

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5035  
**COMPANY NAME** : KNUSFORD BERHAD  
**FINANCIAL YEAR** : March 31, 2023

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of the Company is responsible for the overall corporate governance of Knusford Berhad ("KB"), including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of these goals with a view to optimising Company performance, maximising shareholder value and safeguarding stakeholders' interests.</p> <p>All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The management shall support the Chief Executive Officer ("CEO") and implement the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board.</p> <p>The responsibility for the operation and administration of the Group is delegated by the Board to the CEO. All Board members are responsible to the Company for achieving a high level of good corporate governance.</p> <p>The roles and responsibilities of the Board are clearly defined in the Board Charter as follows:</p> <ul style="list-style-type: none"><li>• Promote good corporate governance culture;</li><li>• Review, challenge and decide on management's proposals and their implementation;</li><li>• Establish strategic plans that support long-term value creation;</li><li>• Supervise and assess management performance;</li><li>• Put in place sound framework of internal controls and risk management;</li></ul>

	<ul style="list-style-type: none"> <li>• Sets risk appetite and appropriate risk management framework that manage financial and non-financial risks;</li> <li>• Ensure management skills and experience and its succession plan;</li> <li>• Establish procedures for effective communication with stakeholders; and</li> <li>• Ensure accurate and timely information to shareholders about performance and make clear disclosures in all public reports and announcements.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of Chairman is highlighted in the Board Charter and is available on the Company's website. The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"><li>• Leading the Board by instilling good corporate governance practices. Strive to comply with all the principles and recommendations set out in the Malaysian Code on Corporate Governance 2021 ("MCCG");</li><li>• Leading the Board in setting the values and standards of the Group;</li><li>• Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li><li>• Ensuring the provision of accurate, timely and clear information to Directors;</li><li>• Ensuring effective communication with shareholders and relevant stakeholders;</li><li>• Arranging evaluation of the performance of the Board, its Committees and individual Directors;</li><li>• Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and</li><li>• Facilitating the on-going development of all Directors.</li></ul> <p>All the Board members participated in the meetings ensuring the Board has achieved its intended outcome of being collectively responsible for meeting the objectives and goals of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board Charter has outlined and included that the position of Chairman and CEO are held by different individuals to ensure a balance of power and authority with clearly defined roles and responsibilities of the Chairman and the CEO respectively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman, DYAM Tunku Ismail Ibni Sultan Ibrahim, is not a member of the Audit Committee, Nomination and Remuneration Committee.  DYAM Tunku Ismail Ibni Sultan Ibrahim has not participated in the meetings of these two board committees.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has appointed Mr. Lim Thiam Wah and Ms. Lim Aik Yong as the Company Secretaries, both are qualified Chartered Secretaries. They have the requisite experiences and competence to provide the necessary information and advice to the Board.</p> <p>The Company Secretaries keep abreast of the regulatory updates and developments in Corporate Governance matters.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As stated in Guidance to Practice 1.6 of MCCG, the meeting materials should be circulated at least five business days in advance of the Board meeting.</p> <p>During the financial year ended 31 March 2023, the meeting notices and the materials were circulated to the Directors at least five days in advance. Furthermore, the Directors are provided with the contact details of key management personnel to facilitate direct and independent access to Management. Key management personnel will provide clarification or any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p> <p>The Company Secretaries ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members five days before the next meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has overall responsibility for the proper conduct of the KB’s Group’s business and the Board Charter adopted by the Board clearly sets out the following:</p> <ul style="list-style-type: none"><li>• the respective roles and responsibilities of the board, board committees, individual directors, senior independent non-executive director, independent directors, Chairman, Executive Director and Chief Executive Officer; and</li><li>• matters that are reserved for the collective decision of the Board.</li></ul> <p>The Board Charter is posted on the Company’s website.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has formulated ethical standards through a code of conduct for the Directors, senior management and all employees and will ensure its compliance. The Code of Conduct includes principles related to conflict of interest, dealings with confidential information, ensuring safety, security and adherence to Company’s rules, encouraging the reporting of unlawful or unethical behaviour, as well as dealing with suppliers, customers and third parties.  The Code of Conduct is available at the Company’s website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Whistle Blowing Policy is available on the Company’s website. The policy provides staff well-defined and accessible channels within the Group for reporting possible improprieties. The definition of improper conduct and methods of reporting improper conduct are clearly explained in the policy.</p> <p>For the financial year under review, the Board did not receive any report/ disclosure of improper conduct.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is overall responsible for the sustainability matters and has entrusted the Risk Management Committee ("RMC") to oversee the integration of sustainability into KB and its subsidiaries.</p> <p>The CEO will be responsible to supervise and manage the overall sustainability implementation across the organisation and report to the RMC on its performance. Our sustainability governance structure includes the Sustainability Working Committee ("SWC") comprise of representatives from the respective business functions.</p> <p>The Board is responsible for:</p> <ul style="list-style-type: none"><li>• reviewing the effectiveness of Group's strategies, policies, principles and practices relating to sustainability, including whether these strategies, policies, principles and practices promote the Group's sustainability agenda; and</li><li>• approving the Group's sustainability reporting.</li></ul> <p>The roles of RMC are as follows:</p> <ul style="list-style-type: none"><li>• advising the Board and recommending to it, business strategies in the area of sustainability;</li><li>• monitoring the implementation of sustainability strategies as approved by the Board;</li><li>• recommending sustainability related policies to the Board for adoption, and monitoring the implementation of such policies;</li><li>• recommending approval of sustainability matters to the Board;</li><li>• overseeing the overall management of stakeholder engagement, including ensuring grievance mechanisms are in place;</li></ul>

