Diversity, including skills, tenure and gender
- Committee responsibilities and effectiveness
- Oversight of ESG elements and skills and experience required to drive the ESG strategy and implementation
- Time commitment

The responses from Directors indicated that despite challenges experienced throughout the year, the Board, its Committees and the Chair continued to operate effectively. The NRC and the Board are of the view that the current skills matrix is adequate to meet the strategic objectives of the Group.



(ii) Training Needs

Our Directors participate in ongoing training and development courses to stay current with the skills, knowledge and the industry in which the Company operates, ensuring they fulfil their roles at the Board and Board Committee meetings efficiently and effectively. The Board recognises the significance of ESG strategies and has agreed to place greater emphasis on this area, including the mapping of progress against planned objectives.

The NRC reviewed the training completed by the Directors and evaluated their training needs. The NRC was satisfied with the range of training attended by the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A Board Leadership and Effectiveness

(iii) Election and Re-election of Directors

In line with the Company's Constitution, an election of Directors shall take place each year. At the first Annual General Meeting of the Company, all the Directors shall retire from office and at the Annual General Meeting in every subsequent year, if one-third (1/3) of the Directors for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Directors appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In the event of any vacancy in the Board of Directors resulting in non-compliance with Para 15.02(1) of the Main Market Listing Requirements, the Company must fill the vacancy within three (3) months.

The NRC had assessed each of the retiring Directors seeking re-election. Based on the annual performance evaluation and assessment of the retiring Directors, the findings were as follows:

- i) The retiring Directors have met the criteria of the Company's fit and proper policy that allows them to discharge their roles as Directors effectively.
- ii) The retiring Directors have demonstrated their time commitment and contribution level to discharge their roles as Directors effectively and to act in the Company's best interests.
- iii) The Directors provided fresh perspectives and valuable input during Board and Board Committee deliberations.
- iv) They are accomplished in their own fields and have the required competence and experience to provide valuable input during Board deliberations to meet business demands and the strategies of the Company.
- v) The retiring Independent Director has complied with the independence criteria as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and continue to bring independent judgement to Board discussions.
- vi) The retiring Directors have declared that they have not engaged in any business dealings or actions that could compromise their impartiality or create a conflict of interest with their roles within the LCT Group.

vii) The Directors continue to be proponents in addressing sustainability risk, ESG issues and opportunities.

viii) The number of directorships held by the retiring Directors does not impede their duties in LCT.

The Board endorsed the NRC's recommendation on the re-election of the retiring Directors.

Tan Sri Datuk (Dr.) Rafiah binti Salim and Park Hyun Chul, who are retiring, have offered themselves for re-election at the Company's forthcoming Annual General Meeting. The details and profiles of the retiring Directors are set out in the Profile of Directors on pages 109 and 111 in the Company's 2023 Integrated Annual Report.

(iv) Succession Planning

In 2023, an assessment was conducted to evaluate the independence of the four Independent Directors and it revealed no issues compromising their independence or judgment. The Board acknowledges the importance of considering the length of service when assessing the independence of Independent Directors. The Board believes that the tenure profile, as represented by the length of service of each Director, is appropriately balanced.

The Board is committed to implementing a strategic approach to Board refreshment and succession planning. In the near term, there will be a review of Directors who are approaching the nine year tenure. This initiative aims to ensure that the Board remains a dynamic and strategic asset to the company, capable of contributing to its ongoing success and growth.

(v) Performance Management Process with Heads of Departments and Line Leaders

In FY2023, the NRC conducted a comprehensive review of the Performance Management Framework and processes for Heads of Departments and Line Leaders. This review encompassed several key proposals such as training on key competency modules and skills in the Performance Management process to be conducted as part of LCT Leadership Programmes, implementation of a 180-degree Evaluation Process for all successor pools, incorporation of Performance Management Key Performance Indicators (KPIs) into HR KPIs and review of the Performance Rewards in terms of the weightage of the KPI achievement.

These initiatives aim to enhance performance management, leadership development and the alignment of individual and organisational goals. They also serve as a source for the appointment of successors.

Women candidates have been earmarked to assume the roles of the two (2) Senior Management positions under the succession plan.

KEY FOCUS FOR 2024

For FY2024, the NRC will conduct a mid-year performance review following the enhancement of the Performance Management framework and process for the Heads of Departments and Line Leaders.

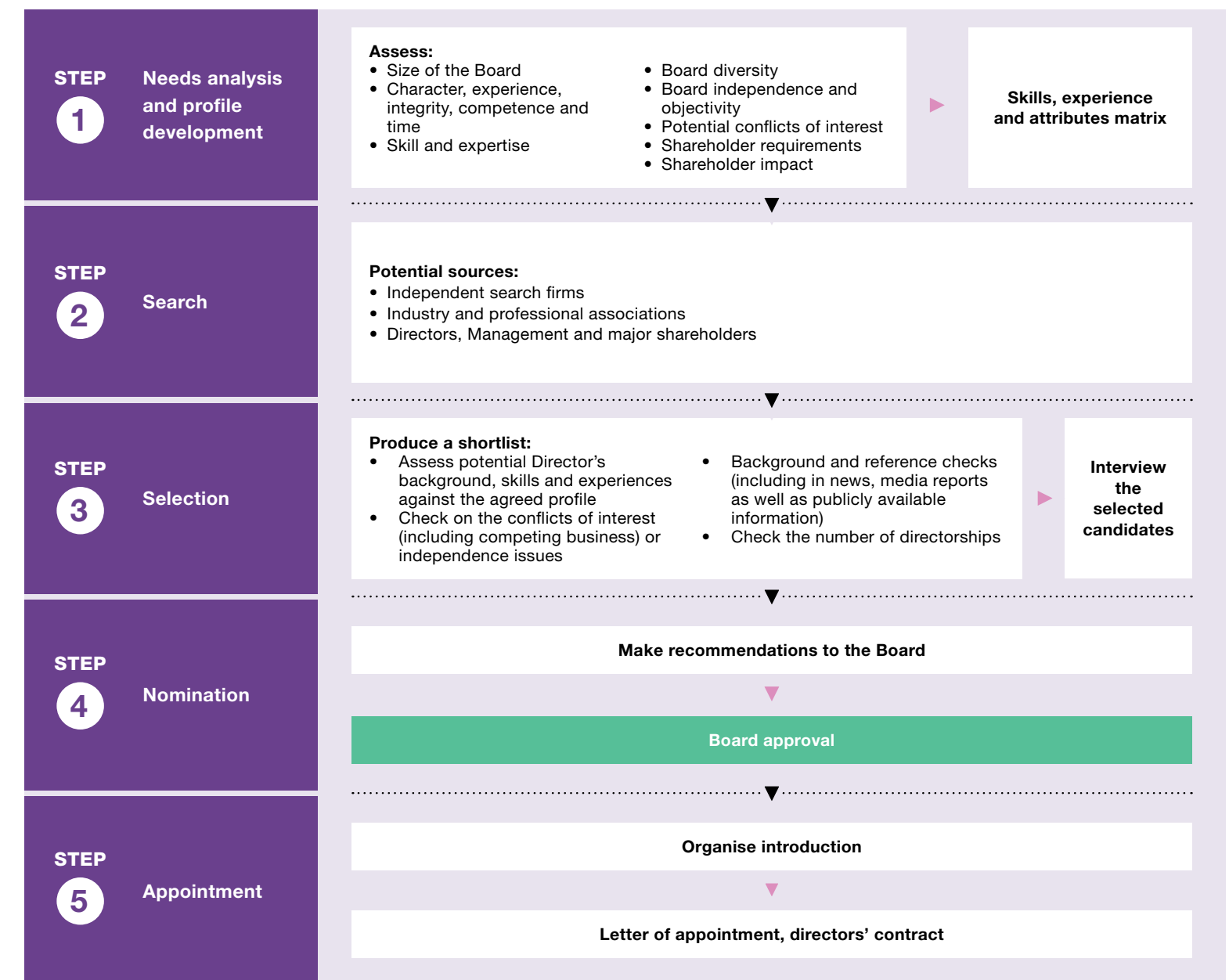
The Performance Management Training enhances Line Leaders with high level performance management principles, active listening and impactful communication skills. We envision our people becoming engaging leaders through coaching sessions. This will enable them to effectively manage the performance review process and be capable of aligning individual and organisational goals seamlessly to elevate organisational performance.

The implementation of a 180-degree assessment of the successor pool will help in screening and the appointment of capable candidates for critical positions that will lead to better performance by the organisation. This will support the implementation of a performance reward system with a significant weightage gap, fostering a performance reward culture.

Board Appointments

The NRC is responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board and to make recommendations to the Board on their appointments. Where appropriate, external consultants are engaged to assist in searching for candidates.

The process of selection and appointment of Directors is illustrated below:



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PRINCIPLE A Board Leadership and Effectiveness

Appointments to the Board are based on objective criteria, merit and with due regard to diversity in skills, competencies, experience, age, cultural background and gender. Potential new candidates are required to perform a self-evaluation to assess their fitness and propriety, time commitment and financial standing based on the criteria outlined in the Company's Fit & Proper Policy. Proposed candidates are also required to provide a declaration of any conflict of interest ("COI") for the NRC to review and assess whether the COI situations (if any) would impair their ability to discharge their duties effectively.

The NRC had via its meeting held on 31 January 2023 reviewed the profile of the proposed candidate, Mr Moon Young Tae, nominated by our holding company, LOTTE Chemical Corporation and recommended his appointment as the Non-Independent Executive Director of the Company to the Board for approval. Mr Moon was appointed on 1 February 2023 and held office until the 2023 AGM. He was then re-elected by the shareholders at the 2023 AGM.

Remuneration of Board and Key Senior Management

There is a process to determine the remuneration of Directors and Senior Management, which considers the demands, complexities and performance of the Company, the skills and experience required, as well as levels and trends for similar positions in the market. The time commitment required from the Directors and the additional responsibility of the Chairman of the Board were also considered.

In line with the Listing Requirements, salaries payable to the Executive Directors do not include a commission on or percentage of turnover, while fees payable to the Non-Executive Directors take the form of a fixed sum and not a commission on or percentage of profits or turnover. The fees paid to the Independent Directors and meeting allowance for attendance at meetings are in the form of cash. The Non-Independent Non-Executive Director does not receive fees or benefits from the Company.

The Independent Directors' remuneration consists of the following components:

Remuneration Component	Paid as	Details
Fixed fees	Cash	Fees are paid for service as Directors. Fees paid to the Chairman cover his responsibility as Chairman of the Board.
Meeting allowance	Cash	Meeting allowances are paid for attendance at meetings.

The Directors' fees of the Independent Directors are structured in accordance with market and industry benchmarks, with the aim of aligning the fees with the duties, responsibilities and time commitment associated with their roles. The NRC also reviewed the Directors' remuneration and benefits (excluding Directors' fees), which comprised meeting allowances and other emoluments payable to the Independent Non-Executive Directors from the 2023 Annual General Meeting until the next Annual General Meeting of the Company to be held in 2024.

Directors' Fees (RM per Director per annum)	
Independent Chairman	272,000
Independent Director	189,000

Meeting Allowance		
	Independent Chairman of Board/ Committee (RM per Director per Meeting)	Independent Directors/ Members of Committee (RM per Director per Meeting)
Board	3,000	2,000
Audit Committee	2,500	2,000
Risk Management Committee	2,500	2,000
Nomination and Remuneration Committee	2,500	2,000

Pursuant to the provisions of the Companies Act 2016 and the Main Market Listing Requirements, fees and benefits payable to Directors are subject to annual approval at meetings of members. In this connection, the Directors' fees for the financial year 2023 and the benefits payable to the Directors (excluding Directors' fees) with effect from the 2023 Annual General Meeting until the forthcoming Annual General Meeting to be held in 2024 were approved by the shareholders at the AGM held on 26 April 2023.

