

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5252  
**COMPANY NAME** : Sasbadi Holdings Berhad  
**FINANCIAL YEAR** : August 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 comprised of members who possesses diverse skills, experiences and qualifications. The Board's role and responsibilities, governance arrangement and effectiveness are reflected in the following areas:</p> <ul style="list-style-type: none"><li>i) Established clear functions for the Board and those delegated to the Company's Management in implementing the policies and procedures adopted by the Group to achieve the Group's objectives and running the day-to-day business operations.</li><li>ii) The Board is guided by the Board Charter which outlines the roles and responsibilities, operation and processes of the Board.</li><li>iii) Established Code and Conduct which sets out certain values, principles and standards of good conduct expected of the Directors and employees at work.</li><li>iv) Established Whistle-Blowing Policy to encourage whistle-blowing or report by any director or employee who knows of, or suspects, a violation of the Code of Conduct to the Group Managing Director or the Chairman of the Audit Committee should it involved any Senior Management.</li><li>v) Ensure its short-term and long-term strategies promote sustainability to the environment, social and governance aspects of the Group's business.</li><li>vi) Ensure full and unrestricted access of the directors to all information on a timely and accurate manner to enable them to discharge their roles and responsibilities effectively.</li></ul> <p>The Board Charter, Code of Conduct and Whistle-Blowing Policy are available on the Company's website <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a>.</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 1.2

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 Chairman, Dato' Salleh Bin Mohd Husein is responsible for leading the Board in the oversight of Management. The Chairman is responsible for, amongst other:</p> <ul style="list-style-type: none"> <li>(a) leading the Board in setting the values and standards of the Group, adoption of and implementation of good corporate governance practices;</li> <li>(b) the balance of membership, subject to Board and shareholders' approval;</li> <li>(c) maintaining a relationship of trust with and between the executive and non-executive Directors;</li> <li>(d) leading discussions at Board meetings and ensure efficient and effective conduct of the Board meetings;</li> <li>(e) encouraging active participation and allowing dissenting view to be freely expressed;</li> <li>(f) facilitating the effective contribution of non-executive Directors and ensuring constructive relations be maintained between executive and nonexecutive Directors; and</li> <li>(g) leading the Board on its succession planning program for Board and Senior Management levels.</li> </ul> <p>Further details of the Chairman's role and responsibilities are stated in the Board Charter, which is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</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

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>	:	<p>The position of Chairman is held by Dato' Salleh Bin Mohd Husein, whereas Mr Law King Hui is the Group Managing Director. Their distinct roles are provided in the Board Charter which is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a>.</p> <p>The responsibilities of the Chairman are set out above (in the explanation on application of Practice 1.2) while the responsibilities of the Group Managing Director are as follows:</p> <ul style="list-style-type: none"><li>(a) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;</li><li>(b) effectively overseeing the human resources of the Group with respect to key positions in the Group's hierarchy, determination of remuneration as well as terms and conditions of employment for Senior Management and issues pertaining to discipline;</li><li>(c) assuring that the Group's corporate identity, products and services are of high standards and are reflective of the market environment;</li><li>(d) be the official spokesman for the Group and responsible for regulatory, governmental and business relationships;</li><li>(e) coordinating business plans with the business heads, coordinating management issues through the Board, and overseeing divisional function groups and cost containment process in consultation with the Management (especially the executive Directors and the Chief Financial Officer) and the regional office or head office of the Group;</li><li>(f) regularly reviewing the heads of divisions and departments who are responsible for all functions contributing to the success of the Group;</li><li>(g) assessing business opportunities which are of potential benefit to the Group;</li><li>(h) maintaining and facilitating a positive working environment and good employee relations;</li><li>(i) promoting a high degree of corporate governance and ethics across the Group;</li><li>(j) assisting in the selection and evaluation of Board members through the Nomination Committee; and</li><li>(k) assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.</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 1.4

