

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5247
COMPANY NAME : KAREX BERHAD
FINANCIAL YEAR : June 30, 2025

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	:	<p>The Company is led by an experienced Board which oversees the strategic direction and conduct of the business, as well as leads the Group within a framework of effective controls.</p> <p>To ensure the effective discharge of the Board's function and responsibilities, the Board has defined and formalised its Board Charter and it serves as a reference for the Directors' fiduciary duties and functions of the Board Committees. The Board is also guided by key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group's businesses are vested in its hands and attended to effectively.</p> <p>Certain Board's authorities and discretion are delegated and conferred on the Executive Directors and the Chief Executive Officer ("CEO") as well as on properly constituted Committees comprising Non-Executive Directors which operate within clearly defined Terms of Reference.</p> <p>The Board promotes good corporate governance culture within the company based on the principles of transparency, objectivity, and integrity. The Board has established the Corporate Code of Conduct and Ethics that require all Directors, officers, and employees of the Group to observe, uphold and maintain high standards of integrity in discharging their responsibilities.</p> <p>Committed towards ensuring the continuous advancement and development of the Company, the Board deliberates strategies proposed, and closely monitors Management's progress on the implementation of these strategies. As the financial performance of the Company reflects the effectuality of these strategies, financial and operational deliverables are also periodically reviewed, enabling the Board to have a better perspective of the conduct of the Company's business and of the overall performance management of the Group. During this process, questions are being raised and directed towards</p>

	<p>the Management in terms of its execution and in terms of the direction of the Group as a whole. In addition, the Board ensures that the strategic plans of the Company support long term value creation and include economic, environmental, and social considerations underpinning sustainability.</p> <p>The Board via the Audit Committee reviews and deliberates the internal audit findings and assesses the effectiveness and adequacy of the systems of internal control of the Group.</p> <p>The Board is also assisted by the Audit Committee in overseeing both the integrity and quality of the Company's financial reporting system. The Board, with the Audit Committee's recommendation, meets at least once every quarter and on other occasions, as and when necessary to review the financial performance of the Company to ensure the integrity and reliability of the financial information published to assist the public, investors, and shareholders to make informed decisions.</p> <p>Committed towards the maintenance of an effective risk management structure, the Board has established a Risk Management Committee, specifically to perform risk assessments, which relates to identifying and analysing the risks which could potentially affect the Group. This Committee is further assisted by the Group's Senior Management personnel, who collectively form the Risk Management Working Committee. Through this Committee, the risk appetite which commensurate with the structure, risk profile, complexity, activities, and size of the Group is identified. This risk appetite then forms a boundary within which the Board expects the Management to operate.</p> <p>In addition, the Risk Management Committee also oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. The Committee is assisted by a Sustainability Working Committee focusing on developing and implementing sustainability initiatives within the Company. These strategies will be reviewed by the Board to ensure that the Company makes responsible decisions to achieve long term growth that is inclusive of all stakeholders.</p> <p>Through the Nomination Committee, the Board reviews the appointment of the Company's C-suite personnel and ensures that they have the necessary skills and experience to assist the Board in managing and developing the Group.</p> <p>The Board is assisted by the Remuneration Committee in reviewing and formalising transparent remuneration policies and procedures to attract and retain Directors and Senior Management.</p> <p>On 28 August 2023, a new sub-committee under the Remuneration Committee called the Employees' Share Option Scheme ("ESOS") Committee was set up to assist the Board to implement and administer the ESOS in accordance with the provisions of the By-Laws.</p>
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	The Company has in place procedures to enable effective communication with stakeholders, including but not limited to quarterly analyst briefings, annual general meetings, and occasional roadshows.	
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	:	<p>The Board is currently led by Professor Dato' Dr. Adeeba binti Kamarulzaman, an Independent Non-Executive Director, who provides strong leadership and promote good corporate governance practices, as well as the overall leadership and effectiveness of the Board.</p> <p>The responsibilities of the Board Chairperson as set out in Paragraph 3.1 of the Board Charter, include the following:</p> <ul style="list-style-type: none">• Guiding and mediating the Board's actions with respect to organisational priorities and governance concerns;• Leading Board meetings and discussions and ensure that the Board debates strategic and critical issues;• Facilitating Board meetings and ensuring that no one director dominates the discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming;• Ensuring that all relevant issues are on agenda for the Board meetings and all directors are able to participate fully in the Board's activities;• Acting as an effective intermediary between the Board and the Management to facilitate information sharing for decision making;• Being the spokesperson for the Company at the Annual General Meeting ("AGM") and in the reporting of performance and profit figures, together with the CEO.
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	:	<p>There is a clear division of responsibilities between the Chairperson and CEO to ensure an optimum and effective segregation of duties and authority. These key individuals play a vital role in bringing the Group to greater heights of success whilst ensuring strong foundation blocks of corporate governance, transparency, and integrity form part of its fundamentals.</p> <p>The Company's Chairperson is Professor Dato' Dr. Adeeba binti Kamarulzaman, an Independent Non-Executive Director. She is responsible for the leadership, effectiveness, conduct and governance of the Board. She also communicates on behalf of the Company to shareholders and other stakeholders.</p> <p>The CEO, Mr Goh Miah Kiat is responsible for the overall day-to-day running of the Group's operating units and implementation of the Group's policies and strategic plans established by the Board within a set of authorities delegated by the Board.</p> <p>The detailed roles and responsibilities of the Chairperson and the CEO can be found in the Board Charter on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/.</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 1.4