	<ul style="list-style-type: none"> <li>• overseeing the management of sustainability matters, with particular focus on matters material to the organisation; and</li> <li>• overseeing the preparation of sustainability disclosure as required by laws and /or rules, and recommending it for the Board's approval.</li> </ul> <p><b>SWC</b></p> <p>KB's SWC, which would include the Company's Chief Financial Officer and heads of department, is chaired by the CEO. The SWC meets quarterly to review and make decisions on material issues and strategies pertaining to KB and its subsidiaries.</p> <p>The SWC is responsible for:</p> <ul style="list-style-type: none"> <li>• developing the sustainability vision, strategy and linkage to long-term business strategies;</li> <li>• advising the RMC on strategies in the area of sustainability and seeking Board endorsement on sustainability matters;</li> <li>• identifying sustainability risks and opportunities;</li> <li>• originating policy and initiatives to manage sustainability risks and opportunities;</li> <li>• overseeing the implementation of policies and initiatives including setting targets for initiatives, assessing effectiveness etc; and</li> <li>• identifying and implementing the stakeholders engagement process.</li> </ul> <p>The SWC reports to the RMC on semi-annual basis.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group is accountable and responsive to the expectations and interests of its stakeholders. The Group identified six (6) key stakeholder groups that impact or are directly having impact by the value creation activities. They are as follows:</p> <ol style="list-style-type: none"> <li>1. Customers</li> <li>2. Employees</li> <li>3. Suppliers/Sub-contractors</li> <li>4. Investors</li> <li>5. Banker/Financier/Financial Institutions</li> <li>6. Community</li> </ol> <p>KB's Annual Report 2023 includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities and targets as well as performance and it serves as the main communication tool to the internal and external stakeholders.</p> <p>The Annual Report 2023 is available on the website at <a href="http://www.knusford.com.my">http://www.knusford.com.my</a></p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is primarily responsible for the implementation of the Group's sustainability practices and performance where the task of execution and monitoring were delegated to the Sustainability Committee and assisted by the Head of Departments to discharge duties of embedding a sustainability culture in business.</p> <p>The Board stays abreast with and understands the sustainability agendas relevant to the Company and its business, including climate-related risks and opportunities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board and Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Company's material sustainability was evaluated through the annual Board's Evaluation.  Similarly, Management's commitment in taking into account sustainability considerations when implementing the Company's strategies, business plans and risk management policies and procedures is, amongst others, one of the criteria in their performance assessments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board takes cognisance of the importance of the active participation of the Board in the Nomination and Remuneration Committee (“NRC”).</p> <p>On a yearly basis, the NRC and Board reviews the tenure of the Directors as well as the composition of the Board Committees as part of the Board Effectiveness Evaluation process.</p> <p>By making reference to the Fit and Proper Policy of the Board, the NRC had reviewed the mix of skills, knowledge, professionalism, integrity, experience and other qualities to enable the Board to function completely and efficiently.</p> <p>Based on the results of the annual assessment, the NRC recommended to the Board on re-election of the Directors be put forth for shareholders’ approval.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.2**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group is led by an effective and experienced Board, comprising nine (9) members, made up of one (1) Senior Independent Non-Executive Director, four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and three (3) Executive Directors. The Group also has one (1) Alternate Director.</p> <p>The Board comprises more than half independent directors.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company sought shareholders' approval at the last Annual General Meeting ("AGM") to retain the Independence Directors, Mr. Bernard Hilary Lawrence, Dato' Avinderjit Singh A/L Harjit Singh, Encik Mohd Salleh Bin Othman, Mr. Lee Wai Kuen and Mr. Lim Foo Seng who have served as an Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years through a two-tier voting process. The justifications for retaining them are as follows:</p> <ul style="list-style-type: none"><li>a) their expertise in corporate, finance and legal matters which had significant contribution to the effectiveness of the Board and the Committees; and</li><li>b) they have exercised their due care during their tenure as an Independent Non-Executive Director of the Company and they have carried out their professional duties in the interest of the Company and the shareholders.</li></ul> <p>The Company has put the resolutions to vote in the last AGM and the results were to retain them as Independent Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Not Adopted
<b>Explanation on adoption of the practice</b>	:

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. This includes the selection of Board members and senior management. In addition, the Group believes it is of utmost importance that the Board is composed of the best-qualified individuals who possess the requisite knowledge, experience, competency, professionalism, independence, foresight and good judgement to ensure that the Board and management team function effectively and is able to discharge its duties in the best interests of the Group and shareholders.</p> <p>The management team consists of qualified individuals with diverse experiences, backgrounds and perspectives. Their combined expertise and business experience provide insights and diversity of perspective to lead and face challenges in an increasingly complex and competitive environment.</p> <p>The Company has also adopted the Fit and Proper Policy and a copy of the policy is available on the Company's website at <a href="http://www.knusford.com.my">www.knusford.com.my</a>. This policy serves as a guide to the Nomination Committee and the Board to review and assess the candidates to be appointed onto the Board as well as Directors seeking for election or re-election.</p> <p>The profile of the Board and management team is set out in their respective profiles in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The identification of candidates for appointment of directors is guided by the Terms of Reference of the Nomination and Remuneration Committee as follows:</p> <ul style="list-style-type: none"><li>• Identify, consider and recommend suitable persons for appointment as Directors and members of the Board Committees, relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.</li><li>• Disclose in the Company's annual report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing Board members, Management or major shareholders and if the selection of candidates was solely based on recommendations made by existing Board members, Management or major shareholders, the Committee should explain why other sources were not used.</li></ul> <p>The final decision on the appointment of directors will be based on the recommendation by the NRC and approval by the Board.</p> <p>There was no new appointment of Director during the financial year 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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## Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The performance of the retiring directors is assessed by the NRC and Board before recommendation is made to the shareholders for consideration.</p> <p>For the appointment of the Independent Director, the NRC also assesses their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the Company.</p> <p>To facilitate an informed decision by the shareholders on the reappointment of retiring Directors during the forthcoming AGM, the profile of the Directors is included in the Annual Report. Information contained therein included age, gender, tenure of service, directorship in other companies, working experience and any conflict of interest as well as their shareholding in the Company.</p> <p>The Board has provided a statement to support the reappointment of the directors and the reasons in the Company's Notice of AGM to be held on 27 September 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC is chaired by Mr. Bernard Hilary Lawrence, the Senior Independent Non-Executive Director who leads the Committee, among others:</p> <ul style="list-style-type: none"><li>• to consider and review the Board’s succession plans;</li><li>• to consider and review the Senior Management’s succession plans;</li><li>• to review and recommend to the Board, on Board effectiveness, its present size, structure and composition of the Board as well as the required mix of skills, experience and competency required;</li><li>• ensuring that the performance of each individual Director is independently assessed; and</li><li>• to assess and recommend to the Board, the effectiveness of the Board Committees, the present size, structure and composition of the Board Committees as well as the required mix of skills, experience and competencies required.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board currently has one female director which is in compliance with Chapter 15, para 15.02(1)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Board also acknowledges the requirement of 30% women directors under MCCG.	
		No alternative	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board is endeavouring to have more female board members as and when there are suitable and qualified candidates are identified in the future.	
<b>Timeframe</b>	:	Others	

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board and the Senior Management do not have specific policy on gender diversity issues.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	KB considers diversity and inclusivity in its future planning for the Senior Management successors.	
<b>Timeframe</b>	:	Others	

## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The evaluation of the Board is conducted annually, comprising Board Assessment by Individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The assessments include Self and Peer Assessment and an assessment of independence for an Independent Director. The assessment of the Board by an individual Director also includes specific criteria, covering areas such as the Board composition, structure and principal responsibilities of the Board, by making reference to the Fit and Proper Policy. For Self and Peer Assessment, the assessment criteria include contributions to interaction, role and duties, knowledge and integrity, governance and independence and risk management.</p> <p>The NRC meets at least once a year and conducts an annual assessment of individual Directors, the effectiveness of the Board as a whole and the Committees of the Board.</p> <p>The presence of the Independent Non-Executive Directors promotes objectivity and they have the competence necessary to advise the Board on its decisions. They provide an effective check and balance to the Board's decision-making process.</p> <p>The Board views the current evaluation process as adequate to provide an objective assessment on the effectiveness of the Board as a whole, the Board Committees and each individual director.</p>
<b>Explanation for departure</b>	:

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The determination of the remuneration of Directors and Senior Management is guided by the Terms of Reference of the NRC, which is made available on the Company’s website.</p> <p>The level of remuneration for the Directors and Senior Management is deliberated by the NRC taking into consideration the Group’s and individual performances, market conditions and respective responsibilities.</p> <p>The Board, as a whole, determines the level of fees of Non-Executive and Executive Directors.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee is chaired by Mr. Bernard Hilary Lawrence, a Senior Independent Non-Executive Director and comprised the following members, all are Independent Non-Executive Directors:</p> <ol style="list-style-type: none"><li>1. Lee Wai Kuen</li><li>2. Lim Foo Seng</li><li>3. Dato' Avinderjit Singh A/L Harjit Singh</li><li>4. Mohd Salleh Bin Othman</li></ol> <p>The NRC assists the Board of Directors in reviewing and making recommendations relating to the remuneration, terms of employment, reward structure and benefits in-kind for the Executive Directors, the CEO and key Senior Management of the Group. The authority and duties of the Nomination and Remuneration Committee has been formalised in the Terms of Reference of the Nomination and Remuneration Committee, which has been uploaded and made available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration breakdown of individual directors includes fees, salary, allowance, bonus, benefits in-kind and other emoluments has been disclosed as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	DYAM Tunku Ismail Ibni Sultan Ibrahim	Non-Executive Non-Independent Director	30.0	-	-	-	-	-	30.0	30.0	-	-	-	-	-	30.0
2	Lim Chen Heng	Executive Director	30.0	120.0	420.0	90.0	27.2	61.2	748.4	30.0	120.0	420.0	90.0	27.2	61.2	748.4
3	Lim Chen Thai	Executive Director	30.0	60.0	480.0	90.0	28.0	68.4	756.4	30.0	60.0	480.0	90.0	28.0	68.4	756.4
4	Lim Sew Hua	Executive Director	30.0	7.8	187.2	100.0	16.6	11.5	353.1	30.0	7.8	187.2	100.0	16.6	11.5	353.1
5	Bernard Hilary Lawrence	Independent Director	30.0	-	-	-	-	-	30.0	30.0	-	-	-	-	-	30.0
6	Dato' Avinderjit Singh A/L Harjit Singh	Independent Director	30.0	-	-	-	-	-	30.0	30.0	-	-	-	-	-	30.0
7	Lee Wai Kuen	Independent Director	30.0	-	-	-	-	-	30.0	30.0	-	-	-	-	-	30.0
8	Lim Foo Seng	Independent Director	36.0	-	-	-	-	-	36.0	36.0	-	-	-	-	-	36.0
9	Mohd Salleh Bin Othman	Independent Director	30.0	-	-	-	-	-	30.0	30.0	-	-	-	-	-	30.0