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 of the Board, Dato' Salleh Bin Mohd Husein, has resigned from the Audit Committee, Nomination Committee and Remuneration Committee on 18 April 2023.  In addition, Dato' Salleh Bin Mohd Husein did not participate in any of the Committees' meetings upon ceasing to be a member of the 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board is supported by two qualified external Company Secretaries, namely Ms Tan Fong Shian @ Lim Fong Shian and Ms Lim Fei Chia.</p> <p>Both of Company Secretaries are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators and each has more than 20 years of experience. They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time, meetings are properly convened and deliberations at meetings are accurately captured and minuted.</p> <p>In addition, the Board is also briefed and updated with the latest relevant regulatory requirements from time to time at the respective Board Meetings by the Company Secretary.</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 1.6**

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>The meetings schedule is planned by the Board a year ahead at the start of each calendar year so that the Directors could plan ahead to allocate time for their attendance at such meetings.</p> <p>Notice of meetings set out the agenda and accompanied by the relevant Board/Board Committees papers are circulated prior to the scheduled meetings via emails and physical hardcopy to ensure that the Directors have sufficient time to review, seek additional information or clarification on the matters to be deliberated at Board/Board Committees meetings.</p> <p>The draft minutes of Board/Board Committees meetings are also circulated to all Directors for their review and comment prior to confirmation of the minutes in the upcoming 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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has approved and adopted a Board Charter which outlines the composition, roles and responsibilities (including the division of responsibilities and powers between the Board and Management, the different Committees and between the Chairman and the Managing Director), operation and processes of the Board.</p> <p>The Board Charter serves as a source of reference and primary induction literature, providing insights to prospective Board members and senior management. It is also to assist the Board in the assessment of its own performance and that of the individual Directors.</p> <p>The Board Charter is periodically reviewed to ensure it remains consistent with the Board's objectives, applicable laws and regulations. The Board Charter is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a>.</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 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>	:	<p>The Board has established a Code of Conduct for its directors and employees. The Code of Conduct spells out certain values, principles and standards of good conduct expected of the Directors and employees of the Group at work.</p> <p>All Directors and employees of the Group are required to observe the Code of Conduct which provides guidance as to the ethical conduct to be complied to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.</p> <p>The Code of Conduct is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a>.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has adopted a Whistle-Blowing Policy to provide an avenue where employees or member of the public to raise concerns of any wrongdoing or improper conduct involving the Group and its Directors or employees freely without fear or repercussions in a safe and confidential manner.  The Whistle-Blowing Policy is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a> .
<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 4.1

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 approved and adopted the Sustainability Policy. The Board is the highest governing body and has the overall responsibility for the Sustainability matters within the Group. The Board delegates the responsibility for identifying sustainability risks relating to the Group to the Audit Committee. The Board and the Audit Committee will undertake the process of identifying sustainability risk and devising appropriate strategies, plan and targets to address the risks on a yearly basis, with intervening reviews carried out as and when required.</p> <p>The Group Managing Directors will be leading the members of the senior management team (collectively known as "Management") in implementing the sustainability strategies and plans and the Management will be reporting to the Audit Committee and Board on a periodic basis.</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 4.2**

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 Board ensures that the Group’s sustainability strategies and risk management processes are communicated effectively to all internal and external stakeholders.</p> <p>The Group discloses its sustainability strategies, priorities, targets as well as performance in the Sustainability Statement of the Annual Report. The Sustainability Statement serves as the primary communication channel to all the Group’s stakeholders.</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 4.3**

