

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0128  
**COMPANY NAME** : FRONTKEN CORPORATION BERHAD  
**FINANCIAL YEAR** : December 31, 2022

### **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the key role it plays in charting the strategic direction and management of the Group, comprising the Company and its subsidiaries. To discharge this role, the Board and through the Board Committees have carried out the following activities during the financial year under review and up to the date of this Report:</p> <p>(1) Deliberated the Board's strategic imperatives at its scheduled quarterly meetings where the goals of the Group were discussed and formalised, resulting in the compilation of a comprehensive Group budget for the Board's approval. Resources were identified and allocated accordingly towards achieving such goals and objectives;</p> <p>(2) Reviewed the quarterly and year-end results of the Group as recommended by the Audit Committee prior to announcement of the same to Bursa Malaysia Securities Berhad ("Bursa Securities"). At these meetings, the operational and financial performance of the Group, together with any material development and issues relating to the business of the Group, were discussed and, where considered appropriate, remedial measures were undertaken;</p> <p>(3) Considered the internal audit reports, which were reviewed by the independent out-sourced internal audit function, and endorsed corrective actions based on recommendations proposed by the internal audit function. The Audit Committee also took note of the findings raised by the in-house internal audit function based in Taiwan which covered solely the Taiwan operations. This process served to apprise the Board on the adequacy and operating effectiveness of the Group's system of risk management and internal controls;</p> <p>(4) In streamlining its supervisory role to assess Management's performance, the Board put in place specific Key Performance Indicators ("KPIs") for the Executive Management to align Management's strategy with the Group's objectives. Performance incentive scheme was also provided to Executive Directors and Management to ensure the business was conducted effectively towards meeting corporate objectives;</p> <p>(5) Through the Audit Committee (i.e. a Board Committee comprising solely Non-Executive Directors with a majority of Independent Directors) supported by a Group Risk Coordinator, the Board was apprised of the key business risks which were identified, evaluated and scored for likelihood of occurrence and the impact thereof. Significant risks were singled out with remedial measures implemented to manage such risks to acceptable levels. For more information on how the Board was fully apprised on the adequacy and operating effectiveness of the Group's system of risk management and internal control, refer to the Group's</p>

	<p>Statement on Risk Management and Internal Control included in the 2022 Annual Report;</p> <p>(6) Considered the succession of Board members as well as key Senior Management personnel, the assessment of which was carried out by the Nomination Committee as part of its remit;</p> <p>(7) Recognising the importance of stakeholder communication, the Board has put in place an investor relations programme and shareholder communication policy. Primary communication channels with shareholders was through the Annual General Meeting where the Chairman invited shareholders who were present to engage in the resolutions being tabled for voting. A corporate website (<a href="http://www.frontken.com">www.frontken.com</a>) has been established to provide a platform for investors and shareholders the opportunity to stay abreast of the Group's development, including financial and other announcements made to Bursa Securities. The Chairman has been actively engaging with institutional investors, analysts and fund managers (both locally and overseas) and carried out investors relations programme to keep the stakeholders abreast of the developments of the Group and answering their questions on the performance of the Group; and</p> <p>(8) Pursuant to Paragraph 15.29 of the Main Market Listing Requirements ("MMLR") of Bursa Securities and in line with section 17A of the Malaysian Anti-Corruption Commission Act 2009, established an Anti-Bribery and Corruption ("ABC") Policy during the year and approved by the Board as a working dynamic policy which will be subject to continual improvements and adjustments to meet the needs of the various business units due to the cultural differences and practices from country to country.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman are clearly set out in the Board Charter. Apart from being primarily responsible for leading the Board, the Chairman carries out the following roles:</p> <ul style="list-style-type: none"><li>(a) Leads the Board in its responsibilities for the business and affairs of the Company and its oversight of Management;</li><li>(b) Oversees the Board in the effective discharge of its supervisory role, including determining, in conjunction with the Company Secretary, the agenda items included in the notice of meetings;</li><li>(c) Ensures the efficient organisation and conduct of the Board's function and meetings;</li><li>(d) Facilitates the effective contribution by all Directors by allowing Directors to provide their views on the issues being deliberated, including dissenting views, if any, to be discussed;</li><li>(e) Briefs all Directors in relation to issues raised at meetings;</li><li>(f) Promotes constructive and respectful relations between Board members and between the Board and Management</li><li>(g) Commits the time necessary to discharge effectively his roles as Chairman; and</li><li>(h) Ensures that there is regular and effective evaluation of the Board's performance.</li></ul> <p>In discharging his roles, the Chairman also works with Senior Management, manages the Board, and promotes effective relations with shareholders, other stakeholders and the public.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Both the positions of the Board Chairman and the Chief Executive Officer are held by Mr Ng Wai Pin.  The Board is of the view that there is no concentration of power and authority, and that no one individual Director has unfettered powers for decision making even though the dual roles are helmed by the same person. This is because there is a majority of Non-Executive Directors on the Board (i.e. 3 out of 5 Board members are Non-Executive Directors; 2 of whom are independent Non-Executive Directors) who are individuals of calibre, credibility and are free from any business or other relationship which could materially interfere with the exercise of their objective judgement. Moreover, the 3 independent Non-Executive Directors are capable of exercising independent judgement to ensure fair and objective deliberations are carried out at Board meetings. In addition, where there are matters involving the Chairman/CEO as a party, he will recuse himself from all deliberations in line with the Companies Act 2016 and the Company's Constitution.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Nomination Committee would review this matter and make the recommendation to the Board accordingly.
<b>Timeframe</b>	:	Within 1 year