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure													
<b>Explanation on application of the practice</b>	:														
<b>Explanation for departure</b>	:	<p>The Board is of the view that the disclosure of the Senior Management's remuneration components may be counter productive and may not be in the best interest of the Group given the competitive environment for talent recruitment and retention in the industry in which the Group operates in. Also premised on the confidentiality of the remuneration package of our Senior Management, the Board has adopted a disclosure of our Senior Management remuneration in bands of RM50,000.</p> <p>The aggregate remuneration paid to the top 5 Senior Management of the Group during the financial year analysed into bands of RM50,000 are as follows:</p> <table><tr><th>Remuneration Band (RM)</th><th>Number of Senior Management</th></tr><tr><td>650,001 - 700,000</td><td>1</td></tr><tr><td>400,001 - 450,000</td><td>1</td></tr><tr><td>350,001 - 400,000</td><td>1</td></tr><tr><td>300,001 - 350,000</td><td>1</td></tr><tr><td>250,001 - 300,000</td><td>1</td></tr></table>		Remuneration Band (RM)	Number of Senior Management	650,001 - 700,000	1	400,001 - 450,000	1	350,001 - 400,000	1	300,001 - 350,000	1	250,001 - 300,000	1
Remuneration Band (RM)	Number of Senior Management														
650,001 - 700,000	1														
400,001 - 450,000	1														
350,001 - 400,000	1														
300,001 - 350,000	1														
250,001 - 300,000	1														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
<b>Measure</b>	:	As stated above													
<b>Timeframe</b>	:	Others													

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee ("AC") is chaired by Mr. Lim Foo Seng, an Independent Non-Executive Director, who is distinct from the Chairman of the Board. The Chairman of the AC acts as the key contact between the committee members and Board as well as Senior Management.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the AC requires that no former audit partner shall be appointed as a member of Audit Committee unless he/she has served a cooling off period of at least three (3) years before being appointed as a member of the AC. None of the AC members were previous partners or Directors of the Company’s external audit firm within the last 36 months and none of the AC members hold any financial interest in the external audit firm.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is required by its Terms of Reference to assess and monitor the performance, suitability, objectivity and independency of the external auditor annually.</p> <p>The external auditor had provided a confirmation to the Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Committee approves the terms of all audit services as well as permitted audit-related and non-audit services. The external auditor is only considered for permitted non-audit services when its expertise and experience are required.</p> <p>The Committee considers the reappointment of the external auditor each year before making a recommendation to the board. The Committee is satisfied with the suitability and independence of the external auditor based on the quality of services rendered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 31 March 2023 and has recommended their re-appointment at the forthcoming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All five (5) members of the Audit Committee are independent directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC Chairman is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He is experienced in the finance and corporate sectors with considerable knowledge, experience and exposure in management consultancy, taxation and accounting and auditing.</p> <p>The committee also comprise members who possess the necessary skills to discharge its duties and are financially literate, competent and have the ability to understand matters under the purview of the AC including the financial reporting process.</p> <p>During the financial year, the Group had organised a training course namely "Macroeconomics &amp; Investment Strategies for Business Sustainability" for all the Directors and Senior Management. All the members of the AC attended the said training. The Group will continue to organise development and training programmes for the benefit of Directors and in addition, the Directors individually are encouraged to equip themselves with knowledge on the new developments in the business environment by attending other relevant courses, trade fairs, seminars and conferences.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibilities over the effectiveness of its risk management and internal control system, which include:</p> <ul style="list-style-type: none"><li>• Ensure that there is a sound framework for internal controls and risk management;</li><li>• Oversee, review and monitor the operation, adequacy and effectiveness of the Group's system of internal controls;</li><li>• Understand the principal risks of all aspects of the Company's business;</li><li>• Set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non – financial risks;</li><li>• Monitor compliance with established policies and procedures;</li><li>• Review the efficiency and quality of the Group's financial reporting process and system of accounting and internal controls;</li><li>• Ensure the integrity of the Group's financial and non-financial reporting; and</li><li>• Oversee the Group's policies as a whole which includes the Code of Conduct.</li></ul> <p>The Board has delegated its role in the review process to the AC and RMC.</p> <p>However, the Board as a whole remains responsible for all the actions of the committee with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal controls in the Company's Annual Report.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report details the features of the risk management and internal control systems of the Group.</p>

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

## Intended Outcome

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Risk Management Framework has been established guided by ISO 31000:2018 Risk Management – Guidelines. This framework incorporates processes for identifying, assessing, responding, monitoring and reporting risks and ultimately bringing significant risks to the attention of senior management and the Board for immediate action. The internal control and risk management framework are designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.</p> <p>Based on the results of the risk assessment, the Group's principal risks such as market risk, integrity risk, operational risk, credit risk etc., have been identified as well as controls in place to mitigate or manage these risks.</p> <p>Based on the various procedures and controls put in place by the Group, the work performed, risk assessment reports and reports submitted by the internal and external auditors, the Board has reviewed and are satisfied that risk management and internal control system put in place for the year under review and up to the date of approval of this statement are adequate and effective to safeguard the interest of all shareholders, the Group's assets and other stakeholders.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2023 describes the features of the risk management and internal control systems of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") is chaired by Mr. Lee Wai Kuen, an Independent Non-Executive Director and comprise the following members: -</p> <ol style="list-style-type: none"><li>1. Bernard Hilary Lawrence (Senior Independent Non-Executive Director)</li><li>2. Lim Foo Seng (Independent Non-Executive Director)</li><li>3. Dato' Avinderjit Singh A/L Harjit Singh (Independent Non-Executive Director)</li><li>4. Mohd Salleh Bin Othman (Independent Non-Executive Director)</li></ol> <p>Included in the role of the RMC is to evaluate the risks that the Group face and identify action plans to mitigate those risks.</p>