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>	:	The Board has committed to stay abreast with the latest development in the sustainability issues relevant to the Group. The Board gains access to the sustainability issues updates via news, publications from relevant agencies and attending various seminars or trainings.	
<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>	:	During the annual evaluation of the Board and Senior Management, the Board through the Nomination Committee reviews and assesses the performance of the Board and Senior Management in managing the sustainability risks and opportunities including the evaluation of the Group's strategic and business plans which promote sustainability.	
<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 through the Nomination Committee conducts the annual review on the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The Nomination Committee also undertakes board effectiveness evaluation including performance evaluation of the Directors standing for re-election and assessment of the Independent Directors.</p> <p>In accordance to the Company's Constitution, any newly appointed Director shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election. In addition, one-third (1/3) of the Board shall retire from office and be eligible for re-election at every AGM, and all Directors, shall retire from office at least once in every three (3) years but shall be eligible for re-election.</p> <p>The annual re-election of retiring Directors has been contingent on satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</p> <p>During the financial year ended 31 August 2023, the Nomination Committee had conducted assessment and review the re-election of the following Directors who retired by rotation pursuant to Clause 115 of the Company's Constitution:-</p> <ul style="list-style-type: none"><li>i) Lee Swee Hang</li><li>ii) Law Yi Chian</li></ul> <p>Both Nomination Committee and the Board were satisfied that the above Directors have met the performance criteria and recommended them for re-election at Tenth AGM held on 16 February 2023.</p> <p>In order to ensure a person to be appointed or re-elected as a Director of the Company possesses the necessary quality and character as well as integrity, competency and commitment, the Board had on 21 April 2022 adopted a Directors' Fit and Proper Policy which serves as a guide for the Nomination Committee and the Board in their review and assessment of the candidates or re-elected 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 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at 31 August 2023, the Board comprises seven (7) Directors where four (4) of the Directors are Independent Non-Executive, representing 57.14% of the Board.	
<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 5.3

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>Dato' Salleh Bin Mohd Husein and Dato' Noor Rezan Binti Bapoo Hashim, the Independent Non-Executive Chairman and the Senior Independent Non-Executive Director who have exceeded a cumulative term of nine (9) years and their retention as Independent Non-Executive Directors will be subject to shareholders' approval at the forthcoming Eleventh AGM through a two-tier voting process.</p> <p>The Board through the Nomination Committee has undertaken relevant assessment and recommended that both Dato' Salleh Bin Mohd Husein and Dato' Noor Rezan Binti Bapoo Hashim be retained as Independent Non-Executive Directors based on the following justifications: -</p> <ul style="list-style-type: none"><li>(i) Confirmation and declaration that they met the criteria of Independent Director prescribed under Paragraph 1.01 of the Listing Requirements of Bursa Securities;</li><li>(ii) Confirmation and declaration that they have no conflict of interests with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and</li><li>(iii) Their length of service on the Board do not in any way interfere with their exercise of balance and objective views to Board deliberations. Their experiences and knowledge in the Group's business and operations enable them to contribute effectively to Board deliberations and decision making.</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>	:		
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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 5.4 - Step Up**

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

*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.*

<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 Board recognises and embraces the benefits of having a diverse Board and Senior Management, and sees increasing diversity at the Board and Senior Management level as essential elements in maintaining competitive advantages and attainment of strategic objectives.</p> <p>Guided by the Directors' Fit and Proper Policy, in assessing the suitability of candidates, various criteria will be taken into account including but not limited to mix of skills, knowledge, expertise, independence, experience, professionalism, age, cultural background and gender.</p> <p>The current Board comprised of members with diverse skills, experiences and qualifications. A brief profile of each Director is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a></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>In the process of recruiting of new Board member, the Nomination Committee will not be solely relied on recommendations by the Board members, Management or Major Shareholders but also from reliable independent sources such as industry professionals and associations, as well as independent search firms, if needed, to identify suitably qualified candidates for new appointments.</p> <p>During the financial year, the Board had gone through a restructuring of Board Committees with the appointment of Datu Dr Rashidah Binti Bolhassan as the new Independent Non-Executive Director of the Company after the Board has taken into consideration of the latest provisions of the Malaysian Code on Corporate Governance. The Board will ensure that all Directors are appointed on merit, in line with standards as set out in Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</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 5.7