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Chairman of the Board, Mr. Ng Wai Pin is a member of the Remuneration Committee together with two (2) independent Non-Executive Directors, namely, Mr. Ng Chee Whye and Ms. Koh Huey Min.</p> <p>The Chairman is conscious of his differing roles in the Board and in the Remuneration Committee. All issues before recommending to the Board are thoroughly deliberated at the committee's level which involved the participation of the other independent Non-Executive Directors. All recommendations by Remuneration Committee to the Board have been arrived at unanimously. In addition, where there are matters involving the Chairman as a party, he will recuse himself from all deliberations.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continue to monitor and make the necessary adjustment as and when required.
<b>Timeframe</b>	:	OthersOngoing

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company outsourced its Company Secretarial function to an external professional firm which provides the services of named company secretaries.</p> <p>There are two (2) named Company Secretaries of Frontken Corporation Berhad, who are all members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"), namely: 1) Mah Li Chen (MAICSA 7022751) (PC No. 202008002006); and 2) Chew Mei Ling (MAICSA 7019175) (PC No. 201908003178).</p> <p>The Company Secretaries are suitably qualified, in accordance with the requirements of the Companies Act 2016, and competent to support the Board. As members of MAICSA, the Company Secretaries are apprised periodically on changes to regulatory requirements that affect the Company and Directors.</p> <p>As such, the Board is continually update by the Company Secretary(ies) on the latest updates on changes to existing laws and regulations.</p> <p>Besides the continuous disclosure requirements under the Main Market Listing Requirements and the Companies Act 2016, the Company Secretary(ies) also advise the Board, Board Committees and Management on disclosure requirements as and when they are inquired by Board members on ad hoc basis.</p> <p>The Board was kept well informed of all announcements released by the Company Secretary via emails soon after the announcements were released to Bursa Securities.</p> <p>The Company Secretary ensures that all deliberations at the Board and Board Committee meetings are well captured and minuted and subsequently communicated to the management for appropriate actions.</p> <p>The Board has access to the advice and services of the Company Secretaries who are responsible for ensuring that the established procedures and relevant statutes and regulations are complied with in a timely manner.</p>

	<p>The Company Secretary maintained the Minutes of Meetings of the Board and its Committees, forms, resolutions, the Company's Constitution etc. on a cloud storage for a one-stop access and ease of reference to the documents of the Company.</p> <p>The Chairman and management were kept updated by the Company Secretary of all the statutory compliance filings carried out during the year.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to each financial year end, the Company Secretaries compile a timetable on proposed dates for meetings of the Board, Board Committees and the Annual General Meeting of the year. Thereafter, the Company Secretary(ies) draw(s) up a detailed timetable for the year of all the events, actions and matters to be taken by the various parties involved throughout the whole year.</p> <p>Prior to sending out the notices, the Company Secretary(ies) work(s) closely with the chairpersons of the Board and Board Committees and Management in drawing up the agenda of the meetings.</p> <p>To ensure all Directors are provided with the necessary information and sufficient time to consider matters to be deliberated at Board and Board Committee meetings, the Company Secretary(ies) send(s) out notices of meetings at least seven (7) days before the meetings and also notices of closed period for dealings in securities to the Directors and Principal Officers prior to the closed period for dealings. Early circulation of meeting agenda and relevant papers aims to enhance the effectiveness and efficiency of meetings, by providing sufficient time for Directors to review the information provided, to make enquiries and to seek additional information and clarification, if needed.</p> <p>The Company Secretary(ies) attend(s) all Board and Board Committee meetings as well as the Annual General Meeting and ensure that the meetings are properly convened, constituted and conducted. After the meetings of the Board and Board Committees, the Company Secretary(ies) would communicate with the Management on matters for the appropriate actions to be taken and prepare the minutes for all the meetings accordingly, properly recording issues deliberated, including how decisions and conclusions are arrived at, as well as dissenting views or abstention by any Director, if any. The draft meeting minutes are normally circulated for Chairpersons of the Board and Board Committees for their perusal as soon as possible from the conclusion of the meeting, before being circulated, confirmed and approved at the following meeting.</p> <p>The Company Secretary(ies) also follow(s) up with Management on the status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items remain as matters arising</p>

