

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0227
COMPANY NAME : ECONFRAME 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.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board of Directors ("the Board") of the Company comprises 9 members with vast and varied backgrounds and experiences in different fields and industries.• The roles and responsibilities of the Board are clearly set out in the Board Charter and disclosed in the Corporate Governance Overview Statement in the Annual Report in respect of the financial year ended 31 August 2023 ("FYE 2023") ("2023 Annual Report").• The Board takes full responsibility for the overall performance of the Company and the subsidiaries ("the Group"). The duties and responsibilities of the Board include determining the Group's overall strategic plans and performing periodic reviews of the business and financial performance, as well as adopting and implementing practical risk management and internal control systems within the Group.• It is the general policy of the Company that all major decisions be considered by the Board as a whole. To ensure the effective discharge of its function and duties, the primary responsibilities of the Board include (but are not limited to) the following:<ul style="list-style-type: none">➤ To review and approve the financial statements and Annual Reports <p>During the FYE 2023, the Board has reviewed and approved the unaudited quarterly financial results for the quarters ended 31 August 2022, 30 November 2022, 28 February 2023, and 31 May 2023, Audited Financial Statements ("AFS") for the financial year ended 31 August 2022 ("FYE 2022") and Annual Report's statements in respect of the FYE</p>

	<p>2022, upon the recommendation by the Audit and Risk Management Committee (“ARMC”).</p> <p>➤ To supervise and assess Management’s performance</p> <p>During the FYE 2023, the Board monitored the performance of Management on a regular basis vide the Board meetings and/or Board committees meetings.</p> <p>Relevant member(s) of the Key Senior Management team were invited to attend the Board and/or Board committees meetings to advise and update the Board and/or Board committees with information, reports, clarifications on the relevant agenda items to be tabled to the Board and/or Board committees, to keep the Board and/or Board committees abreast of the latest business activities and development of the Group. Meanwhile, the Chief Financial Officer has presented the reports on the financial performance and financial highlights of the Group on a quarterly basis.</p> <p>As a financial activity tracking initiative to support the strategic plan, the annual budget plan of the Group for the financial year ending 31 August 2024 (“FYE 2024”) was tabled to the Board for review and approval.</p> <p>The Board reviewed and deliberated the basis and underlying assumptions made by the Key Senior Management when preparing the annual budget plan of the Group for the FYE 2024 and provided guidance to ensure that the assumptions made were realistic and applicable to the Group.</p> <p>➤ To monitor the relationship between the Group and Management, shareholders and stakeholders</p> <p>The Board is aware of its commitment to enhancing long term shareholders’ value through regular communications with all its stakeholders.</p> <p>In ensuring effective communication with the Company’s shareholders and stakeholders, the Board has an “Investors” section on its website, to communicate the corporate vision and mission, strategies, development, financial plans and prospects to the investors, financial community and other stakeholders accurately and to obtain feedback from the stakeholders.</p> <p>The Board had elected Mr. Tan Hock Soon as the Senior Independent Non-Executive Director as an independent</p>
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	<p>receiving avenue for any concerns from the shareholders/stakeholders and/or whistleblowing purposes.</p> <p>➤ To ensure the integrity of the Company's financial and non-financial reporting</p> <p>During the FYE 2023, the shareholders are presented with clear, balanced, meaningful assessment of the Group's financial performance and prospects through the issuance of the AFS for the FYE 2022, quarterly announcements of financial results and vide announcements on significant development of the Company in accordance with the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on a timely basis and compliance with the applicable financial reporting standards and corporate law.</p> <p>➤ To review and adopt strategic plans</p> <p>The proposal to acquire from JC Senco Realty Sdn. Bhd. (<i>formerly known as JC Jaya Realty Sdn. Bhd.</i>), a parcel of industrial property comprising a single-storey warehouse with mezzanine floor and annexed double-storey office building, refuse chamber and guard house ("Acquisition of Property") for a cash consideration of RM8,130,000 by Econframe Marketing Sdn. Bhd., the wholly-owned subsidiary of the Company, was tabled by the Key Senior Management to the Board for consideration. On 21 October 2022, the Board approved the Company to undertake the Acquisition of Property and it was completed on 17 January 2023.