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	:	The Chairperson of the Board, Professor Dato' Dr. Adeeba binti Kamarulzaman is not a member of any of the Board Committees including the Nomination Committee, the Remuneration Committee, and the Audit Committee.
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	:	<p>The Company Secretaries are competent and qualified members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries constantly keep themselves abreast with the regulatory changes and corporate governance development through attending the relevant conferences and training programmes.</p> <p>All Board members have unrestricted access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the Company's business.</p> <p>The Company Secretaries are responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively.</p> <p>They also play an advisory role to the Board with regards to Malaysian Code on Corporate Governance 2021, Main Market Listing Requirements, Companies Act 2016, Company's Constitution, Terms of Reference of the Committees, Board Charter and the consequential application, disclosure and compliance requirements and other applicable related matters.</p> <p>In addition, the Company Secretaries ensure minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board. These minutes of meetings record the decisions taken and the views of individual Board members and are signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.</p> <p>They also provide support in the management of the Annual General Meeting ("AGM") and in the preparation of the Annual Report, Circulars to Shareholders, and Notice of AGM. In addition, the Company Secretaries work hand in hand with the Company's Share Registrars and ensures that the due processes and proceedings are in place for the conduct of the AGM.</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 1.6

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	:	<p>Notice of the Board and Board Committee meetings are given in writing at least seven (7) days prior to the meetings and the Company Secretaries ensure the circulation of the agenda and meeting materials in a timely manner to allow reasonable time for Directors to conduct proper deliberations on board issues and to discharge their responsibilities with reasonable due care, skills, and diligence.</p> <p>The deliberations and decisions of the Board and Board Committees are properly documented in meeting minutes, including matters where Directors abstain from voting and participating in the subject's deliberation.</p> <p>Upon the conclusion of each meeting, the Company Secretaries circulate the meeting minutes to all Directors and Board Committee for review and confirmation, ensuring the meeting minutes accurately reflect the deliberations and decisions of the Board.</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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has defined and formalised its responsibilities and functions as well as the division of responsibilities and powers between the Board, Board Committees and Management in its Board Charter. This Board Charter also provides a basis to the Board for assessing its own performance and that of its individual directors.</p> <p>The Board reviews the Board Charter periodically to ensure that it remains relevant and consistent with the Board's objective, regulations, and best practices.</p> <p>The Board is also guided by key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group's businesses vested in its hands are managed and attended to effectively. Key matters such as approval of annual and interim results, acquisitions and disposals, appointment of Chief Executive, Board Policies as well as material agreements are reserved for the Board. A copy of the Board Charter and the Terms of Reference of the respective Board Committees can be found on the company's website at https://www.karex.com.my/investor-relations/corporate-governance/</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