The Directors' remuneration paid/payable for the financial year ended 31 December 2023 on an individual basis is set out below:

	Group					
	Fees (RM)	Meeting Allowance (RM)	Salaries/ Allowance (RM)	Bonus (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)
Non-Executive Directors						
Tan Sri Dato' Abdul Rahman Mamat	272,000	17,000	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah binti Salim	189,000	35,000	-	-	-	-
Ang Ah Leck	189,000	37,000	-	-	-	-
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	189,000	32,000	-	-	-	-
Park Jae Sun	-	-	-	-	-	-
Executive Directors						
Park Hyun Chul	-	-	1,557,672	-	212,755	16,985
Moon Young Tae	-	-	1,016,019	-	164,035	38,503

	Company					
	Fees (RM)	Meeting Allowance (RM)	Salaries/ Allowance (RM)	Bonus (RM)	Benefits-in-kind (RM)	Other Emoluments (RM)
Non-Executive Directors						
Tan Sri Dato' Abdul Rahman Mamat	272,000	17,000	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah binti Salim	189,000	35,000	-	-	-	-
Ang Ah Leck	189,000	37,000	-	-	-	-
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	189,000	32,000	-	-	-	-
Park Jae Sun	-	-	-	-	-	-
Executive Directors						
Park Hyun Chul	-	-	-	-	-	-
Moon Young Tae	-	-	-	-	-	-

During the meeting held in January 2024, the NRC reviewed the proposed Directors' fees for the Independent Directors for financial year ending 2024 and the Directors' remuneration and benefits (excluding Directors' fees) with effect from the period from the 2024 Annual General Meeting until the forthcoming Annual General Meeting to be held in 2025. The Board endorsed the recommendation of the NRC for tabling the above proposal to the shareholders for approval at the forthcoming 2024 Annual General Meeting.

The Directors abstained from voting on their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

No Fees or Allowance for Nominees of Major shareholders

There are no fees or meeting attendance allowances paid to Board nominees of major shareholders.

Key Senior Management Remuneration

In January 2024, the NRC reviewed the performance rating outcome for Senior Management. The NRC also reviewed the summary report on the biennial remuneration benchmarking for Senior Management against other petrochemical companies as well as the annual increment and total bonus benchmarked against all industries conducted by an external service provider engaged by the Company.

The aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid or estimated to be paid to the top 5 Key Senior Management members for the financial year ended 31 December 2023 is set out below.

Remuneration	For the financial year ended 31 December 2023
Salaries	RM250,000 - RM600,000
Bonus and allowances	RM0 - RM200,000
Benefits-in-kind	RM0 - RM50,000
Other emoluments	RM0 - RM50,000

The Company does not comply with the recommendations to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis in order to preserve confidentiality, avoid negative impact arising from the disclosure and the larger need to maintain a stable work environment to meet long-term strategic goals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B Effective Audit and Risk Management



AUDIT COMMITTEE (“AC”)

The Board has established an AC that comprises solely of Independent Directors. The AC is governed by its Terms of Reference, which sets out the duties, responsibilities and authority of the AC and is available on the Company’s website. During the year, the AC reviewed the proposed amendments to its Terms of Reference. The proposed amendments aimed to broaden the AC’s role in assessing and addressing conflict of interest situations.

The Chairman of the AC is Mr Ang Ah Leck, an Independent Non-Executive Director, who possesses more than three decades of hands-on expertise in audit, finance, corporate advisory, risk management, regulatory compliance and governance. The other AC members bring a wealth of experience in international trade, corporate governance, investments, risk and internal control, corporate finance and business transformation. All the members are financially literate and have a good understanding of the business.

An assessment of the AC is carried out annually by the NRC and the renewal of the term of office of the AC were recommended to the Board for approval.

Audit Committee meetings are held five times a year or more frequently if deemed appropriate. The AC also carries out private sessions with the External Auditors and Internal Auditors when necessary, without the presence of the Executive Management. There were no major areas of concern that were raised during those sessions.

The AC actively engages with Management to satisfy itself on the soundness of internal control systems and that disclosures in the financial statements are made in accordance with the applicable accounting standards.

Related party transactions pursuant to predetermined thresholds are reviewed by the Audit Committee and are tabled to the Board upon its recommendations.

Matters deliberated by the AC are reported to the Board following each AC meeting so that the Board is promptly apprised of key deliberations or concerns raised during the AC.

Details of the Audit Committee activities are included on pages 144 to 146.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B Effective Audit and Risk Management

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Committee (“RMC”)

Composition

The Risk Management Committee (“RMC”) comprises a majority of Independent Directors and includes the President & CEO of LCT so that there is an appropriate balance of views and insights for an effective risk oversight. The RMC consists of four (4) members, namely:

Chairperson

Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir (Independent Non-Executive Director)

Members

Park Hyun Chul (Non-Independent Executive Director, President & CEO)

Ang Ah Leck (Independent Non-Executive Director)

Tan Sri Datuk (Dr.) Rafiah binti Salim (Independent Non-Executive Director)

The RMC reviews the processes in place, the risks that are present and deliberates on any new or emerging risks which may be on their horizon.

The RMC reports quarterly to the Board to ensure that it is kept abreast of changes in the risk landscape and developments in the management of principal risks and to facilitate regular quality discussions on risk management at Board meetings.

KEY FOCUS AREAS OF THE RMC IN 2023

In 2023, the RMC oversaw key risk management activities including:

- Reviewed risk exposures to the Group, assessed risk profiles, risk categories and migration risk exposures and provided positive feedback to improve the process
- Reviewed the Business Continuity Management (“BCM”) Activities 2023
- Reviewed LCT’s Enterprise Risk Management (“ERM”) Activities 2023

PRIORITIES IN 2024

- Continuation of ERM and BCM activities
- Continue evaluation of emerging risks in view of the volatile business environment
- Annual review of Business Impact Analysis (BIA), BCM Policy, Procedure & Plans and Risk Management Policy & Procedure Manual


INTERNAL CONTROL

Internal control is under the purview and oversight of the AC. The AC is satisfied that there are adequate internal control systems to preserve the Company’s value creation.

Details of the internal control systems are contained in the Statement on Risk Management and Internal Control on pages 147 to 153.

The RMC is led by Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir, an Independent Non-Executive Director who actively contributes to the risk governance oversight function due to her understanding of the business, skills and insights into the risk management process. Each member of the RMC brings their experience, skills and knowledge of their respective industries that complement those of the other members to ensure an overall balance and high level of insight for an in-depth review and continuous vigilance on the various risks that impact the Group.

The RMC is governed by its Terms of Reference, which guides the Committee in terms of its objectives, authority and responsibilities.

 The Terms of Reference of the RMC is uploaded in the Corporate website at <http://www.lottechem.my/company/gov.asp>.

The RMC oversees the Company’s overall risk management framework, strategies, policies and effectiveness of the risk management systems.

Quarterly reports on the identification of risks, related mitigations and emerging risks are provided to the RMC by the Chief Financial Officer (“CFO”) for the RMC’s consideration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of timely dissemination of material information to shareholders and other stakeholders to ensure that they are well informed of major developments and, as such, adopts an open and transparent policy in respect of its relationship with its shareholders and stakeholders.

The Company is guided by the Bursa Malaysia Corporate Disclosure Guide and the Company’s Corporate Disclosure Policy in disseminating information to stakeholders.


The Company conducts quarterly result briefings with research analysts and investors immediately after the quarterly results are announced as a means of effective communication, enabling the Board and Management to convey information relating to the Company’s performance, corporate strategy and other matters affecting shareholders’ interests. A press release highlighting the Group’s financial performance is also released together with the quarterly announcement.

Stakeholder engagement initiatives for financial year 2023 include:

- Shareholders’ meetings
- Investors’ meetings and engagements
- Research analysts’ meeting and engagements
- Quarterly results briefings
- Site visits
- Press releases
- Media meetings and engagements.

We have continued to adopt an integrated reporting approach for our Annual Report. The Integrated Annual Report approach provides insights into our strategy, governance process and other factors that drive our business performance.

The Board always ensures that our shareholders’ and stakeholders’ views are heard and understood, and welcomes their questions and concerns relating to the Group’s management and governance. The Company has a dedicated investor relations and communications team to facilitate communication with stakeholders. Further details on the stakeholder engagement initiatives undertaken for the year may be found on pages 35 to 37 of this Integrated Annual Report.

The Company’s website  <http://www.lottechem.my/main/main.asp> provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

CONDUCT OF MEETINGS

We recognise that the Annual General Meeting is an important avenue for interacting with our shareholders. In 2023, our Company conducted the AGM virtually with Tan Sri Dato’ Abdul Rahman Mamat, our Chairman, leading our proceedings. Shareholders had the opportunity to raise questions or seek clarification on matters related to the Company’s financial and non-financial performance. They could do so by posing their questions prior to the AGM or using the chat box during the AGM. Questions posed by the Minority Shareholders Watch Group and the Company’s responses were presented and read at the 2023 AGM and subsequently uploaded to the Company’s website.

At the 2023 AGM, our President & CEO provided a presentation on our business strategies, vision, objectives, challenges, financial performance and future outlook to ensure that shareholders have a thorough understanding of our business.

The Chairpersons of the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee were also present at the 2023 AGM, held on 26 April 2023. This allowed shareholders to pose questions directly to them.

All resolutions tabled during the AGM are voted via an electronic poll. Shareholders have the right to appoint representatives or proxies to vote on their behalf in their absence at the AGM.

Shareholders were provided with 28 days’ notice before the AGM, giving them ample time to consider the resolutions and prepare for the meeting. Explanatory Notes on any special business and relevant resolutions were included in the Notice. The Notice, along with administrative notes, were also published on the corporate website for shareholders’ easy access. Minutes of 2023 AGM were posted on the corporate website within 30 business days of the meeting.

ANNOUNCEMENT OF CONSOLIDATED RESULTS	INTEGRATED ANNUAL REPORT/ANNUAL GENERAL MEETING
<ul style="list-style-type: none"> 27 April 2023 Unaudited results for the 1st quarter ended 31 March 2023 	<ul style="list-style-type: none"> 28 March 2023 Integrated Annual Report & Notice of 2023 Annual General Meeting
<ul style="list-style-type: none"> 27 July 2023 Unaudited results for the 2nd quarter ended 30 June 2023 	<ul style="list-style-type: none"> 26 April 2023 2023 Annual General Meeting
<ul style="list-style-type: none"> 26 October 2023 Unaudited results for the 3rd quarter ended 30 September 2023 	
<ul style="list-style-type: none"> 29 January 2024 Unaudited results for the 4th quarter ended 31 December 2023 	

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Audit Committee (“AC”)

Composition and Attendance

The Audit Committee (“AC”) during the year comprised of three (3) members, namely:

Chairman

Ang Ah Leck
(Independent Non-Executive Director)

Members

Tan Sri Datuk (Dr.) Rafiah binti Salim
(Independent Non-Executive Director)

Tan Sri Datin Paduka Siti Sa’diah binti Sheikh Bakir
(Independent Non-Executive Director)

The AC meets the requirements of paragraph 15.09(1)(a), (b) and (c) of the Main Market Listing Requirements and Step-Up Practice 9.4 of the MCCG. The AC Chairman is a member of the Malaysian Institute of Accountants since 1987, the Malaysian Institute of Certified Public Accountants since 1984 and the Chartered Tax Institute of Malaysia since 1999.

All AC members are financially literate and independent of mind in addition to possessing sound judgment, objectivity and the required business skills. The AC Chairman possesses more than three decades of hands-on expertise in audit, finance, corporate advisory, risk management, regulatory compliance and governance. The other AC members bring along with them a wealth of experience in international trade, corporate governance, investments, risk and internal control, corporate finance and business transformation.