</p> <p>The proposal for the acquisitions of 65% equity interest in Lee & Yong Aluminium Sdn. Bhd. ("LYASB") and 100% equity in Trans United Sdn. Bhd. ("TUSB") (collectively referred to as "Acquisitions") was tabled by the Key Senior Management to the Board for consideration. On 17 January 2023, the Board approved the Company to undertake the Acquisitions. The shareholders had subsequently approved the Acquisitions at the Extraordinary General Meeting ("EGM") held on 14 July 2023. The Acquisitions were completed on 8 September 2023.</p> <p>➤ To ensure that the Company has effective Board committees</p> <p>The Board through the Nomination Committee ("NC") is responsible for the assessment of the effectiveness of the Board committees, in order to improve the Board committees' effectiveness, identify gaps, maximise strengths and address weaknesses of the Board committees.</p>
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	<p>➤ To review and adopt corporate governance best practices</p> <p>The Board had adopted the revised Board Charter and Terms of Reference of the ARMC to incorporate the relevant amendments based on the revised Malaysian Code on Corporate Governance (“MCCG”) released by the Securities Commission Malaysia (“SC”).</p> <p>➤ To appoint the members of the Board committees</p> <p>The Board through the NC reviewed the composition of the NC, Remuneration Committee (“RC”) and ARMC. Subsequently, the Board resolved the appointment of Mr. Chan Soon Tat as the Chairman of the RC, member of the ARMC and RC on 14 April 2023 in place of Mr. Robert Koong Yin Leong.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Mr. Robert Koong Yin Leong is the Independent Non-Executive Chairman of the Company who is responsible for the overall leadership and efficient operation of the Board.• The key roles of the Chairman of the Board as set out in the Board Charter include amongst others, the following:<ul style="list-style-type: none">– providing leadership for the Board so that the Board can perform its responsibilities effectively;– setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;– leading Board meetings and discussions;– encouraging active participation and allowing dissenting views to be freely expressed;– managing the interface between Board and Key Senior Management;– ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and– leading the Board in establishing and monitoring good corporate governance practices in the Company.• During the FYE 2023, the Chairman of the Board, in consultation with the Managing Director and the Company Secretaries, has set the agenda for Board meetings and ensured that all relevant issues are on the agenda.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The positions of the Chairman of the Board and the Managing Director of the Company are held by 2 different individuals.• The Chairman of the Board, Mr. Robert Koong Yin Leong and the Managing Director of the Company, Mr. Lim Chin Horng, both hold separate positions and their respective roles and responsibilities are clearly outlined in the Board Charter.• The roles and responsibilities of the Chairman of the Board and the Managing Director are made clearly distinct to ensure the balance of power and authority between the Chairman of the Board and the Managing Director.• The Managing Director together with the Executive Director(s), oversee the day-to-day management and operations of the Group and the implementation of the Board's decisions, business strategies and policies.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Mr. Robert Koong Ying Leong, the Chairman of the Board, had relinquished his position as the Chairman of the RC, member of the ARMC and NC on 14 April 2023.• Mr. Robert Koong Ying Leong did not attend nor participate in any of the Board committees' meetings as an invitee following his resignation, to ensure there is check and balance as well as objective review by the Board committees.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">Both the Company Secretaries, Ms. Chua Siew Chuan and Ms. Chew Kit Yee, have the requisite credentials and are qualified to act as the Company Secretaries pursuant to Section 235(2) of the Companies Act 2016.The brief profiles of the Company Secretaries are as follows: <u>Ms. Chua Siew Chuan, FCIS</u> Ms. Chua has been elected as a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) since 1997. She has more than 40 years of experience in handling corporate secretarial matters, with working knowledge across a diverse range of industries and government services. She was the Past President of MAICSA from June 2014 to July 2016 and currently the Deputy Chairperson of the National Disciplinary Tribunal. Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn Bhd, a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies. Ms. Chua has been appointed as Company Secretary to the Company since the Company’s incorporation on 27 November 2019. <u>Ms. Chew Kit Yee, ACIS</u> Ms. Chew has been elected as an Associate Member of the MAICSA since 2018. She has years of experience in handling corporate secretarial matters, with working knowledge of many industries. Ms. Chew is a Chartered Secretary by profession. She is a Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn Bhd, a prominent corporate secretarial service provider in Malaysia.