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 Directors who are subject to retirement by rotation and casual vacancy are reviewed and assessed through an annual evaluation by the Nomination Committee and Board based on the criteria set out in the Directors' Fit and Proper Policy, before recommending to the Board the tabling for shareholders' approval.</p> <p>Shareholders may refer to the following sections in the Annual Report 2023 for information of Directors who are standing for re-election:</p> <ul style="list-style-type: none"><li>(i) Profile of Directors;</li><li>(ii) Corporate Governance Overview Statement; and</li><li>(iii) Explanatory Notes under the Notice of AGM.</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**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee currently comprises all Independent Non-Executive Directors and is chaired by Dato' Noor Rezan Binti Bapoo Hashim, a Senior Independent Non-Executive Director.	
<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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at 31 August 2023, the Board has three (3) female members out of a total of seven (7) Board members, representing a percentage of approximately 42.86%.	
<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 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that gender diversity is one of the key attributes to an effective and balanced board. In this regard, it is committed to having female representation on the Board though no specific target percentage is set.</p> <p>The Board has adopted the Gender Diversity Policy on 26 July 2018. The Group ensures equal opportunity is given to an individual whether for appointment as a director or employment within the Group, based on merits and not on any gender, age or racial bias.</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 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 Board through the Nomination Committee undertakes annual assessment of the effectiveness of the Directors individually and as a whole. The performance evaluations of the Board, Board Committee and individual Directors are conducted by way of self-assessment. The Directors are given a set of questionnaires covering assessments of the Board, Board Committees, individual Director and independence assessments for Independent Directors to provide their feedback, views, commentary and suggestions for improvements.</p> <p>The Board and Board Evaluation Form covers the following five (5) broad categories encompassing rating scores from 1 to 4:-</p> <ul style="list-style-type: none"><li>i) Board mix and composition;</li><li>ii) Quality of information and decision making;</li><li>iii) Boardroom activities;</li><li>iv) Board's relationship with the management; and</li><li>v) Performance evaluation sheet – board committees.</li></ul> <p>The Board was satisfied with the review given the size of the Group and its business operations. The results of these self-assessment questionnaires are then compiled by the Company Secretary and tabled to the Nomination Committee for review and recommendation to the Board for notation.</p> <p>The Nomination Committee also reviewed the independence of the Independent Directors, and was satisfied with the experiences, contributions, competencies and mix of skills of the Directors to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively, as well as with the independence of the Independent Directors. It was also concurred from the assessment that the Board could work as a team and arrive at consensual decisions.</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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted the Remuneration Framework and Policy for Directors and Senior Management with the objectives of creating a fair and transparent system for determining the appropriate levels of remuneration for both the Directors (executive and non-executive directors) and senior management, and to ensure that the levels of remuneration are sufficient to attract and retain persons having the right skills, experience, competence and expertise to serve in the Company.</p> <p>None of the Executive Directors, Non-Executive Directors and senior management personnel participates in determining his/her individual remuneration packages, which are reviewed annually.</p> <p>The Remuneration Framework and Policy is available on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a>.</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 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>	:	The Board has established a Remuneration Committee and all the members are Independent Non-Executive Directors.  The full Terms of Reference setting out the Remuneration Committee's composition, meeting proceedings, functions and reporting procedures, can be viewed on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a> .	
<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 director for the financial year ended 31 August 2023 is 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	Dato' Salleh Bin Mohd Husein	Independent Director	60	-	-	-	-	-	60	60	-	-	-	-	-	60
2	Law King Hui	Executive Director	40	-	-	-	-	-	40	40	-	360	-	35	15	450
3	Lee Swee Hang	Executive Director	40	-	-	-	-	-	40	40	-	216	-	7	10	273
4	Law Yi Chian	Executive Director	40	-	-	-	-	-	40	40	-	216	-	17	27	300
5	Dato' Noor Rezan Binti Bapoo Hashim	Independent Director	60	-	-	-	-	-	60	60	-	-	-	-	-	60
6	Tang Yuen Kin	Independent Director	60	-	-	-	-	-	60	60	-	-	-	-	-	60
7	Datu Dr Rashidah Binti Bolhassan	Independent Director	22	-	-	-	-	-	22	22	-	-	-	-	-	22
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	With the best interest of the Group in mind, and taking into consideration the sensitivity, privacy, security, issue of staff poaching, the Board has opted not to disclose on a named basis the top five senior management's remuneration in the bands of RM50,000.	
		Instead, the Company disclosed the top five senior management's remuneration on an aggregate basis in the Corporate Governance Overview Statement under the Annual Report 2023.	
<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 will monitor the market practise in respect of such disclosure for future consideration.	
<b>Timeframe</b>	:	Choose an item.	