	in the minutes of meetings until they are resolved or removed, if deemed no longer relevant.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established a Board Charter, the main objective of which is to ensure that all Board members are aware of their duties and responsibilities as Directors and the various legislations and regulations affecting their conduct and that the Principles and Practices of good Corporate Governance are applied in all their dealings in respect, and on behalf, of the Company.</p> <p>The Board Charter sets out the roles and responsibilities of the Board of Directors, Board Committees, Chairman and Independent Non-Executive Directors, summarised as follows:</p> <ul style="list-style-type: none"><li>• The Board Chairman is responsible for leadership of the Board, by ensuring effective conduct of the Board, maintaining relationship between Executive and Non-Executive Directors, and ensuring effective communication with shareholders and stakeholders;</li><li>• The Independent Non-Executive Directors are independent of Management and are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinion at Board meetings free of concern about their position or the position of any third party. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are given objective and impartial consideration by the Board;</li><li>• The Non-Independent Non-Executive Directors do not carry any executive power but provide the necessary check and balance pertaining to decision making at the Board and Board Committee level, as the case may be, by providing an unbiased view over the matters deliberated for decision;</li><li>• The following Board Committees have been established, guided by their respective terms of reference as follows:<ul style="list-style-type: none"><li>➤ the Audit Committee which assists the Board in:</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>- Assessing the reliability and integrity of information for inclusion in the Company's financial statements;</li> <li>- Overseeing enterprise-wide risk management;</li> <li>- Complying with legal and regulatory obligations;</li> <li>- Assessing the integrity of the Group's internal control and risk management framework;</li> <li>- Assessing the independence of the external and internal auditors; and</li> <li>- Reviewing related party transactions and conflict of interest situations.</li> </ul> <p>➤ the Nomination Committee which assists the Board in:</p> <ul style="list-style-type: none"> <li>- the appointment and assessment of the performance of Directors with reference to the Fit and Proper Policy as approved by the Board which is available on the Company's website;</li> <li>- Directors' induction and continuous development programmes;</li> <li>- Board Committee membership;</li> <li>- Senior Management succession planning, appointment and termination.</li> </ul> <p>➤ the Remuneration Committee which assists the Board in:</p> <ul style="list-style-type: none"> <li>- Setting of Key Performance Indicators for the Executive Directors;</li> <li>- Remuneration policies for Directors; and</li> <li>- Remuneration policies for the Chief Executive Officer, Chief Financial Officer and Senior Management.</li> </ul> <p>The Board Charter does not specifically delineate the roles and responsibilities of the Chief Executive Officer and Executive Director. As a matter of practice, the Chief Executive Officer oversees the day-to-day management of the Group's operations and implements the policies, strategies and decisions adopted by the Board. He is assisted by his fellow Executive Director.</p> <p>The Board Charter also outlines the key responsibilities of the Board of Directors which cover, inter-alia, the following matters reserved to the Board:</p> <ul style="list-style-type: none"> <li>a) Strategy and planning;</li> <li>b) Human resource – Board level, Senior Management and Company Secretaries, including succession planning;</li> <li>c) Remuneration – Board members and Senior Management;</li> <li>d) Capital management and financial reporting – announcements of quarterly and year end performance, dividend and related policies;</li> <li>e) Performance monitoring – Approval of key performance indicators;</li> <li>f) Risk management – approval of risk management strategies;</li> <li>g) Audit and compliance – external auditors; and</li> <li>h) Board processes and policies – delegated authorities.</li> </ul>
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	<p>The Board Charter is made available on Frontken's website, <a href="http://www.frontken.com">www.frontken.com</a>.</p> <p>The Board Charter is kept under review and updated from time to time as practices on Corporate Governance and regulatory requirements develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised a Code of Conduct for its Directors and employees, which is available on the Company's website at <a href="http://www.frontken.com">www.frontken.com</a>.</p> <p>The Code of Conduct stipulates that all employees of the Group are expected to discharge their respective duties with the highest level of integrity in line with relevant laws and regulations and the Group's policies, guidelines and best practices and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment. The Code covers mainly the following captions:</p> <ul style="list-style-type: none"><li>• Conflicts of Interest</li></ul> <p>The Group expects employees to perform their duties conscientiously, honestly and in the best interest of the Group. Employee must not engage in activities that directly or indirectly involve, or could appear to involve, a conflict between their personal interests and the interests of the Group. Employees must not use their positions or the knowledge gained as a result of their positions for private or personal advantage. Any actual or potential conflict of interest is to be fully disclosed to appropriate supervising manager and/or Board of Directors and where such circumstances are permitted by Management and/or Board of Directors to continue, shall not be deemed a breach of this Code;</p> <ul style="list-style-type: none"><li>• Group Funds and Other Assets</li></ul> <p>Employees who have access to Group funds in any form must follow the prescribed procedures for recording, handling and protecting the funds as detailed in the Group's policies and procedures or other explanatory materials, or both. The Group imposes strict standards to prevent fraud and dishonesty. If Directors, Management and employees become aware of any evidence of such fraud, dishonesty, bribery and money laundering, they should immediately advise the appropriate supervising</p>