	<p>Ms. Chew is also the named company secretary for a number of public listed companies, public companies and private limited companies.</p> <p>Ms. Chew has been appointed as Company Secretary to the Company since 17 January 2023 in place of <u>Mr. Cheng Chia Ping</u>.</p> <ul style="list-style-type: none"> • The main roles and responsibilities of the Company Secretaries as outlined in the Board Charter include but not limited to the following: <ul style="list-style-type: none"> – Manage all Board's and Board committees' meeting logistics, attend and record minutes of all Board and Board committees meetings and facilitate Board communications; – Advise the Board on its roles and responsibilities; – Facilitate the orientation of new Directors and assist in Directors' training and development; – Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements; – Manage processes pertaining to the annual shareholders' meeting; – Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and – Serve as a focal point for stakeholders' communication and engagement on corporate governance issues. • For the FYE 2023, the Board is satisfied with the performance and support rendered by the Company Secretaries in providing sound governance advice, ensuring adherence to rules and procedures and advocate of corporate governance best practices. 		
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :	<table border="1" data-bbox="544 1720 1428 1814"> <tr> <td data-bbox="544 1720 962 1814"></td> <td data-bbox="962 1720 1428 1814"></td> </tr> </table>		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The notices of scheduled Board meetings are served to all Directors at least 7 days prior to the Board meetings. Unless there is an exceptional case for convening of a special meeting of the Board to address any emergency issue, shorter notice is allowed with the consent of all Directors.• All Directors are furnished with a comprehensive Board meeting agenda, minutes of meeting and relevant information materials and documents at least 7 days in advance at each Board meeting to allow the Board members to have sufficient time to review and to request for any further information or clarification prior to the Board meeting.• For the FYE 2023, the Board papers were circulated to the Directors by way of email prior to the Board meetings.• The draft minutes is circulated to the Board for comments to ensure that the minutes of meeting, the deliberations and decisions of the Board are accurately reflected. Thereafter, the final minutes is confirmed and approved by the Board and signed by the Chairman of the succeeding meeting as a correct record of the proceedings.• The Board Chairman has set the Board meeting agenda and ensured that the Board committees' meetings were conducted separately from the Board meeting, with sufficient time allocated to enable objective and independent discussion during the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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	:	<ul style="list-style-type: none">• The Board has in place a Board Charter, setting out the roles, duties and responsibilities of the Board, outlines the membership guidelines, procedures for Board meeting, matters reserved for the Board, Directors' remuneration, investor relations and shareholders communication.• The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendments to the Board Charter can only be approved by the Board.• The Board had on 9 December 2022 reviewed and adopted the revised Board Charter to incorporate the relevant amendments based on the revised MCG released by the SC.• The role of Mr. Tan Hock Soon as the Senior Independent Non-Executive Director of the Company includes but not limited to the following:<ul style="list-style-type: none">– A sounding board for the Chairman of the Board;– An intermediary for other Directors when necessary; and– The point of contact for shareholders and other stakeholders.• The Board Charter is available on the Company's website at www.econframe.com.
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.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board has in place the Code of Conduct and Ethics (“the Code”) which applies to all Directors, Management, employees and stakeholders during the conduct of businesses of the Group.• In addition, the Managing Director, Executive Director(s), Management and employees of the Group are required to observe and comply with the Code of Conduct for workplace which is issued by the Human Resources department.• All Directors shall be accountable for full compliance with the Code. In the event of any violation of the Code, the Board shall take necessary actions to rectify the non-compliance or violation.• The Code will be reviewed as and when required.• The Code is available on the Company's website at www.econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board has in place a Whistleblowing Policy to uphold the Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth, providing a transparent and confidential process in handling the whistleblowing reports.• The Whistleblowing Policy aims to provide a structured mechanism for its employees, Directors and associates to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.• Additionally, the Board has in accordance with the requirements of Bursa Securities adopted the Anti-Bribery and Anti-Corruption Policy to prevent corrupt practices and to provide a measure of assurance and defence against corporate liability for corruption under section 17A of the Malaysian Anti-Corruption Commission Act 2009.• The Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are available on the Company's website at www.econframe.com.• During the FYE 2023, the Company has not received any complaint under this procedure.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board takes into account sustainability considerations when overseeing, developing or implementing the Group's strategies, business plans, major plans of action and risk management. The Board has established a sustainability governance structure comprising the Board, Managing Director/Executive Director(s) and Sustainability Working Committee ("SWC"), which strive to balance sustainability practices with the business operations.• The Board and Key Senior Management are mindful of the importance of building a sustainable business and are determined to embed sustainability into the Group's business operations to achieve the objectives of the Group by minimising the environmental impact arising from the operations as well as improving social and economic conditions for all stakeholders.• The Board is responsible for the overall sustainability strategy and oversees the Group's sustainability framework whilst the Managing Director/Executive Director(s) are responsible for incorporating sustainability into the business strategies and business decisions and ensuring the implementation of the sustainability strategy by SWC.• Further details of the Group's sustainability practices are set out in the Sustainability Statement segment in the 2023 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application :	Applied												
Explanation on application of the practice :	<ul style="list-style-type: none">• The Board took cognisance that engaging in effective and meaningful dialogues and disclosures, while anticipating and meeting the needs of all stakeholders are fundamental to building trust and confidence and forms the foundation of good governance in the Group.• The engagement platforms with the Group's stakeholders are appended below:<table><tr><th>Stakeholder Group</th><th>Engagement Method</th></tr><tr><td>Shareholders/Investors</td><td><ul style="list-style-type: none">• Announcements• Annual General Meeting ("AGM")• Media conference• Website</td></tr><tr><td>Customers</td><td><ul style="list-style-type: none">• Customer satisfaction surveys• Customer site visits</td></tr><tr><td>Suppliers</td><td><ul style="list-style-type: none">• Suppliers' performance evaluation</td></tr><tr><td>Regulatory Compliance</td><td><ul style="list-style-type: none">• Statutory reporting• Regulatory authority certification</td></tr><tr><td>Employees</td><td><ul style="list-style-type: none">• Performance appraisal• Trainings• Company events</td></tr></table>• Further details of the stakeholders' engagement are set out in the Sustainability Statement segment in the 2023 Annual Report.	Stakeholder Group	Engagement Method	Shareholders/Investors	<ul style="list-style-type: none">• Announcements• Annual General Meeting ("AGM")• Media conference• Website	Customers	<ul style="list-style-type: none">• Customer satisfaction surveys• Customer site visits	Suppliers	<ul style="list-style-type: none">• Suppliers' performance evaluation	Regulatory Compliance	<ul style="list-style-type: none">• Statutory reporting• Regulatory authority certification	Employees	<ul style="list-style-type: none">• Performance appraisal• Trainings• Company events
Stakeholder Group	Engagement Method												
Shareholders/Investors	<ul style="list-style-type: none">• Announcements• Annual General Meeting ("AGM")• Media conference• Website												
Customers	<ul style="list-style-type: none">• Customer satisfaction surveys• Customer site visits												
Suppliers	<ul style="list-style-type: none">• Suppliers' performance evaluation												
Regulatory Compliance	<ul style="list-style-type: none">• Statutory reporting• Regulatory authority certification												
Employees	<ul style="list-style-type: none">• Performance appraisal• Trainings• Company events												
Explanation for departure :													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>													
Measure :													