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is outsourced to a professional service firm, Messrs Tricor Axcelasia Sdn. Bhd. ("IA"), to provide AC with an independent assessment on the adequacy and effectiveness of the Group's system of internal controls.</p> <p>During the financial year ended 31 March 2023, the IA carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the AC. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's responses, were discussed with Senior Management and subsequently presented to the AC. Follow up visits were also conducted by IA to ensure that management's action plans in respect of the matters highlighted in the internal audit reports have been adequately addressed.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The engaged Executive Director of the outsourced internal audit function, Ms Melissa Koay, has diverse professional experience in internal audits, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Certified Accountants, United Kingdom. Ms Melissa Koay is also a Certified Internal Auditor.</p> <p>The number of staff deployed for the internal audit reviews ranged from 4-5 staff per visit including the engagement Executive Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (“IPPF”).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors. The Board will ensure the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year. The Company will conduct dialogues with financial analysts and/or the media from time to time as a means of effective communication to enable the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.</p> <p>The Board presents the progress and performance of the Group to provide shareholders with the opportunity to seek clarification on the Group's businesses and financial performance during the AGM and EGM. The Directors, Chairpersons of the Board Committees, and External Auditors are always available to respond to the questions of shareholders during the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not fall under the category of “Large Company”.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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

Application	:	Applied	
Explanation on application of the practice	:	Notice of the AGM was given to shareholders at least 28 days in advance to ensure that shareholders have sufficient time to prepare and digest issues to be raised during the meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 13.2**

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	8 out of 9 directors were in attendance at the 26th AGM held on 29 September 2022. The Chairman was absent with apologies due to unexpected exigencies.	
		The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company’s financial statements and other items for adoption at the AGM, before putting a resolution to vote.	
		The Chairman of the Board Committees are also readily available to address questions posted by the shareholders at the AGM.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 26<sup>th</sup> AGM of the Company held on 29 September 2022 was conducted fully virtual through live streaming via Remote Participation Voting (RPV) facilities platform. The RPV facilities platform enabled remote shareholders' participation and online remote voting by leveraging on technology in accordance with Section 327 (1) and (2) of the CA 2016 and Clause 53(4)(b) of the Constitution of the Company. In addition, the Company appointed an independent scrutineer to verify the votes casted at the meeting.</p> <p>The Administrative Guide of the AGM including the procedures for RPV facilities were shared with the shareholders together with the dispatch of the Notice of AGM. The Administrative Guide for the AGM has indicated clearly the registration steps which has cover as well as the privacy policy for the registration.</p> <p>Agmo Digital Solutions Sdn Bhd ("AGMO") was appointed as Poll Administrator to conduct the electronic polling process and the registration process for the 26th AGM. AGMO has in place its IT policy and information security policy, endpoint control, data classification for cyber hygiene practices of its platform. In addition, the online platform provided is hosted in a secured cloud platform and the data centre in ISO27001/SOC2 certified.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	During 26 <sup>th</sup> AGM of the Company, shareholders were welcomed to pose questions to the Board. Any questions raised and addressed by the Board were minuted and the minutes of the said AGM was uploaded to the Company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had leveraged on technology and held its fully virtual 26<sup>th</sup> Annual General Meeting on 29 September 2022 to facilitate remote shareholders' participation and electronic voting. Besides ensuring the security of the system in protecting data privacy and preventing cyber threats, the virtual meeting host also provided the required infrastructure and tools to support the broadcast of the general meeting and questions raised are made visible to participants during the meeting.</p> <p>During the fully virtual Annual General Meeting, shareholders and proxies are able to submit their questions prior to the meetings or via real time submissions during the live streaming of the Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the 26 <sup>th</sup> AGM were uploaded to the Company's website within 30 business days after the 26 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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