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	:	<p>The Board has in place its Corporate Code of Conduct and Ethics which sets out certain values, principles and standards of good conduct, together with the Board and Management's responsibilities, which is published on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/</p> <p>The Company launched its Principles of Corporate Code of Ethics by being ethical, practising lawful conduct, as well as being responsible to the environment, communities and various parties including customers, business associates and partners, employees, dependents, shareholders, and stakeholders.</p> <p>Internally, the Code of Conduct and Ethics and Whistleblowing Policy are stated in the Group Employee Handbook and are communicated to all employees through the Human Resource Department to create awareness amongst employees on acceptable behaviour and practice when making business and operations related decisions in the Company.</p> <p>The Company has also established Anti-Bribery and Corruption Policy to have a clear and unambiguous policy statement on the Company's position regarding bribery and corruption i.e., a zero-tolerance approach against all forms of bribery and corruption, it sets out the guidelines which ensure business activities are conducted with integrity and avoiding practices of bribery and corruption in daily operations. The policy is disseminated to all employees together with an awareness training session. The policy published on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/</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

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy to provide clear lines of communication and reporting of concerns for employees at all levels. This policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Company.</p> <p>The channel for communication for whistleblowing can be made to the Board Chairperson or Audit Committee Chairperson via email to whistleblowing@karex.com.my or post to the following mailbox:</p> <p>Karex Berhad Whistleblowing Channel 594, Persiaran Raja Lumu, Pandamaran Industrial Estate. 42000 Port Klang, Selangor, Malaysia.</p> <p>Whistle-blowers are required to identify themselves for the Board to accord the necessary protection to him or her. The identity of the whistle-blower however is kept confidential throughout the investigation and is protected against any detrimental action in reprisal for whistleblowing improper conducts. Nonetheless, the Board reserves its right to investigate any allegation communicated by anonymous whistle-blowers.</p> <p>Further details of the Whistleblowing Policy could be found on the Company's website https://www.karex.com.my/investor-relations/corporate-governance/</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

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	:	<p>The Board has established strategic governance framework ensuring responsible decisions are made considering the Economic, Environmental, Social and Governance ("EESG") landscape to achieve long term growth that is inclusive for all the stakeholders in the value chain. An Environmental & Sustainability Policy to state Karex's commitments on environmental and social matters, is available on the Company's corporate website and is subjected to review and update by the Board.</p> <p>The Company embeds sustainability in the four (4) key strategies i.e. Core Competencies, Innovation, Branding and Human Capital, as well as in the relevant policies and procedures. In addition, Karex works in partnership with stakeholders to promote environmental and sustainability stewardship, awareness, and good practices across our value chain.</p> <p>Sustainability matters, come under the purview of our Sustainability Working Committee, which reports to the Risk Management Committee and ultimately the Board of Directors. Decisions are collectively reviewed and evaluated based on the respective longstanding merits and how they fit into our Group's vision towards cultivating a sustainable business model.</p> <p>The roles and responsibilities of the Sustainability Working Committee are:-</p> <ul style="list-style-type: none">• Responsible for identifying, monitoring, and reviewing material sustainability matters under their purview.• Respective representatives act and continue to review effects of efforts on a periodic basis• Reports to Risk Management Committee on material matters identified and how they have been addressed.

	<p>The roles and responsibilities of the Risk Management Committee are:-</p> <ul style="list-style-type: none"> • Monitors the implementation of sustainability strategies, policies and the frameworks endorsed by the Board of Directors. • Review material sustainability matters and efforts with respective members from the Sustainability Working Committee. • Reports to the Board of Directors based on outcome of discussions. <p>The roles of the Board of Directors are to holistically reviews the Group's sustainability efforts and approves of the Sustainability Statement for inclusion in the Annual Report.</p> <p>The details of Karex's sustainability development are available in the Sustainability Statement of our Annual Report 2025.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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	:	<p>Karex focuses on value creation for its stakeholders and hence, is always engaged to understand their needs and expectations, aiming to create a trusting relationship. In this respect, the following stakeholders have been identified: -</p> <ul style="list-style-type: none">• Customers• Investors and media• Employees• Government agencies• Non-governmental organisations• Vendors and suppliers• Community <p>To ensure that the concerns and feedbacks from the stakeholders are heard and addressed, we engage with each stakeholder through the most effective channels possible, including but not limited to:-</p> <ul style="list-style-type: none">• Campaign and surveys• Social networks• Corporate website• Annual general meetings• Annual reports and quarterly results briefing• Townhalls• Conferences and trainings• Charity functions and corporate social responsibility events <p>We are proud to report that we have continued to retain our status as a FTSE4Good Bursa Malaysia Index Constituent (a status that we have maintained since June 2020). Our continued sustainability efforts have also earned us a gold award recently during The Edge Malaysia ESG Awards 2024 as a representative of the competitive Consumer Products and Services category.</p> <p>The details of our stakeholder's communication and engagement methods are available in the Sustainability Statement of our Annual Report 2025.</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