Timeframe	:		
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Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board is kept abreast with the relevant sustainability development, sustainability issues and climate-related risks and opportunities by way of training including structure discussion and webinars.• The NC and Board would assess the trainings attended by all Directors to ensure that the Directors are continuously kept abreast of sustainability issues and climate-related risks and opportunities.	
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 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">During the Board and Board committee performance evaluation for the FYE 2023, the Board, through the NC, reviewed its performance in areas including the evaluation of Environmental, Social and Governance issues or sustainability. In addition, the key performance indicators for the sustainability material matters were incorporated into the Key Senior Management's performance evaluation which were reviewed during the annual performance appraisal.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	<ul style="list-style-type: none">• Mr. Lim Chin Horng, the Managing Director of the Company is the designated person to lead and is responsible for sustainability reporting.• Mr. Lim Chin Horng has been tasked to lead the SWC with the following key responsibilities:<ul style="list-style-type: none">– advising the Board and recommending to it, business strategies in the area of sustainability.– incorporating sustainability into the business strategies and business decisions.– overseeing the implementation of sustainability strategies and related matters.– overseeing the preparation of sustainability reporting as required by Bursa Securities.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The NC is responsible to oversee and review the overall composition of the Board in term of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company.• The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board’s various committees as well as the tenure of each Independent Director will be assessed by the NC on an annual basis.• The annual re-election of retiring Directors has been contingent on satisfactory evaluation of the retiring Directors’ performance and contribution to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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	:	<ul style="list-style-type: none">• As of the date of this Corporate Governance Report, the Board has 8 Board members, 4 of whom are Independent Non-Executive Directors, at least half of the Board comprises Independent Directors.• All the Independent Non-Executive Directors satisfy the definition of independence as prescribed in the ACE LR of Bursa Securities.• Having assessed the Directors' independence, the Board is satisfied with their level of independence demonstrated and their ability to act in the Company's best interests.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied										
Explanation on application of the practice	:	<ul style="list-style-type: none">As at 31 August 2023, none of the Independent Directors of the Company had served the Board for a cumulative term of 9 years. The length of service of the Independent Directors of the Company as at 31 August 2023 are as below:<table><tr><th>Name of Directors</th><th>Length of Service</th></tr><tr><td>Mr. Robert Koong Yin Leong</td><td>3 years 6 months</td></tr><tr><td>Mr. Tan Hock Soon</td><td>3 years 6 months</td></tr><tr><td>Puan Ilham Fadilah Binti Sunhaji</td><td>3 years 6 months</td></tr><tr><td>Mr. Chan Soon Tat</td><td>1 year 6 months</td></tr></table>In the event that the Director is to remain as an Independent Non-Executive Director after the 9th year, the Company shall first justify the Director’s independence and obtain annual shareholders’ approval at every AGM through a 2-tier voting process.The NC is responsible to conduct a review to determine whether a Director can continue to be independent if the tenure of the Independent Non-Executive Director exceeds the cumulative term of 9 years. Thereafter, the NC shall recommend to the Board for recommendation to the shareholders on the retention of the aforesaid Independent Non-Executive Director, if he/she so meets the independence guidelines as set out in Chapter 1 of the ACE LR of Bursa Securities.	Name of Directors	Length of Service	Mr. Robert Koong Yin Leong	3 years 6 months	Mr. Tan Hock Soon	3 years 6 months	Puan Ilham Fadilah Binti Sunhaji	3 years 6 months	Mr. Chan Soon Tat	1 year 6 months
Name of Directors	Length of Service											
Mr. Robert Koong Yin Leong	3 years 6 months											
Mr. Tan Hock Soon	3 years 6 months											
Puan Ilham Fadilah Binti Sunhaji	3 years 6 months											
Mr. Chan Soon Tat	1 year 6 months											
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 5.4 - Step Up