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<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 Chairman of the Audit Committee is Mr Tang Yuen Kin, whilst the Chairman of the Board is Dato' Salleh Bin Mohd Husein.	
<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>	:	<p>The Audit Committee comprises three (3) members, all whom are Independent Non-Executive Directors. At present, none of the Audit Committee members is a former key audit partners of the Company's external auditors.</p> <p>The Audit Committee has adopted the Practice 9.2 of the Malaysian Code on Corporate Governance, and incorporated such policy into the Terms of Reference of the Audit Committee.</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 9.3**

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 Audit Committee reviews and monitors the suitability and independence of the external auditors on an annual basis. For the financial year ended 31 August 2023, the Audit Committee undertook an assessment of the suitability and independence of the external auditors, using the evaluation form guided by the 4<sup>th</sup> Edition of the Corporate Governance Guide issued by Bursa Malaysia.</p> <p>Based on the results of the evaluation, the Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors.</p> <p>In addition, the Audit Committee has obtained confirmation from the external auditors that they are and have been independent throughout the conduct of the audit engagement.</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>	:	The Audit Committee comprises solely of Independent Non-Executive 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 Audit Committee has a mix of suitably qualified and experienced professionals in the fields of accountancy, teaching and education sector.</p> <p>The Chairman of the Audit Committee, Mr Tang Yuen Kin graduated with a Bachelor of Accounting (First Class Honours) degree from the University of Malaya and members in both the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants Malaysia. He also holds a Master of Business Administration (Banking &amp; Finance) from Nanyang Technological University, Singapore, and Master of Law Executive (Business Law) from International Islamic University. In addition, he also accomplished the Post Graduate Program in Data Science and Business Analytics offered by the McCombs School of Business, University of Texas at Austin, United State of America. With his vast experience in the areas of audit, accounting and finance, corporate finance and corporate planning, he is capable to assist the Board in reviewing and ensuring that the Company's financial statements are prepared in compliance with applicable financial reporting standards.</p> <p>All members of the Audit Committee have continued to participate in training programmes as disclosed in the Corporate Governance Overview Statement under the Annual Report 2023 to equip themselves and to effectively discharge their duties as Audit Committee members. The Audit Committee members have constantly kept themselves updated of both local and international affairs and to changes in regulations affecting the Company.</p> <p>The Audit Committee members are also updated by the Company Secretaries and external auditors on any changes to relevant regulatory requirements from time to time.</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 10.1

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 recognises the importance of having effective governance, risk management and internal control processes. The Board also acknowledges its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness in order to safeguard stakeholders' investments and the Group's assets.</p> <p>The Group has put in place a risk management framework to assist the Group in managing the various risks faced in its daily business operations. Details on the framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 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**

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>	:	The Board has disclosed the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework in the Statement on Risk Management and Internal Control under the Annual Report 2023. The Audit Committee is reviewing and monitoring the Group’s risk management framework and activities.	
<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> :	Not Adopted
<b>Explanation on adoption of the practice</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 11.1**

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 has outsourced the internal audit function to a professional internal audit services firm, Sterling Business Alignment Consulting Sdn Bhd, which is independent of the activities and operations of the Group.</p> <p>The outsourced internal auditors report directly to the Audit Committee. Details on the internal audit function are set out in the Audit Committee Report and the Statement on Risk Management and Internal Control of the Annual Report 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