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	:	The Board continuously keep themselves abreast with and understanding of the sustainability agendas which are relevant to the Company and its business through periodical updates by Bursa Malaysia Securities Berhad and the Securities Commission. Directors and those charged with responsibilities in the Sustainability Working Committee continuously undertake professional trainings related to sustainability and governance issues. The Group has also engaged Bursa Malaysia's ESG advisory service to get support and recommendation in managing the Economic, Environmental, Social and Governance aspects of our operation.	
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 4.4

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	:	The board and senior management performance evaluation criteria have been updated to incorporate the performance in addressing and managing key sustainability risks and opportunities, to ensure alignment with the Karex’s commitment to its sustainability vision. The Company had also adopted a Fit & Proper Policy on 29 June 2022.	
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 4.5- 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	:	The Group has formed a Sustainability Working Committee led by CEO to focus on developing a framework and implementing sustainability initiatives within the Company. The Sustainability Working Committee reports to the Risk Management Committee which oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. These strategies will be reviewed by the Board to ensure that the Company makes responsible decisions to achieve long term growth that is inclusive of all stakeholders.

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	:	<p>The Board through the Nomination Committee reviewed the current composition of the Board and the tenure of each director on the Board when appointing or reappointing a Board member.</p> <p>The Board is mindful that an effective Board composition must include the right group of people, appropriate of skills, knowledge, experience and independence elements that fit the Company's strategic goals.</p> <p>In accordance with its TOR, the Nomination Committee assesses the effectiveness of the Board as a whole, Board Committees, contribution of individual director and independence of Independent Director.</p> <p>The Committee and the Board are satisfied that the Board is functioning well, Board Committees are effective, and the contribution and performance of individual Directors are satisfactory. The Board is also satisfied that the Board composition in terms of size, balance between Executive Directors and Independent Non-Executive Directors and their mix of skills were adequate.</p> <p>Pursuant to the constitution of the Company, an election of Directors shall take place each year at the Annual General Meeting of the Company, where one-third of the Directors for the time being, or nearest to one-third shall retire from office and be eligible for re-election.</p> <p>In this respect, the Nomination Committee review the tenure and performance of each retiring Director, where the re-election of a director would be contingent on satisfactory evaluation of the Director's performance and contribution to the Board.</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

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At least half of the board comprises of independent directors.</p> <p>The Board has nine (9) members comprising five (5) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors, and one (1) Executive Director.</p> <p>The independent directors do not participate in the day-to-day management and business of the Company, avoiding any potential conflict of interest situation and remaining in the position to fulfil their responsibility acting as check and balance to the Board.</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

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	:	<p>The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director’s re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders’ approval through a two-tier voting process if it desires to retain a person who has served in that capacity for more than nine (9) years as an independent director.</p> <p>All the independent directors have served the Board for less than nine (9) years as at 30 June 2025.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - 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.