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

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

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• Appointment of the Board and Key Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.• The NC which comprises exclusively Independent Non-Executive Directors is responsible for making recommendation relating to any new appointment of Director to the Board and where necessary, Key Senior Management personnel.• The Board had adopted a Directors' Fit and Proper Policy which sets out the fitness and propriety for the appointment and re-election of Directors of the Group. The Directors' Fit and Proper Policy also ensure each of the Directors has the character, integrity, experience, competence and time commitment to effectively discharge his/her role as a Director of the Group in tandem with good corporate governance practices.• The Directors' Fit and Proper Policy is available on the Company's website at www.econframe.com.• During the FYE 2023, there was no new Director appointed to the Board of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The NC is delegated with the responsibility to recommend to the Board, candidates to fill memberships in the Board Committees.• The NC will not limit themselves by solely relying on the recommendations from the existing Board members, Management or major shareholders, but also will utilise independent sources to identify suitably qualified candidates including but not limited to the sourcing from a directors’ registry and open advertisements or the use of independent search firms.• A formal and transparent procedures will be conducted by the NC in assessing the candidate before recommended to the Board for assessment and approval.	
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 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The performance of retiring Directors, namely Mr. Chan Soon Tat, Mr. Teoh Keng Chang, Mr. Khoo Soon Beng and Mr. Robert Koong Yin Leong who were recommended for re-election at the Third (3rd) AGM were assessed and evaluated through the Board and Board committees, which includes the assessment of the independency of the Directors for re-election.• The details of the Directors who were due for retirement and eligible for re-election at the 3rd AGM, which included the nature of interest, position and experience are set out in the Directors' Profile in the Annual Report in respect of the FYE 2022 ("2022 Annual Report").	
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 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> The NC comprises exclusively of Independent Non-Executive Directors and is chaired by Puan Ilham Fadilah Binti Sunhaji. The Chairperson of the NC was tasked to: <ul style="list-style-type: none"> (i) lead the succession planning and appointment of Board members; and (ii) lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed. The Terms of Reference of the NC is available on the Company's website at www.econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none"> • The Board acknowledges the importance of boardroom diversity in terms of gender. Presently, the Board has 2 women Directors out of 8 Directors, equivalent to 25% women representation on the Board. When the need arises, the Board would give more weightage on the appointment of women Directors. • Nevertheless, the Group's Key Senior Management comprises 67% of women representation.
		<ul style="list-style-type: none"> • The Board is of the view that the Board composition is currently adequate for its scale of operations and the selection of a candidate for the Board should be dependent on the candidate's skills, expertise, experience, integrity, character, commitment and other qualities in meeting the requirements of the Company regardless of gender. • The Board would strive to achieve the target of 30% as recommended by MCCG.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none">• The Board is cognisant of the gender diversity recommended by MCCG and believes that diversity in the Board's composition will bring value to Board deliberation.• The Board does not have a specific policy on gender for candidates to be appointed to the Board and does not have any specific policy on setting a target for female candidates in the workplace. The Board is of the view that all candidates shall be given fair and equal treatment.	
	:	<ul style="list-style-type: none">• The Board acknowledges the importance of boardroom diversity and views. However, the selection criteria based on character, competencies, skills, extensive experience, knowledge, time commitment, integrity and other qualities to strengthen the Board should remain a priority.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <ul style="list-style-type: none">• A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The Board through the NC would undertake the following annual assessments:<ul style="list-style-type: none">– The Board and Board committees performance evaluation;– Self-performance evaluation;– ARMC performance assessment questionnaires; and– Independence of the Independent Non-Executive Directors.• The independency of the Independent Non-Executive Directors of the Company had been fulfilled in accordance with ACE LR of Bursa Securities and would not impede their independence in carrying out their duties in the Board and Board committees' meetings.• In respect of the assessment for the FYE 2023, the Board was satisfied with the results that the Board and Board committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director are satisfactory.