The attendance record of the AC members is detailed on page 130 of the Corporate Governance Overview Statement.

The Board of Directors, via the Nomination and Remuneration Committee (“NRC”), reviewed the terms of office and performance of the AC and its members for the financial year ended 31 December 2023. The NRC was satisfied that the AC and its members have discharged their duties, functions and responsibilities in accordance with the AC’s Terms of Reference.

The AC is governed by the Terms of Reference, which guides the Committee in terms of its objectives, authority and responsibilities.

The Terms of Reference of the AC is uploaded in the Corporate website at <http://www.lottechem.my/company/gov.asp>.

SUMMARY OF ACTIVITIES DURING THE YEAR

The following reflects the summary of the activities undertaken by the AC during the year and the resulting material outcomes from these activities:



FINANCIAL REPORTING

- Reviewed the unaudited quarterly financial results and annual audited financial statements
- Reviewed and had discussions with Management and the External Auditors, focusing on compliance with accounting principles and standards that were applied and their opinion on the items that may affect the Financial Statements and significant events arising from the audit
- Reviewed the key areas of audit emphasis
- Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report
- Reviewed the Cash Flow Projection for FY2023/2024
- Reviewed the financial position of associate company, LOTTE Chemical USA Corporation
- Monitored the loan financing status for the LINE Project



EXTERNAL AUDIT

- Reviewed and discussed with the External Auditors regarding the audit planning memorandum outlining, among others, their scope of work, approach, results of their examination, areas of audit emphasis and key audit matters
- Reviewed and assessed the audit fees and the nature of the non-audit services provided by the External Auditors
- Approved the revised External Auditor Policy to include (i) the non-assurance services in line with the Revised By-Laws (On Professional Ethics, Conduct and Practice) of the MIA and (ii) the pre-approved services to LOTTE Chemical Corporation (“LCC”) in line with the revised International Code of Ethics for Professional Accountants
- Reviewed the findings and recommendations related to Internal Control over Financial Reporting (K-SOX), aligning with the scope carried out for the LCC group
- Assessed the performance of the External Auditors based on objectivity, independence and quality of service delivery. The AC was satisfied with the outcome of the performance assessment and independence of the External Auditors for FY2023
- Deliberated on matters arising from the audit of the Group in a meeting with the External Auditors, without the presence of the Management team



INTERNAL AUDIT

- Reviewed the Internal Audit (“IA”) Budget 2023, including the engagement of third-party IA Service Provider to conduct External Quality Assessment Review for LCT
- Reviewed and approved the resource requirement of the In-House Group Internal Audit Department and approved the 2024 Internal Audit Plan
- Reviewed the Internal Audit Charter
- Assessed the performance of the Internal Audit Function and the performance of the Head of Internal Audit and was satisfied with the outcome of the performance assessment

- Reviewed the Internal Audit Reports from the In-House Auditors covering Cogen and Utility Management (performed in Q4, 2022 but presented to the AC in January 2023), Treasury Management, Procurement Management and Weighbridge Management. Recommendations from the IA and Management responses were deliberated at length to improve the controls
- Reviewed the status of follow up actions at subsequent meetings until all findings were addressed
- Reviewed the internal audit activities of PT LOTTE Chemical Titan Tbk including the new IA team
- Involved in the External Quality Assessment Review through interviews conducted by the qualified external assessors from the Institute of Internal Auditors
- Reviewed the whistleblowing reports, carried out internal investigations and deliberated the findings of the reports. Enhancements were implemented by Management, where necessary.



COMPLIANCE

- Reviewed the 2023 Annual Compliance Plan, which includes the enhancement of the third-party due diligence process involving new vendors and customers by requiring them to complete an Anti-Bribery and Anti-Corruption (“ABAC”) questionnaire
- Reviewed the Olefins & Derivatives Business Compliance Process
- Reviewed the status and received updates on the Compliance matters of all business segments and functional departments, safety and environment matters and corrective measures taken encompassing the enhancement of the Standard of Operating Procedure and processes to improve compliance for LCT Group including the Indonesian subsidiaries
- Reviewed quarterly reports on areas of compliance encompassing the Business Ethics & Code of Conduct/ ABAC/Whistleblowing incidents, etc.
- Reviewed the proposed revision of the Terms of Reference of the AC in relation to the conflict of interest disclosures in line with the amendments to Bursa’s Listing Requirements
- Included in the quarterly compliance updates are the declarations of conflict of interest by the key persons of LCT Group in line with the amendments to the Main Market Listing Requirements.
- Updated the Securities Commission on the full utilisation of IPO proceeds



RISK MANAGEMENT

- Reviewed the Statement on Risk Management and Internal Control



RELATED PARTY TRANSACTIONS

- Reviewed the Recurrent Related Party Transaction (“RRPT”) in relation to the Butadiene Purchase Agreement with LOTTE Ube Synthetic Rubber Sdn Bhd
- Received updates on RPTs and RRPTs entered during the year and tracked against prescribed thresholds
- Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of the Shareholders Mandate for RRPT prior to submission to the Board for consideration

AUDIT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The primary role of the Internal Auditor (“IA”) is to undertake regular and systematic reviews of the systems of internal control to improve the effectiveness and to provide reasonable assurance on the adequacy of the risk management, internal control environment and governance processes across the Group’s significant operations. The IA reports directly to the AC, thus ensuring their impartiality, proficiency and independence.

The IA function of the Group is carried out by the In-house IA Department, which has considerable experience in the industry, thus ensuring that proper resources are utilised for internal control assessments, which helps enhance the quality of the internal audit practices of the Group.

The activities of the IA are guided by the International Professional Practices Framework issued by the Institute of Internal Auditors, the Internal Audit Charter and the Annual Audit Plan approved by the AC. The internal audit plan was developed based on the information provided by Management through the Risk Register, as well as areas of concern deemed important by AC and/or Management. To maintain its independence and objectivity, the IA team has no operational responsibility and authority over the audited activities.

The IA independently reviews the adequacy and integrity of the system of internal controls in managing the key risks and reports accordingly to the AC on a quarterly basis. Where weaknesses have been identified due to the reviews, improvement measures are recommended to strengthen controls and follow-up audits are conducted by the IA to assess the status of implementation thereof by Management. In carrying out its work, the IA focuses on priority areas as directed and approved by the AC. Each internal audit conducted is followed up by a detailed report, including recommendations on aspects requiring improvements and Management’s responses thereto.

The summary of the activities of the internal audit function carried out during the year under review included:

- 1 Preparing and presenting the 2023 Internal Audit Department annual budget and the 2024 annual audit plan to the AC for consideration and approval.
- 2 Conducting internal audit engagements according to the scheduled annual audit plan/ revised audit plan and also on an ad-hoc basis to ascertain the effectiveness and adequacy of internal controls and recommending improvements, where necessary.

Internal audit engagements included the following areas:

- Cogen and Utility Management (conducted in Q4, 2022, presented to the AC in January 2023)
- Treasury Management
- Procurement Management
- Polypropylene (PP) Plant Management (conducted in Q4, 2023, presented to the AC in January 2024)
- Weighbridge Management

Areas identified were strengthening of compliance, systems and process enhancement and document management improvement.

- 3 A summary of the internal audit report on the audit review of the Operational Permanent Advance at the Indonesian subsidiary, PT LOTTE Chemical Titan Tbk, revealed that the practice is under good control and there were no issues with the Permanent Advance.
- 4 Reporting results of internal audit reviews and other activities to the AC on a quarterly basis.
- 5 Performing follow-up reviews to ensure that Management implements audit recommendations and action plans.
- 6 Performing quarterly reviews on Financial Statements, focusing on accuracy against management accounts and disclosure of related party transactions in the Quarterly Bursa Report.
- 7 Conducted internal investigations on whistleblowing reports received and tabled the findings to the AC for review.
- 8 Performed External Quality Assessment Review (“EQAR”) on the Internal Audit team by engaging qualified external assessors from the Institute of Internal Auditors. The overall assessment revealed that the Internal Audit team “Generally Conforms” to the Standards.

The In-house Internal Audit function is headed by Cik Wan Julaiha Wan Sulong, who is a member of the Malaysian Institute of Accountants (MIA) and a member of the Institute of Internal Auditors (IIA). She obtained her Bachelor of Accounting degree from the International Islamic University, Malaysia. She is supported by three (3) full-time staff. The Internal Audit team is free from any relationships and conflicts of interest which could impair their objectivity and independence.

During the financial year, the IA team attended an average of 39 hours of training to enhance their competencies and roles in the internal audit process.

The total cost incurred for the internal audit function for the financial year was RM1,048,430.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on the Group’s compliance with the Principles and Best Practices relating to internal control as stipulated in the Malaysian Code on Corporate Governance.

The Company has put in place a risk management framework which is in line with ISO 31000:2018 Risk Management – Guidelines (a standard relating to risk management codified by the International Organization for Standardization which provides a standard on the implementation of risk management).

RISK MANAGEMENT PHILOSOPHY

It is the Company’s mission to comply with the guiding principles as set out below:

- 1 Use the best practices in risk management which are generally aligned with ISO 31000:2018 Risk Management – Guidelines, to support and enhance our activities in all areas of our organisation;
- 2 Ensure enterprise risk management is an integral part of all organisational and decision-making processes;
- 3 Use a structured enterprise risk management programme to minimise reasonable foreseeable disruptions to operations, injuries to people and damage to the environment and property;
- 4 Train our people to implement risk management effectively; and
- 5 Strive to continually improve our risk management practices.

ROLES AND RESPONSIBILITIES

Board of Directors (“Board”)

The Board is responsible for reviewing and monitoring the Group’s system of risk management and internal controls to ensure its adequacy and integrity and its alignment with business objectives.

However, it should be noted that risk management and control systems are not about totally eliminating risks but managing them. As such, it can only provide reasonable but not absolute assurance against any material loss or failure. The Board has established a process for identifying, evaluating, monitoring and managing extreme and high risks that may adversely affect our business, operating results, cash flow and financial condition, as well as for enhancing this process where necessary.

Risk Management Committee (“RMC”)

The RMC is a Board Committee established by the Board to assist it in the risk management of the Group. The RMC is governed by clearly defined Terms of Reference and authority for areas within their scope.

The RMC oversees Senior Management’s activities to ensure that there is an ongoing process to continuously manage the Company’s risks proactively. Some of the specific duties of the Committee include:

- To review the risk governance structure of the Group;
- To review and assess the adequacy of risk management policies and the framework for identifying, measuring, monitoring and managing significant risks as well as the extent to which these are operating effectively;
- To review Management’s periodic reports on risk exposure, risk portfolio composition and risk management activities; and
- To conduct any other functions as may be agreed to by the RMC and the Board.

President & CEO

The President & CEO has the ultimate responsibility for determining the strategic direction of LCT and for creating the environment and structures for risk management to operate effectively. This is achieved through the Risk Management Committee and Risk Management Working Committee (“RMWC”).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Working Committee (“RMWC”)

The RMWC is a Senior Management committee established to implement the direction of the RMC. The main responsibilities of the RMWC are as follows:

- Ensure the continuous assessment, identification, measurement and monitoring of all principal risks of the Company;
- Coordinate and prioritise the risk management activities of the Company to ensure all principal risks are adequately managed;
- Ensure that a comprehensive enterprise-wide risk management policy and framework is in place to provide a strong control environment;
- Ensure that the Company’s risk management strategies are continuously aligned with its business strategies and risk tolerance, where risks are considered in the Company’s long-term plans and investment or capital allocations;
- Ensure that adequate resources, expertise and information to manage risks are available throughout the Company; and
- Propagate a risk awareness culture among the Company’s stakeholders, in particular all staff levels in the Company, by way of continuous risk training and education.