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	:	<p>The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience, and knowledge to direct and manage the Group’s businesses. Championing diversity and equality within the Group, the Board provides fair and equal opportunities to individuals regardless of age, race, or gender.</p> <p>In assessing potential candidates to be appointed to the Board, considerations based on various perspectives are being made including gender, culture, competency, skills, character, time commitment, integrity and experience that the potential candidates will be able to bring to the Board.</p> <p>A diversity of perspectives coming from different walks of lives and various experiences at the Senior Management level of the Group is also highly cultivated. Accordingly, the Board does not discriminate any board member and board candidate on the grounds of race, gender, nationality, religion, sexual orientation, and family status.</p> <p>The Diversity Policy can be found on the Company’s website at https://www.karex.com.my/investor-relations/corporate-governance/</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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	:	<p>The Nomination Committee ("NC") has established a formal and transparent procedure for the nomination and appointment of Directors to the Board, prior to making recommendations to the Board for approval. In doing so, the NC takes into consideration the size of the Board, as well as the skills, core competencies, experience and integrity of the candidates to ensure their ability to discharge his or her responsibilities as a Director effectively.</p> <p>The NC uses a variety of sources to identify suitable candidates and not bound by any candidates recommended by the existing Board members, Senior Management or shareholder. The NC has the authority to obtain the services of professional recruitment firms to source for suitable candidates or seek professional advice, if necessary.</p> <p>The Company has adopted the Directors' Fit and Proper Policy applicable to the Company and the Group, which serves as a guide to the NC and the Board in their review and assessment of candidates for appointment or re-election to the Board.</p> <p>The candidates are assessed based on the process and criteria as set out in the policy to determine their fitness and probity. The Directors' Fit and Proper Policy is available on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/.</p> <p>The Board is of the opinion that the current Board members can meet the requirements of the Company.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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	:	<p>The Board’s statement and reasons supporting the re-election of the Directors are disclosed in the explanatory notes in the Notice of the Annual General Meeting.</p> <p>Also, to ensure that shareholders have the information they require to make an informed decision pertaining to the re-election of Directors, the relevant information of the Directors are disclosed in the Directors’ Profile section of the Annual Report 2025.</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

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	:	Professor Dato’ Dr. Adeeba binti Kamarulzaman, an Independent Non-Executive Director resigned as Chairwoman of the Nomination Committee on 2 January 2025. On the same date, Kung Chin Woon, also an Independent Non-Executive Director, was appointed as the new Chairwoman of the Nomination Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of gender diversity. Currently, there are four (4) capable female directors sitting on the Board, accounting for 44% of the Board's composition.</p> <p>The Nomination Committee will take steps to include, where appropriate, women candidates as members of the Board when there is any vacancy.</p>	
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has disclosed its policy on gender diversity, which is part of Karex's Diversity Policy, which serves to enhance the effectiveness of the Board by embracing diversity in the boardroom. Accordingly, the Board would not discriminate any board member and board candidate on the grounds of race, gender, nationality, religious, sexual orientation, and family status.</p> <p>The Board members have diverse backgrounds and experiences in various fields. Collectively, the members bring a broad range of skills, experience, and knowledge to direct and manage the Group's businesses. Championing diversity and equality within the Group, the Board provides fair and equal opportunities to individuals regardless of age, race or gender.</p> <p>There are four (4) capable female directors sitting on the Board, accounting for 44% of the Board's composition. The Board embraces diversity in the boardroom and views diversity as an imperative and believes that diversity is required to support the execution of its business strategy. At Senior Management level, there is a diverse of perspective coming from different walks of lives and various experiences.</p> <p>The Diversity Policy can be found within the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/</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

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	:	<p>The Nomination Committee assesses the effectiveness of the Board as a whole, Board Committees, and contributions of each Director.</p> <p>The Nomination Committee establishes criteria to appraise its Board members focusing on:</p> <ul style="list-style-type: none">• Constructive interaction during board meetings;• Quality inputs and sharing of insights on board agenda;• Board meeting attendance and preparation; and• Independence for Independent Directors. <p>The current evaluation of Board, its Committee and individual Directors in the form of self-review and peer review has been objective and is deemed to have ensured the effectiveness of the Board.</p> <p>Performance of the Senior Management in supporting the Board was also appraised and the Board is satisfied that they have adequate knowledge and competency in carrying out their duties.</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

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration policy and remuneration packages of Directors and Senior Management.</p> <p>The Executive Directors are remunerated based on the Group and individual performance as well as market benchmarking whilst the level of Non-Executive Directors remuneration is linked to their experience, scope of responsibilities assumed in the Board, special skills and expertise they bring to the Board. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. All Directors shall abstain from participating in the decision making in respect of his or her own remuneration.</p> <p>The Remuneration Committee also oversees the Senior Management's remuneration based on the CEO's evaluations and recommendations of their Key Performance Indicators and deliverables, business results, performance, experience, expertise, skills, and industry benchmarks. This remuneration is maintained at a level which enables the Company to attract, develop and retain high performing and talented individuals with the relevant experience, level of expertise and level of responsibilities.</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