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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	:	<ul style="list-style-type: none">• The remuneration of the Directors and Key Senior Management is reviewed by the RC annually and the determination of their remuneration is guided by the Terms of Reference of the RC and Board Charter of the Company. The Managing Director, Executive Director(s) and Key Senior Management are remunerated based on the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.• It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their remuneration package or Directors' fee at the RC meeting (where relevant) and the Board meeting.• The Terms of Reference of the RC and Board Charter are available on the Company's website at www.econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The RC comprises exclusively 3 Independent Non-Executive Directors.• The RC was established to assist the Board:<ul style="list-style-type: none">– to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration, fee and other benefits of the Directors and Key Senior Management.– to ensure that all Directors and Key Senior Management are fairly rewarded for their individual contribution to the Company's overall performance and that the remuneration commensurate with the level of executive responsibility and is appropriate in light of the Company's performance.• The RC is governed by its Terms of Reference which outlines its duties and responsibilities, which is available on the Company's website at www.econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The details of remuneration of Directors of the Company comprising remuneration received from the Group and the Company during the FYE 2023 were 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	Mr. Robert Koong Yin Leong	Independent Director	39	6	-	-	-	-	45	39	6	-	-	-	-	45
2	Mr. Tan Hock Soon	Independent Director	39	7	-	-	-	-	46	39	7	-	-	-	-	46
3	Puan Ilham Fadilah Binti Sunhaji	Independent Director	27	6	-	-	-	-	33	27	6	-	-	-	-	33
4	Mr. Chan Soon Tat	Independent Director	27	7	-	-	-	-	34	27	7	-	-	-	-	34
5	Madam Lim Saw Nee	Non-Executive Non-Independent Director	27	7	-	-	-	-	34	27	7	-	-	-	-	34
6	Mr. Lim Foo Seng	Non-Executive Non-Independent Director	27	7	-	-	-	-	34	27	7	-	-	-	-	34
7	Mr. Lim Chin Horng	Executive Director	39	4	-	-	-	-	43	39	4	308	75	-	47	473
8	Mr. Khoo Soon Beng	Executive Director	27	7	-	-	-	-	34	27	55	152	39	-	24	297
9	Mr. Teoh Keng Chang (Resigned on 17 October 2023)	Executive Director	27	7	-	-	-	-	34	27	7	264	-	-	33	331
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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none">• The Board is of the view that the disclosure of the top 5 Key Senior Management's remuneration will be counterproductive due to the competitive environment for talent in the industry in which the Group operates in.• As alternative practice, the Group has benchmarked the remuneration of Key Senior Management to the industry in which it operates in and ensures that their remuneration commensurate with the scope of work, responsibilities as well as their performance.• The Key Senior Management's remuneration disclosed in the Annual Report in the financial statement section is sufficient, complies with the Malaysian Financial Reporting Standards and achieves the objective that stakeholders are able to assess whether the overall remuneration of Directors and Key Senior Management commensurate with their individual performance, taking into consideration the Group's performance.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Chairman of the ARMC, Mr. Tan Hock Soon, is not the Chairman of the Board.• During the FYE 2023, the ARMC Chairman, together with other members of the ARMC, has ensured that:<ul style="list-style-type: none">(i) the ARMC received audit reports from External Auditors about significant matters related to the Group's audit and its financial statements and these matters had been addressed;(ii) the ARMC had discussed their concerns with Internal and External Auditors and obtained feedback for improvement;(iii) the ARMC's concerns on matters that may affect the Group's financial or audit were communicated to the External Auditors; and(iv) there is co-ordination between Internal and External Auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• None of the ARMC members was a former partner of the external audit firm of the Company.• The Terms of Reference of the ARMC required a former partner of the external audit firm of the Company to observe a cooling-off period of at least 3 years before being eligible to be appointed as a member of the ARMC.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The ARMC assessed the performance, competency and professionalism demonstrated by the External Auditors during the FYE 2023 via a formal assessment form.• Based on the annual assessment conducted for the FYE 2023, the ARMC is satisfied with the performance and independence of the External Auditors as well as the fulfilment of criteria based on several factors, including independence of the External Auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they are tasked with.• The ARMC obtained the assurance on independence from the External Auditors as well as assessed and recommended the audit fees payable to the External Auditors to the Board for approval.• The ARMC considered and assessed the independence and objectivity of the External Auditors during the FYE 2023 and also prior to engaging the External Auditors for non-audit related services.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<ul style="list-style-type: none">• The ARMC of the Company comprise solely of the following Independent Non-Executive Directors:<ul style="list-style-type: none">(a) Mr. Tan Hock Soon - Chairman(b) Puan Ilham Fadilah Binti Sunhaji - Member(c) Mr. Chan Soon Tat – Member (<i>appointed on 14 April 2023</i>)(d) Mr. Robert Koong Yin Leong - Member (<i>resigned on 14 April 2023</i>)