Risk Management Function (“RMF”)

The RMF is set up to assist the Board, RMC and RMWC in discharging their risk management responsibilities. These responsibilities include assisting in the development of the risk management framework, policies, processes and procedures; ensuring that the Line Management of each functional unit carries out all risk management responsibilities; and maintaining the risk register for the Group. In addition, the RMF is also tasked with monitoring and reporting the key risks as identified by the line departments and facilitating the quarterly risk review.

The RMF, under the guidance of RMWC and to the extent it deems necessary, will also carry out specific responsibilities by collaborating with the Line Management to achieve the following:

- Establish, maintain and continuously monitor the process of identifying, measuring and monitoring risks throughout the Group by the respective risk owners, with appropriate periodic reporting of all risk activities;
- Ensure the risk owners implement all risk treatment programmes as approved by the RMWC and that the progress of these programmes is continuously monitored and reported;
- Ensure risk management policies, procedures and framework are in place and that they are effectively functioning, continuously monitored, reviewed and reported inclusive of but not limited to the following risks:
 - Strategic Risks;
 - Operational Risks including the framework to address Compliance, Internal & External Fraud, Occupational Health and Safety, IT Security, Physical Assets Security, Insurance, Business Continuity (minimisation of major business interruptions or catastrophic loss), Human Capital and Environmental Risks;
 - Financial Risks;
 - Market Risks; and
 - Legal and Regulatory Risks

Line Management

All directors, managers, risk owners and staff have responsibility in the identification of potential risk exposures and for developing and implementing associated risk mitigation plans for unacceptable exposures and updating the risk register accordingly. The Line Management provides quarterly assurance on the adequacy and effectiveness of risk management practice, risk reporting and internal control system within their respective areas. Additional responsibilities include:

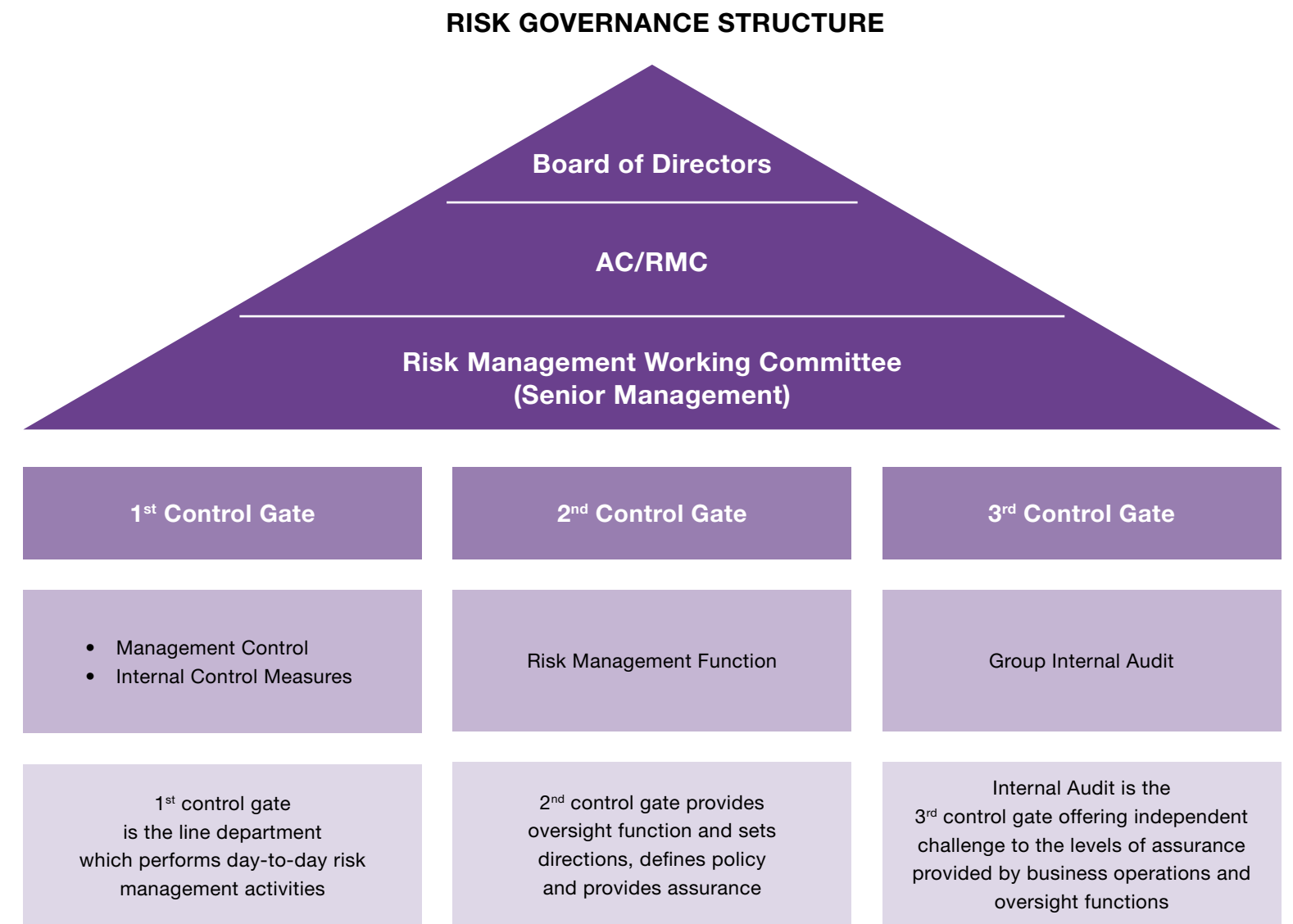
- Managing risks on a day-to-day basis;
- Promoting risk awareness within their operations;
- Incorporating risk management as a regular management meeting item to allow the consideration of exposures and to prioritise work in the light of effective risk analysis; and
- Ensuring that risk management is incorporated at the conceptual stage of projects as well as throughout a project.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

Risk Governance and Oversight

The risk governance structure is depicted in the diagram below:



In addition to our risk governance structure, we have adopted the Three Control Gates approach for effective risk management.

Heads of Departments, together with their team members, are the first control gate and are accountable for all risks identified under their respective areas of responsibilities. They are also responsible for the continuous development of the risk management capabilities of their staff and for ensuring that risk management is embedded in all key processes and activities.

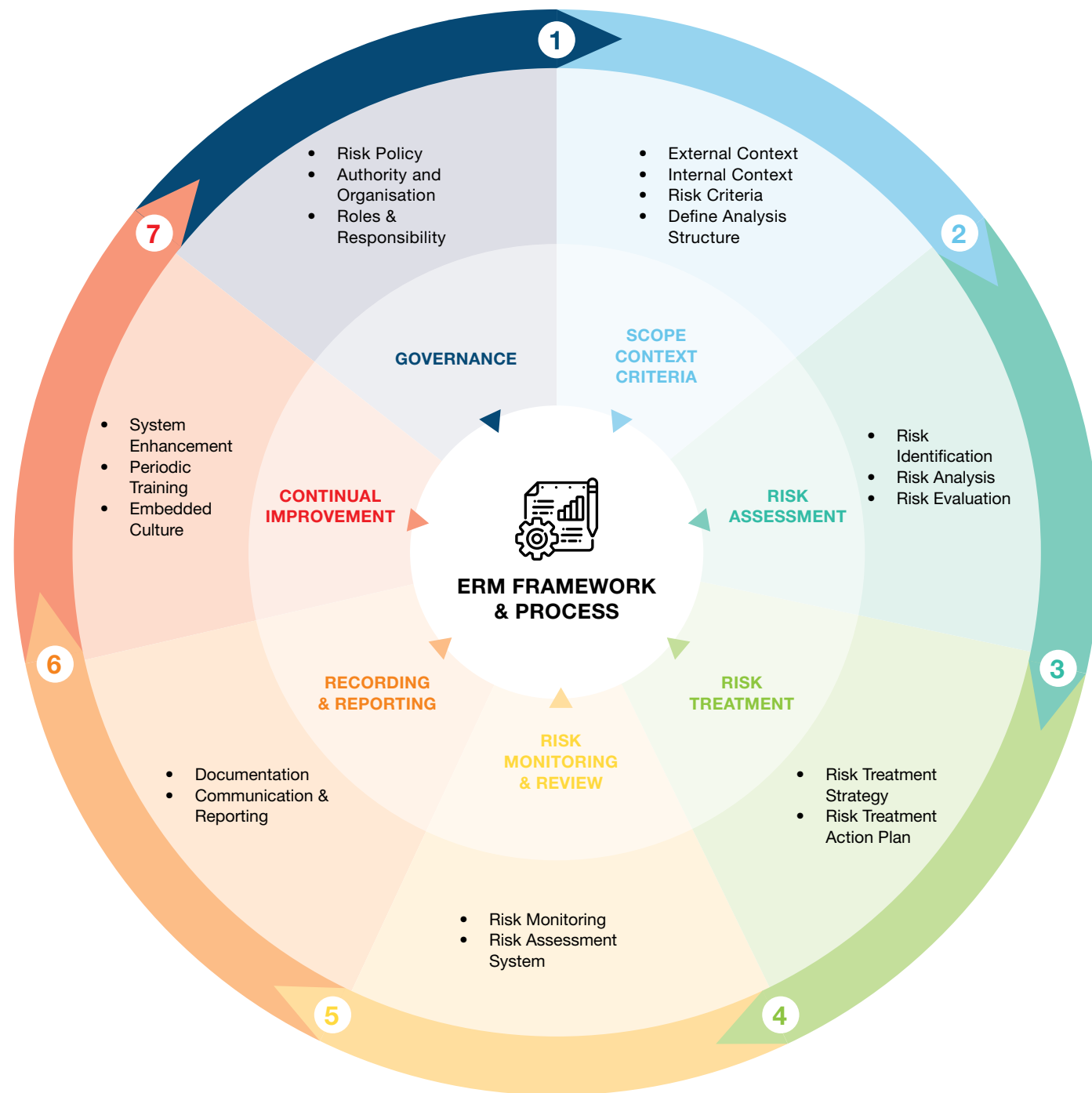
The RMF team, with oversight by the RMWC, is responsible for the second control gate. The RMF team sets the direction, defines policy and monitors the risk management activities of the Group.

The third control gate is controlled by the Internal Audit (“IA”) team. The IA team reports directly to the AC and provides independent assurance of the adequacy and reliability of governance, internal control and risk management process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Framework and Process

Our Enterprise Risk Management framework, process and relevant guidelines are generally aligned with ISO 31000:2018.



Within this framework, the Company has an established and structured process for communication and consultation, defining scope, context, criteria, risk assessment (which includes identifying, analysing and evaluating), treatment, monitoring and reviewing, recording and reporting risks and the effectiveness of its mitigation strategies. In 2023, LCT had improved the risk register through a comprehensive risk review with Line Management in LCT Malaysia and LCT Indonesia entities. LCT also carried out an annual review of Business Impact Analysis (BIA), BCM Policy, Procedure & Plans and Risk Management Policy & Procedure Manual.