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	:	<p>The Board has established a Remuneration Committee to assist in developing and administrating a fair and transparent procedure for setting the remuneration of Directors and Senior Management.</p> <p>The Remuneration Committee annually reviews the remuneration packages of the Executive and Non-Executive Directors for recommendation and approval by the Board pursuant to their Terms of Reference.</p> <p>The Terms of Reference clearly sets out their duties and functions and can be found on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/</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

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	:	The aggregate remuneration paid or payable to all Directors of the Group and Company for the financial year ended 30 June 2025 is listed on a named basis with the detailed remuneration breakdown as follows as well as in the CG Overview Statement on page 72 of the Annual Report

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' Dr. Ong Eng Long @ Ong Siew Chuan	Independent Director	90.0	2.0	-	-	-	-	92.0	90.0	2.0	-	-	-	-	92.0
2	Professor Dato' Dr. Adeeba binti Kamarulzaman	Independent Director	97.5	4.5	-	-	-	-	102.0	97.5	4.5	-	-	-	-	102.0
3	Dato' Edward Siew Mun Wai	Independent Director	97.5	7.5	-	-	-	-	105.0	97.5	7.5	-	-	-	-	105.0
4	Chew Fook Aun	Independent Director	92.5	7.5	-	-	-	-	100.0	92.5	7.5	-	-	-	-	100.0
5	Pamela Kung Chin Woon	Independent Director	22.5	2.5	-	-	-	-	25.0	22.5	2.5	-	-	-	-	25.0
6	Lam Jiuan Jiuan	Non-Executive Non-Independent Director	90.0	5.5	-	-	-	-	95.5	90.0	5.5	-	-	-	-	95.5
7	Goh Yen Yen	Non-Executive Non-Independent Director	80.0	3.5	-	-	-	-	83.5	80.0	3.5	-	-	-	-	83.5
8	Goh Leng Kian	Executive Director	-	3.0	-	-	-	-	3.0	-	63.0	930.0	240.0	28.0	233.7	1,494.7
9	Goh Miah Kiat	Executive Director	-	3.0	-	-	-	-	3.0	-	63.0	1,980.0	480.0	28.0	465.5	3,016.5

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	:	<p>The Board deliberated and concluded that the disclosure of Senior Managements' remuneration including the key management personnel in the Audited Financial Statements was adequate. This approach was arrived at having taken into consideration the sensitivity of Senior Managements' remuneration packages and the potential privacy, security and staff poaching issues that may arise due to disclosure.</p> <p>The Board wishes to provide assurance that the remuneration of Senior Management is continuously evaluated based on individual performance and potential to contribute in relation to the Group's overall performance.</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.

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	:	The Chairman of the Audit Committee is Chew Fook Aun, an Independent Non-Executive Director, and he is not the Chairman of 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

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	:	<p>Currently, the Audit Committee does not have any former key audit partner as a member.</p> <p>Additionally, the Audit Committee has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and the said policy has been incorporated in the Terms of Reference of the Audit Committee which is available on the Company's website at https://www.karex.com.my/investor-relations/corporate-governance/</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>The Board has defined its policy on suitability and independence of External Auditors engaged to assess, review, evaluate and audit the Group's financial matters. In accordance with this policy, the Audit Committee will review the qualification, audit performance and execution, provision of non-audit service and tenure of service of the External Auditors. Annually, the Audit Committee also reviews the appointment, performance, and remuneration of the External Auditors before recommending them to the shareholders for re-appointment during the Annual General Meeting.</p> <p>During the financial year, the External Auditors presented to the Audit Committee its 2025 Audit Plan outlining engagement team, audit materiality, audit scope and methodology, audit timeline, involvement of IT auditor, involvement of independent specialist auditor, involvement of component auditor, audit area emphasis and focus key audit matters. These form part of Audit Committee's assessment of the External Auditor's suitability, objectivity, and independence.</p> <p>The Audit Committee conducted private sessions with the External Auditors, without the presence of the Executive Directors and the Management. This review process ensures that critical and sensitive issues, if any, are brought up objectively to the attention of the Audit Committee.</p> <p>KPMG PLT, the existing External Auditors of the Company, has in place a policy on rotation for partners of an audit engagement to ensure objectivity, independence, and integrity of the audit. During the financial year, the audit engagement partner was rotated in upholding the quality and reliability of the audit process and ensure fresh perspectives.</p> <p>The External Auditors have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and independence) of the Malaysian Institute of Accountants.</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 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	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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	:	<p>The Board has established an effective and independent Audit Committee, comprising highly accredited members who have vast experience in various fields.</p> <p>The Audit Committee consists of majority of independent directors, and all members are Non-Executive Directors and at least one member fulfils qualifications prescribed under Paragraph 15.09(1)(c) of the Main Market Listing Requirement ("MMLR"). Independence is an essential element for the Audit Committee members to fulfil their roles objectively and to provide critical and sound views in ensuring the integrity of financial controls and integrated reporting, while identifying and managing key risks. All members of the Audit Committee are financially literate, with extensive corporate experience and equipped with the required business skills.</p> <p>The qualification and experience of each Audit Committee member is disclosed in the Directors' Profiles on pages 52 to 56 of the Annual Report.</p> <p>All members of Audit Committee attended trainings to enable them to discharge their duties effectively. For further details, please refer to the Corporate Governance Overview Statement on page 67 of the Annual Report.</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