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Chairman of the ARMC, Mr. Tan Hock Soon, is a Fellow Member of the Malaysian Institute of Certified Public Accountants and a Member of the Malaysian Institute of Accountants ("MIA") and Mr. Chan Soon Tat, is a Fellow Member of the Association of the Chartered Certified Accountants as well as Member of MIA and an Associate Member of Chartered Tax Institute of Malaysia.• All members of the ARMC are able to understand matters and issues within the capacity of the ARMC. The ARMC members possess vast experience, knowledge and understanding of the business and the industry in which the Group operates in i.e. trading, property development, construction etc. Thus, enabling the ARMC to discharge its duties effectively.• The qualification and experience of the individual ARMC member are disclosed in the Directors' Profile segment in the 2023 Annual Report.• The trainings and courses attended by the members of the ARMC are disclosed in the 2023 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and also to implement and monitor control actions to manage and mitigate risks identified by the ARMC.• The ARMC assists the Board to continuously review the activities of the Group to identify key business and operational risks, implement policies and procedures to address such risks and present the Risk Management Reports to the Board for deliberation.	
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

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">Detailed information on Risk Management and Internal Control framework can be obtained from the Statement of Risk Management and Internal Control segment in the 2023 Annual Report.	
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

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The internal audit function is outsourced to Wensen Consulting Asia (M) Sdn Bhd, to independently conduct regular reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the ARMC, and to assess on the adequacy, efficiency and effectiveness of the Group’s internal control system.• Wensen Consulting Asia (M) Sdn Bhd reports directly to the ARMC and meets the ARMC on a half-yearly basis to present its review of the internal audit findings and to present corrective action plans in order to ensure that control weaknesses highlighted are appropriately addressed by Management.• Detailed information related to the internal audit function can be obtained from the ARMC Report and Statement of Risk Management and Internal Control segments in the 2023 Annual Report.	
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

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The internal audit function is outsourced to Wensen Consulting Asia (M) Sdn Bhd, an external professional firm and the personnel handling the Group's internal audit function are free from any relationship or conflict of interest.• Mr. Edward Yap Choon Wah, Managing Director of Wensen Consulting Asia (M) Sdn Bhd is the Engagement Director. He is a Fellow Member of the Association of Chartered Certified Accountants, Chartered Accountant of the Malaysian Institute of Accountants, Chartered Member of the Institute of Internal Auditors Malaysia, and Practising Member of Institute of Singapore Chartered Accountants.• The internal audit is conducted using a risk-based approach in accordance with the Standards for the Practice of Internal Auditing issued by the Institute of Internal Auditors.• The number of staff deployed for the internal audit reviews ranges from 2 to 4 staff per visit.• Further information on the internal audit function can be obtained from the Statement of Risk Management and Internal Control segment in the 2023 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow:<ul style="list-style-type: none">➤ Primary Spokesperson The Board has designated Mr. Lim Chin Horng, the Managing Director to be responsible for communication with investment community, regulators and media.➤ Announcements to Bursa Securities Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.➤ Annual Reports The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.➤ AGM/general meetings The AGM/general meetings are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company. The Board will also ensure that the stakeholders are given the opportunity to speak and seek clarifications during the Company's AGM/general meetings for effective and transparent communications with its stakeholders.