Risk tolerance is determined using a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have exceeded risk tolerance and those which have not. Descriptive risk treatment guidance is in place, stipulating the actions to be taken for each type of risk.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

How Risks are Treated

Our business is subject to a number of risk factors, many of which are outside our control. The treatment of selected high impact and high likelihood risks are outlined below:

Key Industry Risks	Impact to our Business	Mitigation Measures
Cyclicality in the petrochemical industry and fluctuations in crude oil prices	<ul style="list-style-type: none"> May adversely affect our business, operating results, cash flow and financial condition 	<ul style="list-style-type: none"> Enhance operational excellence to optimise plant utilisation rate and to be more cost competitive Prudent financial management and maintenance of financial resilience Strengthen value and supply chain
Operations and production processes are subject to significant operating hazards and risks	<ul style="list-style-type: none"> Plant shutdown 	<ul style="list-style-type: none"> Periodic maintenance and refurbishment of machinery and equipment Implementation of a Risk-Based Inspection ("RBI") programme in line with the Department of Occupational Safety and Health's ("DOSH") Special Scheme Inspection ("SSI") Regulation 2014 Industrial All Risk insurance is in place Yearly risk engineering survey and valuation are conducted by insurers and broker
Limitations on, or disruptions in, the supply of feedstock and fluctuations in feedstock prices	<ul style="list-style-type: none"> Financial impact due to increased operating expenses which adversely affect operation, cash flow and margins 	<ul style="list-style-type: none"> Diversify supply sources/suppliers Strict assessment of suppliers' capabilities Maintain close collaboration with reliable suppliers Pricing risks managed by spreading out price counting Price counting set around 30 days prior to cargo arrival
The business is subject to health and safety laws and regulations and is exposed to environmental compliance and clean-up costs	<ul style="list-style-type: none"> Prohibition order resulting in plant stop operation Financial and reputational impact 	<ul style="list-style-type: none"> Full compliance with safety and environmental laws and regulations Conduct process safety audits Implement recommended actions by the Department of Environment ("DOE") and DOSH Perform Guided Self-Regulation ("GSR") environmental mainstreaming as recommended by the DOE
Market changes and uncertainty - Demand and supply of petrochemical products are dependent on general economic and market conditions, changes in consumer sentiment and preferences and other external factors	<ul style="list-style-type: none"> May adversely affect our business, operating results, cash flow and financial condition 	<ul style="list-style-type: none"> Differentiate the Group in domestic and export markets through the range and quality of our products, speed of delivery and high level of customer service Market diversification Optimise capacity utilisation according to market demand Prudent financial management and maintenance of financial resilience Strengthen value and supply chain
Licences, permits and approvals may not be obtained, renewed or maintained to continue business operations	<ul style="list-style-type: none"> Plant stop operation Financial impact 	<ul style="list-style-type: none"> Monitoring via the compliance framework comprising: <ul style="list-style-type: none"> Compliance Management System Quarterly certification Legal register Annual compliance plan Full understanding and compliance of conditions attached to all licences, permits and approvals The Compliance Management System will send notifications automatically to responsible line departments prior to the expiry of licenses/permits/approvals

Key Business Risks	Impact to our Business	Mitigation Measures
The Ringgit Malaysia ("RM") and/or the Indonesian Rupiah ("IDR") may be subject to exchange rate fluctuations	<ul style="list-style-type: none"> Increases Forex exposure 	<ul style="list-style-type: none"> Forward contract Daily monitoring of exchange rates
A cyber-incident may result in a business interruption loss as systems are unavailable both internally and externally	<ul style="list-style-type: none"> Business interruption Financial loss 	<ul style="list-style-type: none"> Firewalls installed to detect external threats and intrusions Use of spam and email virus filtering system to filter malicious software and emails Antivirus in place for servers, desktops and laptops Provide regular information security training each year and share the ITS Newsletter on a quarterly basis Implemented offsite disaster recovery centre with real time replication of critical servers
Loss of key members of the Management, or the Group's inability to hire or retain qualified personnel	<ul style="list-style-type: none"> Disruption to business operations 	<ul style="list-style-type: none"> Succession planning initiative - Succession pool review and re-nomination with development plan Benchmark and review overall compensation and benefit policy within five years to improve competitiveness of remuneration packages Key talent retention programmes - Competency based training programme with reward and recognition incentives
Existing and proposed expansion plans may not be completed on schedule or within the budget	<ul style="list-style-type: none"> Adverse impact on future growth and prospects Financial impact Loss of reputation 	<ul style="list-style-type: none"> Strengthen project and contractor management Leverage on parent company expertise in project management and delivery Monitor project progress

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

Internal Audit Department (“IAD”)

The Internal Audit Department reports to the Audit Committee (“AC”). The activities of the IAD are guided by the Internal Audit Charter and Annual Audit Plan that are approved by the AC.

The IAD function independently reviews the adequacy and integrity of the system of internal controls in managing the key risks and report these accordingly to the AC on a quarterly basis. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls and follow-up audits are conducted by the IAD to assess the status of implementation thereof by Management. In carrying out its work, the IAD focuses on areas of priority as directed and approved by the AC.

The IAD is working towards performing the services in accordance with the International Professional Practices Framework (“IPPF”) that is issued by The Institute of Internal Auditors.

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS

Organisation structure

The Group has an established organisation structure with clear defined lines of authority, responsibility and accountability to meet its business strategies and objectives within a reasonably controlled environment.

Business Ethics & Code of Conduct, Anti-Bribery & Anti-Corruption Manual and Whistleblowing Policy

The Group has in place a Business Ethics & Code of Conduct to provide guidance to employees for moral and ethical behaviour that is expected from the employees in following laws, policies, standards and procedures.

The Anti-Bribery & Anti-Corruption Manual has also been established to outline the Group’s policy on matters pertaining to bribery and corruption.

A Whistleblowing Policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise concerns about possible improprieties, improper conduct and other malpractices within the Group in an appropriate way.

Delegation of Authority

The Group has established Financial Authority Limits for approving capital expenditure and non-capital expenditure. Major capital investments, acquisitions and disposals exceeding a certain threshold require the relevant Committee or Board Approval.

Business Process

The Group has in place well-established and documented business processes which are aligned with the strategic objectives and goals.

Annual Business Plans and Budgets

Operating plans and budgets are prepared by the respective Heads of Departments on an annual basis. The Group’s operating plan and budgets are presented to the Board for deliberation and approval.

Actual performance against budget is monitored by the Board for corrective actions where necessary.

Monitoring by Senior Management

Regular management and operation meetings are conducted by Senior Management, which include the President & CEO on financial and operational performance.

Monitoring by the Board

Board meetings are held at least once a quarter with a formal agenda on matters for discussion. The Board is kept updated on the Group’s activities and operations regularly.

Compliance Function

A compliance framework to ensure compliance with applicable regulatory and legal requirements, which includes monitoring and continuous training has been established.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit & Assurance Practice Guide 3 (AAPG3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG3 does not require the External Auditors to, and they did not, consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures. AAPG3 also does not require the External Auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will, in fact, remedy the problems.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. The Board has received assurance from the President & CEO and Chief Financial Officer that the Group’s risk management and internal control system, in all material respects, is operating adequately and effectively. In providing the above assurances by the President & CEO and the Chief Financial Officer, similar assurances have been obtained from the Risk Management Working Committee confirming the adequacy and effectiveness of the risk management practices and internal control systems within their respective areas.

For the financial year under review, there were no material control failures or adverse compliance events that directly resulted in any material loss to the Group.

This Statement does not include the state of risk management and internal control of the Company’s associate companies, which have not been dealt with as part of the Group.

This Statement was approved by the Board of Directors of the Company on 7 March 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no corporate exercises or proposals to raise funds during the financial year ended 31 December 2023.

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, KPMG PLT and KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited) in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2023 are as follows:

	The Company (RM'000)	The Group (RM'000)
Audit fees	295	1,460
Non-audit fees	135	481
Non-audit fees for services provided by affiliates of auditors	90	130

The non-audit services were mainly for the consultation services rendered in relation to the review of LCT Group's financial statements, Integrated Reporting, corporate tax compliance and Principal Hub annual compliance assessment form.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the prospectus of the Company dated 16 June 2017, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous period.

4. RECURRENT RELATED PARTY TRANSACTIONS

At the 2023 Annual General Meeting of the Company held on 26 April 2023, the Company had obtained a general mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions ("RRPTs") of a revenue or trading nature and contracts entered into from time to time which are necessary or would facilitate the day-to-day operations of the Group. The Shareholders' Mandate is valid until the conclusion of the forthcoming 2024 Annual General Meeting.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements, details of the RRPTs entered into during the financial year ended 31 December 2023 pursuant to the said Shareholders' Mandate are as follows:

Related Party with whom the Group is transacting	Nature of transactions	Company within the Group involved in RRPTs	Actual value transacted during the financial year	Interested Related Party	Relationship
LOTTE Chemical Corporation ("LCC") Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Buyer)	Sale of goods, namely polyethylene and polypropylene by LCT Group ⁽²⁾ to the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders on an ad-hoc basis	LCT Group ⁽²⁾ (Seller)	USD12,476,026 (equivalent to RM56,959,734)	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development Co., Ltd. ("LOTTE Property & Development")^(a) Hotel LOTTE Co. Ltd ("Hotel LOTTE")^(a) LOTTE Holdings Co. Ltd ("LOTTE Holdings")^(a) Kojunsha Co., Ltd ("Kwangyoonsa")^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC, which in turn is a major shareholder of LCT and the holding company of LCT ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board
LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Payor)	Consignment of trial of LCC's catalyst to PT LCT Nusantara to produce a specific type of polyethylene (metallocene) and sale of a portion of the products by PT LCT Nusantara to the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders	PT LOTTE Chemical Titan Nusantara ("PT LCT Nusantara") (Payee)	USD4,435,531 (equivalent to RM20,659,206)	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC, which in turn is a major shareholder of LCT and the holding company of LCT ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board
LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Seller)	Purchase of goods, namely polyethylene, polypropylene and catalyst by LCT Group ⁽²⁾ from LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders on an ad-hoc basis	LCT Group ⁽²⁾ (Buyer)	USD280,350 (equivalent to RM1,312,200)	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC, which in turn is a major shareholder of LCT and the holding company of LCT ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board

ADDITIONAL COMPLIANCE INFORMATION

Related Party with whom the Group is transacting	Nature of transactions	Company within the Group involved in RRPTs	Actual value transacted during the financial year	Interested Related Party	Relationship
LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Payee)	Provision of information technology services, information technology equipment rental, information technology systems and licences and purchase of information technology equipment from the LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders to LCT Group ⁽²⁾ .	LCT Group ⁽²⁾ (Payor)	USD729,684 (equivalent to RM3,261,668)	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board
PT LOTTE Global Logistics Indonesia (Payee)	Provision of warehouse, logistics, forwarding services and customs clearance by PT LOTTE Global Logistics Indonesia to LCT Group ⁽²⁾ .	LCT Group ⁽²⁾ (Payor)	USD5,939,044 (equivalent to RM27,008,498)	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board
LCC Group ⁽¹⁾ and persons connected to LCC and its major shareholders (Licensor)	Payment of royalty for use of trademarks for the performance of its business of manufacturing and selling petrochemical products.	LCT Group ⁽²⁾ (Licensee)	Nil	Interested major shareholders <ul style="list-style-type: none"> LCC LOTTE Corporation^(a) LOTTE Property & Development^(a) Hotel LOTTE^(a) LOTTE Holdings^(a) Kwangyoonsa^(a) Interested Directors <ul style="list-style-type: none"> Park Hyun Chul^(b) Moon Young Tae^(b) Park Jae Sun^(b) 	^(a) LOTTE Corporation, LOTTE Property & Development, Hotel LOTTE, LOTTE Holdings and Kwangyoonsa are the major shareholders of LCC which in turn is a major shareholder of LCT and the holding company of LCT. ^(b) Park Hyun Chul, Moon Young Tae and Park Jae Sun are LCC's representatives on our Board

Notes:

⁽¹⁾ LCC Group refers to LOTTE Chemical Corporation and its subsidiaries (excluding LCT Group). LCC is the major shareholder and the holding company of LCT.

⁽²⁾ LCT Group refers to LOTTE Chemical Titan Holding Berhad and its subsidiaries.

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the CA in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.