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	:	<p>The Board acknowledges its overall responsibilities for establishing, maintaining, and reviewing the adequacy and integrity of the Group's risk management and internal control system.</p> <p>As part of Karex's endeavour to continuously uphold high standards of corporate governance practices, the Board has established a Risk Management Committee ("RMC"), specifically to perform risk assessment, which relates to identifying and analysing the risks which could potentially affect the Group. This Committee is further assisted by the Group's Senior Management personnel, who collectively form the Risk Management Working Committee ("RMWC").</p> <p>The Audit Committee is entrusted by the Board with the responsibility of ensuring the objectivity of internal control systems within the Group. To enhance the effectiveness of risk management and internal control systems, the Audit Committee is assisted by the Internal Auditor, a body independent of the Group's activities and operations, to assess the adequacy and effectiveness of control of the selected key functions on a quarterly basis. The Group's External Auditors have also provided the Audit Committee with their professional views and feedback on the risk and control issues identified during their statutory audit.</p> <p>Further details on the key elements of the Group's risk management and internal control system are disclosed in the Statement on Risk Management and Internal Control on pages 81 to 85 of the Annual Report.</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	:		
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Intended Outcome

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

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

Practice 10.2

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	:	<p>The Board is responsible for managing the key business risks of the Group and implementing an appropriate internal control system to manage those risks. The Board via the Audit Committee and Risk Management Committee reviews the adequacy and effectiveness of the system of internal controls framework and risk management framework.</p> <p>Key features of its risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control on pages 81 to 85 of the Annual Report.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee comprises of four (4) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director, with a majority of independent directors to oversee the company's risk management framework and policies.