	<p>➤ Company's Website</p> <p>The Company's website provides a myriad of relevant information on the Company and is accessible by the public.</p> <p>The Company regularly updates the website for the stakeholders and general public to access information on amongst others, the Group's corporate profile, products, financial performance, announcements published on Bursa Securities' website, Board Charter, Board committees' Terms of Reference and corporate information.</p> <p>The Company's website is accessible at www.econframe.com.</p> <p>➤ Senior Independent Non-Executive Director</p> <p>The Board has elected Mr. Tan Hock Soon, the Senior Independent Non-Executive Director as an independent receiving avenue for any concerns from the shareholders/stakeholders and/or whistleblowing purposes.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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	:	<ul style="list-style-type: none">• The notice of the 3rd AGM and 2022 Annual Report was sent to the shareholders on 19 December 2022, at least 28 days prior to the date of the 3rd AGM. This was to ensure sufficient time was given to the shareholders to read and consider the resolutions that will be discussed and resolved during the 3rd AGM.• Details of the proposed resolutions and their explanatory notes were included in the notice of the 3rd AGM to enable shareholders to make an informed decision in exercising their voting rights.	
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	:	<p>The Board acknowledges the importance of the attendance of all Directors and the Chair of the ARMC, NC and RC in the AGM and EGM to provide meaningful responses to the questions addressed to them by the shareholders.</p> <p>There were 3 general meetings held during the FYE 2023 as follow:</p> <ul style="list-style-type: none">• EGM held on 30 November 2022;• 3rd AGM held on 17 January 2023; and• EGM held on 14 July 2023. <p>Save for Mr. Robert Koong Yin Leong absence from the 3rd AGM and Puan Ilham Fadilah Binti Sunhaji absence from the EGM held on 14 July 2023, all Directors attended all the general meetings of the Company held during the FYE 2023 to engage shareholders personally and proactively.</p> <p>Saved for aforesaid Directors, the other Directors, Chair of the ARMC, NC and/or RC, Management, legal and financial advisers and External Auditors were present at the Company's general meetings to provide an effective engagement with the shareholders.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none">• Although the Board recognises the importance of leveraging on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities, the Board also noted several considerations:<ul style="list-style-type: none">– Availability/affordability of technology and infrastructure;– Sufficient number of shareholders residing at particular remote location(s); and– Age profiles of the shareholders.• Based on an analysis of its shareholders, the Company does not have a large number of shareholders. Most of the investors are based in the Klang Valley, Malaysia.• The general meetings held on 30 November 2022, 17 January 2023 and 14 July 2023 at Sultan Abdul Aziz Shah Golf & Country Club, Shah Alam have convenient accessibility to encourage shareholder participation and all the resolutions set out in the notice of general meetings, be voted by way of poll pursuant to the ACE LR of Bursa Securities.• Shareholders are invited to attend the general meetings and can appoint proxy(ies)/the Chairman of the meeting to represent and exercise their votes on their behalf at the general meetings.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Shareholders were able to submit questions via email in order to provide shareholders with sufficient opportunity to pose questions prior to the general meetings and the Company has endeavoured to answer the questions at the general meetings.• The Chairman of the general meetings ensured that sufficient opportunities and time were allocated for discussion and to address questions raised. The shareholders and/or proxies were encouraged to participate in the question-and-answer session at the general meetings, whereby the Directors, chair of the NC and RC, Management, and External Auditors were in attendance to respond to the shareholders' queries.• In the event that the shareholders have further questions, they may pose their questions to the Company via the Company website at www.econframe.com or email to ir@econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

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.

provide brief reasons on the choice of the meeting platform.		
Application	:	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice	:	
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 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">Minutes of the general meetings have been made available to shareholders no later than 30 days business days after the general meetings on the company website at www.econframe.com.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

N/A