ADDITIONAL INFORMATION

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | |
|--|---|
| <p>1 Tan Sri Dato' Abdul Rahman Mamat
Independent Non-Executive Chairman</p> <p>2 Park Hyun Chul
Non-Independent Executive Director President & Chief Executive Officer</p> <p>3 Ang Ah Leck
Independent Non-Executive Director</p> | <p>4 Tan Sri Datuk (Dr.) Rafiah binti Salim
Independent Non-Executive Director</p> <p>5 Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir
Independent Non-Executive Director</p> <p>6 Moon Young Tae
Non-Independent Executive Director</p> <p>7 Park Jae Sun
Non-Independent Non-Executive Director</p> |
|--|---|

AUDIT COMMITTEE

- 1 Ang Ah Leck**
Chairman, Independent Non-Executive Director
- 2 Tan Sri Datuk (Dr.) Rafiah binti Salim**
Member, Independent Non-Executive Director
- 3 Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**
Member, Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

- 1 Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir**
Chairperson, Independent Non-Executive Director
- 2 Park Hyun Chul**
Member, Non-Independent Executive Director, President & Chief Executive Officer
- 3 Ang Ah Leck**
Member, Independent Non-Executive Director
- 4 Tan Sri Datuk (Dr.) Rafiah binti Salim**
Member, Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

- 1 Tan Sri Datuk (Dr.) Rafiah binti Salim**
Chairperson, Independent Non-Executive Director
- 2 Ang Ah Leck**
Member, Independent Non-Executive Director
- 3 Park Jae Sun**
Member, Non-Independent Non-Executive Director

COMPANY SECRETARIES

- 1 Janet Phan Pui Li**
(SSM PC No. 202108000484)
(MACS 01841)
- 2 Cynthia Gloria Louis**
(SSM PC No. 201908003061)
(MAICSA 7008306)

REGISTERED OFFICE

Lot 29.01, Level 29, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-2093 4222
Fax : 03-2093 5688
Email : compliance@lottechem.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
[Registration no. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
Email: is.enquiry@my.tricorglobal.com

AUDITORS

MESSRS KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants
Level 3, CIMB Leadership Academy, No. 3, Jalan Medini Utara 1, Medini Iskandar, 79200 Iskandar Puteri, Johor Darul Takzim
Tel : 07-2662213
Fax : 07-2662214

PRINCIPAL BANKERS

Deutsche Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Woori Bank

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock name : LCTITAN
Stock code : 5284

WEBSITE

www.lottechem.my

LIST OF PROPERTIES

No.	Location	Registered/Beneficial Owner	Existing Use	Tenure of Land/Age of Building (years)	Land Area	Net book value as at 31 Dec 2023 RM'000	Date of last Revaluation/Date of Acquisition (if no revaluation is done)
1	1 piece of industrial land bearing postal address PLO 425, Jalan Perak, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 189009 P.T. No. PTD 109065 in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising:	LOTTE Chemical Titan (M) Sdn Bhd ("LCTM")	Industrial land	Leasehold 60 years expiring on 26 November 2051	28.02 acres	19,581	January 1997 Revaluation
	• 5 production plants, 1 cogeneration plant, 1 single-storey technical station, 1 material store and 1 single-storey office			11-24			
2	1 piece of industrial land bearing postal address PLO 426, Jalan Tembaga 3, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 189010 P.T. No. PTD 109066 in the Mukim of Plentong, District of Johor Bahru	LCTM	Industrial land	Leasehold 60 years expiring on 26 November 2051	15.49 acres	10,037	January 1997 Revaluation
	• Currently used for three flare stacks						
	• Three water storage tanks						
3	1 piece of industrial land bearing postal address PLO 257, Jalan Tembaga 4, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on PN6731 Lot No. 51758 (previously known as H.S.(D) 162760 P.T. No. PTD 90011) in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising:	LCTM	Industrial land	Leasehold 60 years expiring on 20 May 2050	41.90 acres	27,328	January 1997 Revaluation
	• 2 production plants, 3 material stores, 1 maintenance workshop, 1 control room, 1 single-storey warehouse, 1 single-storey manufacturing office and 1 double-storey manufacturing office			6-29			
4	1 piece of industrial land bearing postal address PLO 312, Jalan Tembaga 4, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D) 162764 P.T. No. PTD 90015 in the Mukim of Plentong, District of Johor Bahru and buildings erected thereto comprising:	LCTM	Industrial land	Leasehold 60 years expiring on 20 May 2050	36.72 acres	51,389	January 1997 Revaluation
	• 3 production plants, 2 double-storey offices, 1 maintenance office, 1 maintenance workshop, 1 control room and 1 double-deck warehouse, 1 single-storey canteen, 1 safety and security office			6-31			

LIST OF PROPERTIES

No.	Location	Registered/ Beneficial Owner	Existing Use	Tenure of Land/Age of Building (years)	Land Area	Net book value as at 31 Dec 2023 RM'000	Date of last Revaluation/ Date of Acquisition (if no revaluation is done)
5	1 piece of industrial land bearing postal address PLO 8, Persiaran Tg. Langsat, Tg. Langsat Industrial Estate, 81700 Pasir Gudang, Johor on H.S.(D)310853 P.T. No. PTD 2855 in the Mukim of Sg Tiram, District of Johor Bahru and buildings erected thereto comprising: • 2 production plants, 1 cogeneration plant, 1 flare stack, 1 single-storey multi-purpose building, 2 single-storey warehouses, 2 single-storey technician station, 1 guard shed and parking bays, 3 material stores, 1 maintenance workshop, 1 control room and 1 single-storey office (Plastic Technical Centre)	LCTM	Industrial land	Leasehold 60 years expiring on 14 February 2061	100.0 acres	53,457	August 1997 Acquisition
6	1 piece of land held under HGB Certificate No.14 at Gerem. Jl. Raya Merak Km.116, Kel. Rawa Arum – Cilegon thereto comprising: • Access route to PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant	PT LOTTE Chemical Titan Nusantara (“PT LCT Nusantara”)	Access route to PT LCT Nusantara	Leasehold 50 years expiring on 18 October 2039	4.03 acres	1,687	January 1991 Acquisition
7	1 piece of land held under HGB Certificate No.2 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum – Cilegon thereto comprising: • Access route to PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant (Indonesia)	PT LCT Nusantara	Access route to PT LCT Nusantara	Leasehold 50 years expiring on 18 October 2039	2.69 acres	1,128	January 1991 Acquisition
8	1 piece of land held under HGB Certificate No.17 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum and buildings erected thereto comprising: • 3 production plants (namely PE1 Plant (Indonesia), PE2 Plant (Indonesia) and PE3 Plant (Indonesia), administration building, warehouse, workshop and technical office and parking area • Leased to PT LC Indonesia (26.50 acres) for LINE Project construction	PT LCT Nusantara	Industrial land	Leasehold 30 years expiring on 21 February 2025	92.63 acres	41,975	October 1995 Acquisition
9	1 piece of land held under HGB Certificate No.18 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum • Leased to PT LC Indonesia (2.01 acres) for LINE Project construction	PT LCT Nusantara	Industrial land	Leasehold 50 years expiring on 21 February 2045	2.01 acres	842	October 1995 Acquisition

LIST OF PROPERTIES

No.	Location	Registered/ Beneficial Owner	Existing Use	Tenure of Land/Age of Building (years)	Land Area	Net book value as at 31 Dec 2023 RM'000	Date of last Revaluation/ Date of Acquisition (if no revaluation is done)
10	1 piece of land held under HGB Certificate No.20 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum • Leased to PT LC Indonesia (80.13 acres) for LINE Project construction	PT LCT Nusantara	Industrial land	Leasehold 50 years expiring on 21 February 2045	80.13 acres	14,992	November 1995 Acquisition
11	1 piece of land held under HGB Certificate No.839 at Kotabumi. Jl. Paleam Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 4 residential houses	PT LCT Nusantara	Residential	Leasehold 57 years expiring on 7 October 2054	1.52 acres	918	March 1997 Acquisition
12	1 piece of land held under HGB Certificate No.00840 at Kotabumi. Jl. Paleam Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 6 residential houses, 1 function hall, 1 diesel house and 1 security post	PT LCT Nusantara	Residential	Leasehold 47 years expiring on 7 October 2044	1.10 acres	665	March 1997 Acquisition
13	1 piece of land held under HGB Certificate No.838 at Kotabumi. Jl. Paleam Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 5 residential houses and 1 function hall	PT LCT Nusantara	Residential	Leasehold 57 years expiring on 7 October 2054	3.22 acres	1,941	July 1997 Acquisition
14	1 piece of land held under HGB Certificate No.841 at Kotabumi. Jl. Paleam Putri, RT 007 RW 14, Kotabumi, Purwakarta, Cilegon and buildings erected thereto comprising: • Housing complex comprising 1 residential Houses	PT LCT Nusantara	Residential	Leasehold 30 years expiring on 25 August 2027	0.39 acres	236	December 1997 Acquisition
15	1 piece of land held under HGB Certificate No.124 at Rawa Arum. Jl. Raya Merak Km.116, Kel. Rawa Arum	PT LCT Nusantara	Vacant land	Leasehold 27 years expiring on 21 February 2045	5.25 acres	982	February 2018 Acquisition
16	1 piece of land held under HGB Certificate No.3045 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province	PT LOTTE Chemical Indonesia (“PT LC Indonesia”)	Industrial land	Leasehold 30 years expiring on 8 February 2047	79.34 acres	152,347	February 2017 Acquisition
17	1 piece of land held under HGB Certificate No.3046 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province	PT LC Indonesia	Industrial land	Leasehold 30 years expiring on 8 February 2047	35.62 acres	68,368	February 2017 Acquisition

LIST OF PROPERTIES

No.	Location	Registered/ Beneficial Owner	Existing Use	Tenure of Land/Age of Building (years)	Land Area	Net book value as at 31 Dec 2023 RM'000	Date of last Revaluation/ Date of Acquisition (if no revaluation is done)
18	1 piece of land held under HGB Certificate No.22 at Rawa Arum Village, District of Pulo Merak, Cilegon City, Banten Province	PT LC Indonesia	Industrial land	Leasehold 8 years expiring on 24 September 2026	8.19 acres	11,752	July 2018 Acquisition
19	1 piece of land held under HGB Certificate No.115 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province	PT LC Indonesia	Industrial Land	Leasehold 27 years expiring on 25 May 2046	1.68 acres	4,036	May 2019 Acquisition
20	1 piece of land held under HGB Certificate No.00154 at Rawa Arum. Village, District of Pulo Merak, Cilegon City, Banten Province	PT LC Indonesia	Industrial Land	Leasehold 18 years expiring on 26 September 2039	12.8 acres	43,109	February 2021 Acquisition
21	1 piece of land held under HGB Certificate No.00192 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province	PT LC Indonesia	Industrial land	Leasehold 30 years expiring on 25 March 2052	29.46 acres	140,152	April 2022 Acquisition
22	1 piece of land held under HGB Certificate No.00194 at Rawa Arum Village, District of Gerogol, Cilegon City, Banten Province	PT LC Indonesia	Vacant land	Leasehold 3 years expiring on 24 September 2026	0.04 acres	54	January 2023 Acquisition
23	1 piece of land held under HGB Certificate No.00191 at Rawa Arum. Village, District of Gerogol, Cilegon City, Banten Province	PT LC Indonesia	Vacant land	Leasehold 11 years expiring on 03 March 2034	0.21 acres	353	January 2023 Acquisition
24	1 piece of land held under HGB Certificate No.03167 at Warnasari Village, District of Citangkil, Cilegon City, Banten Province	PT LC Indonesia	Industrial land	Leasehold 30 years expiring on 08 August 2053	1.74 acres	4,630	August 2023 Acquisition

ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2024

Class of shares : Ordinary shares
 Voting Rights : One vote per share
 Issued Shares : 2,312,364,540 ordinary shares
 (including 34,808,000 treasury shares)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	732	3.890	13,377	*1
100 – 1,000	3,273	17.394	2,372,465	0.104
1,001 – 10,000	9,885	52.535	45,605,913	2.002
10,001 – 100,000	4,284	22.767	127,197,440	5.584
100,001 – 113,877,826 (less than 5% of issued shares**2)	641	3.406	374,575,845	16.446
113,877,827 (5% of issued shares**2) and above	1	0.005	1,727,791,500	75.861
Total	18,816	100.000	2,277,556,540	100.00

Notes:

*1 Less than 0.001%

**2 Excluding a total of 34,808,000 LOTTE Chemical Titan Holding Berhad ("LCT") shares bought back by LCT and retained as treasury shares as at 29 February 2024.