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	:	<p>The Group's internal audit function is outsourced to Moore Risk Consulting Sdn. Bhd. ("MOORE") (formerly known as Moore Stephens Associates PLT), an independent internal audit professional service firm which reports directly to the Audit Committee. The outsourced Internal Auditors assist the Board via the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.</p> <p>The Audit Committee reviews and reports the following to the Board:</p> <ul style="list-style-type: none">a) Adequacy of the scope, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its work; andb) The internal audit plan, processes, the results of internal audit assessments and actions taken on the recommendations. <p>Annually, the Audit Committee assesses and ensures that the internal audit function is effective and independent.</p> <p>As part of the Group's periodic review of service providers to ensure audit independence and continued effectiveness, the Audit Committee appointed Ernst & Young Consulting Sdn. Bhd. ("EY") (formerly known as Ernst & Young Advisory Services Sdn. Bhd.) as the new outsourced internal auditor on 9 October 2025, replacing MOORE. As at the date of this Annual Report, EY had not commenced any internal audit activities.</p> <p>The Audit Committee Report on page 79 of the Annual Report provides detailed explanation of the internal audit function.</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	:		
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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	:	<p>The Group's internal audit function was outsourced to Moore Risk Consulting Sdn. Bhd. ("MOORE") (formerly known as Moore Stephens Associates PLT), a chartered accounting firm.</p> <p>The internal audit function is headed by the firm's Executive Director, Mr. Dennis Chong, a Chartered Member of Institute of Internal Audit (CMIIA), Malaysia, with the support of a manager to oversee the audit assignments and an average of two (2) executives to carry out the audit fieldworks.</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.</p> <p>As part of the Group's commitment to continuous improvement and audit quality, the AC appointed Ernst & Young Consulting Sdn. Bhd. ("EY") (formerly known as Ernst & Young Advisory Services Sdn. Bhd.) as the new outsourced internal auditor with effect from 9 October 2025, following the conclusion of MOORE's engagement. As at the date of this report, EY had not commenced any internal audit activities.</p> <p>The Audit Committee will continue to review the engagement between the Group and the Internal Auditors to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>It has always been the Company's practice to maintain good relationship with its shareholders. Major corporate developments and activities in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.</p> <p>Besides that, the Board ensures that there is timely release of quarterly financial results, circulars, Annual Reports, corporate announcement, and press releases. In addition to the various announcements made, further information of the Company is available on the Company's website at https://www.karex.com.my/investor-relations/news-centre/</p> <p>The CEO presents the Company's performance and major activities carried out during the financial year under review in each Annual General Meeting to provide meaningful information and encourage shareholders' participation. During the general meeting, shareholders can enquire and comment on the Company's performance and operations. Same or similar information is also shared in the press conferences or press release, if held during the year.</p> <p>The CEO also holds regular analyst briefings and investor relations meetings as part of the Company's investor relation initiatives.</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	:	The Notice of Annual General Meeting is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the proposed resolutions.	
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	:	Applied	
Explanation on application of the practice	:	<p>All Directors including the Chair of all the respective Board Committees were present at the 12th Annual General Meeting of the Company held on 27 November 2024. The shareholders’ questions were all responded to accordingly by the relevant members of the Board.</p> <p>Shareholders were also invited to pose questions regarding the proposed resolutions and matters relating to the Company’s operations in general before voting, and they were addressed accordingly.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	<p>The Company held a virtual Annual General Meeting on 27 November 2024 through live streaming and online remote voting facility by using Remote Participation Voting (“RPV”) facilities which complies with Section 327 of the Companies Act, 2016. Shareholders participated in the AGM virtually, including submission of questions for response prior to remote voting. In accordance with paragraph 8.29A(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions had been carried out by poll electronically. The appointed independent scrutineer, SKY Corporate Services Sdn Bhd had validated all the votes.</p> <p>To encourage participation and enabling shareholders to exercise their votes effectively, administration guide on remote participation and voting at virtual AGM, appointment of proxy, poll voting, registration for remote participation and electronic voting and procedure for virtual AGM was sent to all the shareholders together.</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

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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of 12th Annual General Meeting ("AGM") ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question and Answer ("Q&A") session. The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the AGM.</p> <p>The Board encourages active participation from shareholders in the virtual general meeting by raising questions in real time via text typing. Questions can be submitted at any time until the announcement of the closure of Q&A session.</p> <p>During the Q&A session, the moderator reads out the questions received and directed to the Directors or senior management for action and response.</p> <p>The Group Chief Executive Officer had briefed and presented to the shareholders on industry overview, followed by the latest operational highlights which included reducing the business's reliance on physical labour, own brand manufacturing progress, personal lubricants and sustainability achievements. In addition, he had also presented the financial highlights for the year as well as the outlook for the business and the industry.</p> <p>The questions posted by the Minority Shareholders Watch Group and shareholders and the answers provided by the Board and Senior Management during the 12th AGM were uploaded to the Company's website.</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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The 12th Annual General Meeting was held virtually utilizing electronic live-streaming and online remote voting facilities provided by Boardroom Share Registrars Sdn Bhd, namely Boardroom's Online Meeting Platform at https://meeting.boardroomlimited.my; allowing attendance by shareholders and proxy holders via remote participation and voting in absentia.</p> <p>The Board encourages active participation from shareholders in the virtual general meeting by raising questions in real time via text typing. Questions can be submitted at any time until the announcement of the closure of Question & Answer ("Q&A") session.</p> <p>During the Q&A session, the moderator reads out the questions received and directed to the Directors or senior management for action and response.</p> <p>In the interest of time, the Board was unable to address all the questions received. Hence, similar questions were grouped and combined, to avoid repetition and may be summarized for expediency.</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	:		
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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 13.6

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	:	The minutes of the AGM were published on the Company's website within 30 business days from each AGM.
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.

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