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 Group has outsourced the internal audit function to a professional internal audit services firm, Sterling Business Alignment Consulting Sdn Bhd. which is a corporate member of The Institute of Internal Auditors Malaysia (IIAM) to assist the Audit Committee in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.</p> <p>The Internal Auditors have performed their work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework in assessing the effectiveness of the Group's internal control system.</p> <p>Each quarterly audit is engaged by approximately 3 to 4 audit personnel depending to the areas of audit. From the review, opportunities for improvement to the system of the internal control were identified and presented to the Audit Committee via internal audit reports, whilst Management formulated the relevant action plans to address the issues noted.</p> <p>For the financial year ended 31 August 2023, the following Internal Auditors have led the reviews respectively:-</p> <p>i) Ms So Hsien Ying, a Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of The Institute of Internal Auditors Malaysia (IIAM) with 28 years of experience in business process improvement, internal control review, internal audit and risk management.</p>

	<p>ii) Ms Yap Sau Peng, a Certified Internal Auditor (CIA), member of the Malaysian Institute of Accountants (MIA), Professional Member of The Institute Internal Auditors Malaysia (CMIIA), Master of Business Administration with 20 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>The Internal Auditors have confirmed that they are independent and free from any relationships or conflicts of interest, which could impair their objectivity and independence.</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**

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 recognises the importance of maintaining effective communication between the Company and its potential investors or shareholders together with timeliness and equal dissemination of information. This will enhance their understanding of the Group’s performance and position and assist them into making informed decisions.</p> <p>The Board believes the AGM is a principal forum for dialog and communication with the shareholders. Besides that, the stakeholders are able to obtain latest information of the Group on the Company’s website and are encouraged to contact the Company should they require more information. In this regard, Management has meetings and engagements with shareholders regularly upon request and through roadshows, dialogues and forums.</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>	:		
<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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Notice of the Eleventh AGM is sent out to the shareholders at least 28 days before the date of the meeting to provide the shareholders with sufficient time to prepare for the meeting and to make informed decisions at the meeting	
<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 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors, including Chairman of the Audit Committee, Nomination Committee and Remuneration Committee attended the Tenth AGM held on 16 February 2023. During the meeting, the Group Managing Director gave a briefing on the performance of the Group and its future prospects. The Company also allocated sufficient time during the AGM for a Question-and-Answer session whereby the shareholders, who could submit questions in text from, were responded to accordingly by relevant members of the Board.</p> <p>Similarly, the Board of Directors will also attend the forthcoming Eleventh AGM to be held on 30 January 2024.</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 13.3**

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 Tenth AGM of the Company was conducted through live streaming and via Remote Participation and Voting (“RPV”) facilities. Mega Corporate Services Sdn Bhd has been appointed as the Poll Administrator to conduct the polling process and Cygnus Technology Solutions Sdn Bhd as Live-Streaming platform provider and Scrutineers to verify the poll results.</p> <p>By leveraging the RPV facilities, shareholders can participate remotely and cast their votes electronically.</p> <p>Similarly, the forthcoming Eleventh AGM will also be conducted through live streaming and via RPV.</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> :	<p>In order to enhance the engagement between the Directors, and shareholders, the shareholders or proxies were allowed to submit their questions via email to the Company and electronically through the online platform provided by Mega Corporate Services Sdn Bhd prior to the AGM, or use the question pane to transmit questions to the Board of Directors during live streaming of the AGM.</p> <p>The Chairman had also allocated sufficient time for the Directors to respond to the relevant questions raised by the shareholders/proxies. Questions which were not answered during the Tenth AGM due to limitation of time were replied via email.</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 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Tenth AGM was held on a virtual basis on 16 February 2023 and the Company had engaged Cygnus Technology Solutions Sdn Bhd as Live-Streaming platform provider. The Directors, senior management and shareholders were provided with the necessary infrastructure and tools to interact, post questions and answers, and vote online.
<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 Tenth AGM held on 16 February 2023 were published on the Company's website at <a href="http://www.sasbadiholdings.com">www.sasbadiholdings.com</a> within 30 business days after the AGM was held.
<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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