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
1 Maybank Securities Nominees (Asing) Sdn Bhd Pledged Securities Account for LOTTE Chemical Corporation	1,727,791,500	75.861
2 Amanahraya Trustees Berhad Amanah Saham Bumiputera	21,000,000	0.922
3 Kumpulan Wang Persaraan (Diperbadankan)	16,851,252	0.739
4 Amanahraya Trustees Berhad Amanah Saham Malaysia 2- Wawasan	14,000,000	0.614
5 RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Yayasan Islam Terengganu	10,144,690	0.445
6 Lembaga Tabung Haji	9,000,000	0.395
7 Amanahraya Trustees Berhad Amanah Saham Malaysia 3	8,271,300	0.363
8 HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	7,770,147	0.341
9 Citigroup Nominees (Asing) Sdn Bhd CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	7,423,344	0.325
10 HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	6,241,047	0.274
11 Amanahraya Trustees Berhad Amanah Saham Malaysia	6,200,000	0.272

ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2024

THIRTY LARGEST SHAREHOLDERS (CONT'D)

Name of Shareholders	No. of Shares	%
12 Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	6,000,000	0.263
13 Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (West CLT OD67)	5,766,700	0.253
14 Public Nominees (Asing) Sdn Bhd Pledged Securities Account For Chua Kee Tee (E-JBU/SKI)	5,299,500	0.232
15 Yong Koy	5,050,000	0.221
16 Toh Ean Hai	5,000,000	0.219
17 Lee See Jin	4,928,492	0.216
18 Pua Lai Hwa	4,323,800	0.189
19 Amanahraya Trustees Berhad Amanah Saham Bumiputera 3-Didik	4,079,400	0.179
20 Teoh Choo Ee	3,800,009	0.166
21 Maybank Nominees (Tempatan) Sdn Bhd Wong Tung Ann	3,697,757	0.162
22 HSBC Nominees (Asing) Sdn Bhd JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	3,675,400	0.161
23 Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Quek See Kui	3,277,477	0.143
24 HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Hooi Hak	3,100,000	0.136
25 Quek See Kui	2,750,879	0.120
26 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,182,100	0.095
27 Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad	2,118,000	0.092
28 Dual Matrix Sdn Bhd	2,034,000	0.089
29 Yew Ah Kow	2,000,000	0.087
30 CGS International Nominees Malaysia (Tempatan) Sdn Bhd Pledged Securities Account for Toh Lay Fan (Penang-CL)	1,996,634	0.087

ANALYSIS OF SHAREHOLDINGS

AS AT 29 FEBRUARY 2024

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(According to the Register of Substantial Shareholders as at 29 February 2024)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LOTTE Chemical Corporation	1,727,791,500	75.861	-	-

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings as at 29 February 2024)

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Abdul Rahman Mamat	30,000	0.001	-	-
Park Hyun Chul	-	-	-	-
Tan Sri Datuk (Dr.) Rafiah binti Salim	82,500	0.003	-	-
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	-	-	-	-
Ang Ah Leck	30,000	0.001	-	-
Moon Young Tae	-	-	-	-
Park Jae Sun	-	-	-	-

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	IAR Section 1: About This Report
	2-2 Entities included in the organisation's sustainability reporting	IAR Section 1: About This Report (Reporting Scope and Boundary)
	2-3 Reporting period, frequency and contact point	IAR Section 1: About This Report (Reporting Scope and Boundary, Feedback and Contact Point)
	2-4 Restatements of information	IAR Section 1: About This Report (Information on Changes in Reporting)
	2-5 External assurance	IAR Section 1: About This Report (Assurance)
	2-6 Activities, value chain and other business relationships	IAR Section 1: About This Report (Our Products & Quality, How We Position Ourselves in the Business)
	2-7 Employees	IAR Section 4: Human Rights & Fair Employment Practices
	2-9 Governance structure and composition	IAR Section 6: Corporate Governance Overview Statement
	2-10 Nomination and selection of the highest governance body	IAR Section 6: Corporate Governance Overview Statement
	2-11 Chair of the highest governance body	IAR Section 6: Corporate Governance Overview Statement
	2-12 Role of the highest governance body in overseeing the management of impacts	IAR Section 6: Corporate Governance Overview Statement
	2-13 Delegation of responsibility for managing impacts	IAR Section 6: Corporate Governance Overview Statement
	2-14 Role of the highest governance body in sustainability reporting	IAR Section 2: Sustainability Working Group Chairman's Message
	2-15 Conflicts of interest	IAR Section 6: Corporate Governance Overview Statement
	2-16 Communication of critical concerns	IAR Section 6: Corporate Governance Overview Statement
	2-17 Collective knowledge of the highest governance body	IAR Section 6: Corporate Governance Overview Statement
	2-18 Evaluation of the performance of the highest governance body	IAR Section 6: Corporate Governance Overview Statement
	2-19 Remuneration policies	IAR Section 6: Corporate Governance Overview Statement
	2-20 Process to determine remuneration	IAR Section 6: Corporate Governance Overview Statement
	2-22 Statement on sustainable development strategy	IAR Section 2: Sustainability Working Group Chairman's Message
	2-23 Policy commitments	IAR Section 4: Regulatory Compliance IAR Section 6: Corporate Governance Overview Statement
	2-24 Embedding policy commitments	IAR Section 4: Regulatory Compliance
	2-25 Processes to remediate negative impacts	IAR Section 4: Customer Value Creation IAR Section 4: Human Rights & Fair Employment Practices
	2-26 Mechanisms for seeking advice and raising concerns	IAR Section 4: Regulatory Compliance
	2-27 Compliance with laws and regulations	IAR Section 4: Regulatory Compliance

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-28 Membership associations	IAR Section 1: LCT at a Glance (Membership in Associations)
	2-29 Approach to stakeholder engagement	IAR Section 3: Understanding Our Stakeholders
	2-30 Collective bargaining agreements	IAR Section 4: Human Rights & Fair Employment Practices
GRI 3: Material Topics 2021	3-1 Process to determine material topics	IAR Section 3: Sustainability at the Core of Our Business
	3-2 List of material topics	IAR Section 3: Sustainability at the Core of Our Business
	3-3 Management of material topics	IAR Section 4: Create Values for a Sustainable Future
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	IAR Section 2: President & CEO's Message and Management Discussion and Analysis FS: Statement of Financial Position FS: Statement of Comprehensive Income
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	IAR Section 4: Community Development
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	IAR Section 4: Supply Chain Management
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	IAR Section 4: Regulatory Compliance
	205-2 Communication and training about anti-corruption policies and procedures	IAR Section 4: Regulatory Compliance
	205-3 Confirmed incidents of corruption and actions taken	IAR Section 4: Regulatory Compliance
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	IAR Section 4: Environmental Management & Climate Change
	302-3 Energy intensity	IAR Section 4: Environmental Management & Climate Change
	302-4 Reduction of energy consumption	IAR Section 4: Environmental Management & Climate Change
GRI 303: Water and Effluents 2018	303-5 Water consumption	IAR Section 4: Environmental Management & Climate Change
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	IAR Section 4: Environmental Management & Climate Change
	305-5 Reduction of GHG emissions	IAR Section 4: Environmental Management & Climate Change
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	IAR Section 4: Environmental Management & Climate Change

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	IAR Section 4: Environmental Management & Climate Change
	306-2 Management of significant waste-related impacts	IAR Section 4: Environmental Management & Climate Change
	306-3 Waste generated	IAR Section 4: Environmental Management & Climate Change
	306-4 Waste diverted from disposal	IAR Section 4: Environmental Management & Climate Change
	306-5 Waste directed to disposal	IAR Section 4: Environmental Management & Climate Change
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	IAR Section 4: Supply Chain Management
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	IAR Section 4: Human Rights & Fair Employment Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	IAR Section 4: Human Rights & Fair Employment Practices
	401-3 Parental leave	IAR Section 4: Human Rights & Fair Employment Practices
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	IAR Section 4: Occupational Health & Safety
	403-2 Hazard identification, risk assessment and incident investigation	IAR Section 4: Occupational Health & Safety
	403-3 Occupational health services	IAR Section 4: Occupational Health & Safety
	403-4 Worker participation, consultation and communication on occupational health and safety	IAR Section 4: Occupational Health & Safety
	403-5 Worker training on occupational health and safety	IAR Section 4: Occupational Health & Safety
	403-6 Promotion of worker health	IAR Section 4: Occupational Health & Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	IAR Section 4: Supply Chain Management
	403-9 Work-related injuries	IAR Section 4: Occupational Health & Safety
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee
404-2 Programs for upgrading employee skills and transition assistance programs		IAR Section 4: Human Capital Development
404-3 Percentage of employees receiving regular performance and career development reviews		IAR Section 4: Human Capital Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	IAR Section 4: Human Rights & Fair Employment Practices IAR Section 6: Corporate Governance Overview Statement
	405-2 Ratio of basic salary and remuneration of women to men	IAR Section 4: Human Rights & Fair Employment Practices
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	IAR Section 4: Human Rights & Fair Employment Practices

GRI STANDARD	DISCLOSURE	LOCATION
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There were no operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. LCT's vendors are required to adhere to the SCOC which expects all vendors to fully comply to the employment and human rights laws and regulations, including aspects such as freedom of association. IAR Section 4: Supply Chain Management
	GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	There were no operations and suppliers at significant risk for incidents of forced or compulsory labour. LCT's vendors are required to adhere to the SCOC which expects all vendors to prohibit forced labour within their practices. IAR Section 4: Supply Chain Management
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	IAR Section 4: Community Development
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	IAR Section 4: Supply Chain Management
GRI 415: Public Policy 2016	415-1 Political contributions	IAR Section 4: Regulatory Compliance
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	IAR Section 4: Sustainable Manufacturing & Product Quality
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	IAR Section 4: Sustainable Manufacturing & Product Quality
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	IAR Section 4: Data Security & Protection

PERFORMANCE DATA TABLE

PERFORMANCE DATA TABLE

This Performance Data Table was generated from the Bursa LINK system, and is included in this IAR as mandated by Bursa Malaysia's enhanced sustainability reporting requirements within the Main Market Listing Requirements.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	92.00
Middle Management	Percentage	95.00
Executive	Percentage	90.00
Technician and below	Percentage	82.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	259,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12,258
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Below 30	Percentage	0.00
Senior Management 30-50	Percentage	40.00
Senior Management Above 50	Percentage	60.00
Middle Management Below 30	Percentage	0.00
Middle Management 30-50	Percentage	67.00
Middle Management Above 50	Percentage	33.00
Executive Below 30	Percentage	30.00
Executive 30-50	Percentage	51.00
Executive Above 50	Percentage	19.00
Technician and below Below 30	Percentage	22.00
Technician and below 30-50	Percentage	68.00
Technician and below Above 50	Percentage	10.00
Gender Group by Employee Category		
Senior Management Male	Percentage	80.00
Senior Management Female	Percentage	20.00
Middle Management Male	Percentage	66.00
Middle Management Female	Percentage	34.00
Executive Male	Percentage	67.00
Executive Female	Percentage	33.00
Technician and below Male	Percentage	90.00
Technician and below Female	Percentage	10.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	57.00
Female	Percentage	43.00
Below 30	Percentage	0.00
30-50	Percentage	14.00
Above 50	Percentage	86.00

Indicator	Measurement Unit	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	829.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.12
Bursa C5(c) Number of employees trained on health and safety standards	Number	950
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	176
Middle Management	Hours	1,717
Executive	Hours	22,514
Technician and below	Hours	30,534
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.26
Bursa C6(c) Total number of employee turnover by category		
Senior Management	Number	0
Middle Management	Number	2
Executive	Number	34
Technician and below	Number	61
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	69.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	10,596.000000

Internal assurance External assurance No assurance (*)Restated

Internal assurance External assurance No assurance (*)Restated

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 Annual General Meeting (“2024 AGM”) of the Company will be held on a virtual basis through the TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) on Tuesday, 30 April 2024 at 10.00 a.m. to transact the following business:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring pursuant to Clause 100 of the Company’s Constitution:
 - i. Tan Sri Datuk (Dr.) Rafiah binti Salim
 - ii. Park Hyun Chul
3. To approve the payment of the following Directors’ Fees for the financial year ending 31 December 2024:
 - i. RM272,000 for Independent Non-Executive Chairman
 - ii. RM189,000 for each Independent Non-Executive Director
(Please refer to Explanatory Note 3)
4. To approve the payment of Directors’ remuneration and benefits (excluding Directors’ Fees) to the Independent Non-Executive Directors up to an amount of RM243,000 with effect from 2024 Annual General Meeting until the next Annual General Meeting of the Company. (Please refer to Explanatory Note 4)
5. To appoint Messrs Ernst & Young PLT as Auditors of the Company in place of the retiring Auditors, Messrs KPMG PLT, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. (Please refer to Explanatory Note 5)

As Special Business:

6. To consider and if thought fit, to pass the following ordinary resolution:

6.1 Ordinary Resolution

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE AND CONTRACTS ENTERED INTO FROM TIME TO TIME WHICH ARE NECESSARY OR WOULD FACILITATE THE DAY-TO-DAY OPERATIONS

“THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the existing shareholders’ mandate to the Company and/ or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading in nature and contracts entered into from time to time with Related Party(ies) as specified in Section 2.3 of the Circular to Shareholders dated 29 March 2024 which are necessary for the day-to-day operations; in the ordinary course of business, based on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public and are not detrimental to minority shareholders of the Company (“Shareholders’ Mandate”) and such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming 2024 AGM at which the Shareholders’ Mandate is passed, at which time such Shareholders’ Mandate will lapse, unless by a resolution passed at the meeting, the authority for the Shareholders’ Mandate is renewed;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give full effect to the Shareholders’ Mandate.”

By Order of the Board

Janet Phan Pui Li
(SSM PC No. 202108000484)
(MACS 01841)

Cynthia Gloria Louis
(SSM PC No. 201908003061)
(MAICSA 7008306)
Company Secretaries

Selangor Darul Ehsan
29 March 2024

Notes:

1. Shareholders are to attend, participate, speak (in the form of real time submission of typed texts) and vote (collectively, “Participate”) remotely at the 2024 AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes of the 2024 AGM for the procedures for RPV.
2. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 April 2024 (General Meeting Record of Depositors) shall be entitled to Participate at this 2024 AGM.
3. A member entitled to Participate at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to Participate at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
6. The Form of Proxy must be deposited at the office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM. The proxy appointment may also be submitted electronically via Tricor’s TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM. For further information on the electronic submission of Form of Proxy, kindly refer to the Administrative Notes of the 2024 AGM.
7. A member who has appointed a proxy to Participate in the 2024 AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online> in accordance to the procedures set out in the Administrative Notes.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Ordinary and Special Business

1. Item 1 of the Agenda - Audited Financial Statements for financial year ended 31 December 2023

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the audited financial statements. Hence, this item of the Agenda is not put forward for voting.

2. Resolutions 1 and 2

The Nomination and Remuneration Committee (“NRC”) has assessed each of the retiring Directors seeking re-election. Based on the annual performance evaluation and assessment of the retiring directors, the findings are as follows:

- i. The retiring Directors have met the criteria of the Company’s fit and proper policy that enabling them to effectively discharge their roles as directors of the Company.
- ii. The retiring directors have demonstrated their time commitment and level of contribution to effectively discharge their roles as directors and to act in the best interests of the Company.
- iii. The Directors provided fresh perspectives and valuable input during Board and Board Committees deliberations.
- iv. They are accomplished in their own fields and have the required competence and experience to provide valuable input during Board deliberations to meet business demands and the strategies of the Company.
- v. The retiring independent director has complied with the independence criteria as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and she continues to bring independent judgement to Board discussions.
- vi. The retiring Directors have declared that they have not engaged in any business dealings or actions that could compromise their impartiality or create a conflict of interest with their roles within the LCT Group.
- vii. The Directors continue to be proponents in addressing sustainability risk, ESG issues and opportunities.
- viii. The number of directorships held by the retiring directors is less than 5 and does not impede their duties in LCT.

The Board endorsed the NRC’s recommendation on the re-election of the retiring directors.

The details and profiles of the retiring directors are set out in the Profile of Directors on pages 109 and 111 in the Company’s 2023 Integrated Annual Report.

3. Resolution 3 – Directors’ fees

The Company adopted the following fees for the Independent Non-Executive Directors:

	Directors’ Fees (RM per Director per annum)
Independent Chairman	272,000
Independent Director	189,000

4. Resolution 4 – Directors’ remuneration and benefits

The Directors’ remuneration and benefits (excluding Directors’ Fees) comprise meeting allowances and other emoluments payable to the Independent Non-Executive Directors from 2024 Annual General Meeting until the next Annual General Meeting of the Company (“the Relevant Period”).

The meeting allowance for Board and Board Committees meetings is stated below:

	Meeting allowance	
	Independent Chairman of Board/Committee (RM per Director per Meeting)	Independent Directors/ Members of Committee (RM per Director per Meeting)
Board	3,000	2,000
Audit Committee	2,500	2,000
Risk Management Committee	2,500	2,000
Nomination and Remuneration Committee	2,500	2,000

In determining the estimated total meeting allowances for the Relevant Period, the Board has considered various factors, among others, the size of the Board and Board Committees as well as the number of meetings scheduled to be held during the Relevant Period.

5. Resolution 5 – Appointment of Auditors in place of Retiring Auditors

The Company had received a Notice of Nomination from LOTTE Chemical Corporation (“LCC”), our major shareholder and holding company for the appointment of Messrs Ernst & Young PLT as Auditors of the Company in place of Messrs KPMG PLT who will be retiring as Auditors at the forthcoming 2024 AGM of the Company.

The proposed change of auditors is to streamline the auditors of LCC Group worldwide. The Board of Directors has reviewed the recommendation of the Audit Committee and has recommended the above proposal to be tabled to the shareholders for approval at the forthcoming 2024 AGM of the Company.

A copy of the Notice of Nomination from LCC is annexed as “Annexure A” in the Company’s 2023 Integrated Annual Report.

6. Resolution 6 – Proposed renewal of existing shareholders’ mandate for recurrent related party transactions of a revenue or trading in nature and contracts entered into from time to time which are necessary or would facilitate the day-to-day operations (“Proposed Shareholders’ Mandate”)

The proposed Resolution 6, if approved, will allow LOTTE Chemical Titan Group to enter into Recurrent Related Party Transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Shareholders’ Mandate is set out in the Circular to Shareholders of the Company dated 29 March 2024 which is dispatched together with the Company’s 2023 Integrated Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Following is the statement made pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

As at the date of this notice, there are no individuals who are standing for election excluding the following Directors who are standing for re-election at the 2024 AGM of the Company:

- i) The Directors who are retiring by rotation pursuant to Clause 100 of the Company's Constitution and seeking re-election, are:
 - Tan Sri Datuk (Dr.) Rafiah binti Salim
 - Park Hyun Chul

The details of the two (2) Directors seeking for re-election are set out in the Directors' profiles appearing on pages 109 and 111 of the Integrated Annual Report.

The details of the shareholding of the Directors seeking for re-election are stated on page 167 of this Integrated Annual Report.

2024年2月19日 星期二 10:00 AM



LOTTE CHEMICAL CORPORATION.

14F-16F, LOTTE World Tower, 300 Olympic-ro, Songpa-gu, Seoul (05551)

Tel: +82-2-829-4114

Date: 19 February 2024

The Board of Directors
 Lotte Chemical Titan Holding Berhad
 Lot 29.01, Level 29, 1 Powerhouse,
 No. 1, Persiaran Bandar Utama,
 Bandar Utama,
 47800 Petaling Jaya,
 Selangor Darul Ehsan,
 Malaysia.

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS ERNST & YOUNG PLT AS AUDITORS

We, being the major shareholder and holding company of Lotte Chemical Titan Holding Berhad ("the Company"), hereby give notice pursuant to Section 271(4) of the Companies Act 2016 of our nomination of Messrs Ernst & Young PLT as auditors of the Company in place of the retiring auditors, Messrs KPMG PLT and propose that the following resolution be tabled at the forthcoming Annual General Meeting:-

"THAT, Ernst & Young PLT be and are hereby appointed as auditors of the Company in place of the retiring auditors, Messrs KPMG PLT, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to fix their remuneration."

Yours faithfully


 Seong Nak Sun
 CFO of Lotte Chemical Corporation

Form of Proxy



LOTTE Chemical Titan Holding Berhad

[Registration No. 199101012045 (222357-P)]
(Incorporated in Malaysia)

No. of shares held
CDS Account no.
Tel no.

I/We _____

NRIC No./Company No. _____ of _____

email address _____

being a member/members of LOTTE CHEMICAL TITAN HOLDING BERHAD [Registration No. 199101012045 (222357-P)] hereby appoint the following person(s):

Name	NRIC/Passport No.	Address	No. of shares to be represented by proxy
1.			
2.			

For a member who is an authorised nominee or an exempt authorised nominee, please state the details of the proxies as above if more than two (2) on your letterhead and to attach the same to this Form of Proxy.

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the 2024 Annual General Meeting of the Company to be held on a virtual basis through the TIIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration number with MYNIC :D1A282781) on Tuesday, 30 April 2024 at 10.00 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:

RESOLUTIONS	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		

Please indicate with an "x" in the appropriate space how you wish your vote(s) to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

Date: _____

Signature/Common Seal of Shareholder(s)

Notes:

- Shareholders are to attend, participate, speak (in the form of real time submission of typed texts) and vote (collectively, "Participate") remotely at the 2024 AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiah.online>. Please refer to the Administrative Notes of the 2024 AGM for the procedures for RPV.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 April 2024 (General Meeting Record of Depositors) shall be entitled to Participate at this 2024 AGM.
- A member entitled to Participate at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to Participate at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- The Form of Proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM. The proxy appointment may also be submitted electronically via Tricor's TIIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time appointed for holding the 2024 AGM. For further information on the electronic submission of Form of Proxy, kindly refer to the Administrative Notes of the 2024 AGM.
- A member who has appointed a proxy to Participate in the 2024 AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiah.online> in accordance to the procedures set out in the Administrative Notes

PERSONAL DATA NOTICE

By submitting the Form of Proxy, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the 2024 AGM (including any adjournment thereof).

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AFFIX
STAMP



LOTTE Chemical Titan Holding Berhad

[Registration No. 199101012045 (222357-P)]

The Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

[Registration No. 197101000970 (11324-H)]

Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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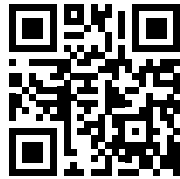
Fold this flap for sealing

MISSION

사랑과 신뢰를 받는
제품과 서비스를 제공하여
인류의 풍요로운 삶에 기여한다

We enrich people's lives by providing
superior products and services that
our customers love and trust





www.lottechem.my

Lot 29.01, Level 29, 1 Powerhouse,
No. 1, Persiaran Bandar Utama,
Bandar Utama, 47800 Petaling Jaya,
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