	<p>manager and/or the designated Independent Non-Executive Director so that the Group can promptly investigate into the matter and to take appropriate actions thereon. The Code of Conduct was further enhanced following the adoption of the ABC Policy to clearly and in no uncertain terms reflect the Board's commitment and assurance to a zero-tolerance towards fraud, bribery and corruption and any form of dishonest business dealings or practices. When an employee's position requires disbursing Group funds or incurring any reimbursable personal expenses, that individual must exercise good judgment on the Group's behalf to ensure that good value is received for every expenditure. Group funds and all other assets of the Group are purposed for the Group only and not for personal benefit; and</p> <ul style="list-style-type: none"> <li>• Group Records and Communications</li> </ul> <p>Accurate and reliable records are necessary to meet the Group's legal and financial obligations and to manage the affairs of the Group. The Group's books and records must reflect in an accurate and timely manner for all business transactions. The employees responsible for accounting and record keeping must fully disclose and record all assets, liabilities, or both, and must exercise diligence in enforcing these requirements. Employees must not make or engage in any false record or communication of any kind, whether internal or external, including but not limited to:</p> <ul style="list-style-type: none"> <li>- False expense, attendance, production, financial, or similar reports and statements; and</li> <li>- False advertising, deceptive marketing practices, or other misleading representations.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has documented Whistle Blowing Policies and Procedures, including reporting templates, for employees to raise genuine concerns, without fear of reprisal, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group. The Whistle Blowing Policies and Procedures document is uploaded on the Company's website at <a href="http://www.frontken.com">www.frontken.com</a>.</p> <p>The scope of matters covered by this Policies and Procedures document not only relates to concerns and complaints regarding financial matters but also any or a combination of the following:</p> <ul style="list-style-type: none"><li>(a) Financial malpractice, impropriety or fraud;</li><li>(b) Corruption, bribery or blackmail;</li><li>(c) Failure to comply with laws or regulations or group/company policies and procedures;</li><li>(d) Criminal offences and miscarriage of justice;</li><li>(e) Endangerment of an individual's health and safety;</li><li>(f) Falsification or destruction of business or financial records, or misrepresentation or suppression of financial information; and</li><li>(g) Concealment of any of the above.</li></ul> <p>For purpose of reporting, the following Independent Non-Executive Director, Mr. Ng Chee Whye, may be contacted at +60122902886 or <a href="mailto:stevenegcw632@gmail.com">stevenegcw632@gmail.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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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 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formed a Sustainability Management Committee and Risk Management Committee to address sustainability risks and opportunity in an integrated and strategic manner to support its long-term strategy and success. The Sustainability Management Committee and Risk Management Committee is chaired by Executive Director and Chief Scientist, Dr. Tay Kiang Meng, also the Chief Sustainability Officer, and assisted by management members of respective business units of the Group, where long-term health, safety, environmental and corporate responsibility and sustainability development goals are set and formatted.</p> <p>The Sustainability Committee is focus on the seven "Core Areas for Action on Sustainability" and they are (1) responsible management; (2) responsible innovation and service; (3) responsible green production; (4) responsible workplace; (5) responsible inclusion and diversity; (6) responsible supply chain; and (7) responsible climate change. Based on the core areas identified, improvement measures are studied and implemented and related activities carried out during the financial year and results achieved are summarised and reported in our Annual Report.</p> <p>In the long-term vision, the Company aims to bench its sustainability development with the GRI Framework and United Nations Sustainability Development Goals; Responsible Business Alliance Framework ("RBA"); Bursa Malaysia FTSE Russell ESG Model Framework; and by continuing to make efforts in the economic and ESG dimensions of the Company's business, and makes contribution towards resolving ESG issues.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Driven by the Sustainability Management Committee and Risk Management Committee, sustainability risks and opportunities are evaluated and identified with the aims to continuously improve and equip our employees to ensure they are able to continuously contribute to the Company's sustainability development vision. For example, every employee's responsibilities are included in their personal objectives and incentives, and is linked to business operational requirements.</p> <p>The Company is also deploying advanced technology to help its customers to develop sustainable products and services that make their critical parts last longer, perform better and recyclable in their critical processes.</p> <p>All efforts, actions, measurements and achievements related to the core areas of sustainability are summarised and reported in the Company's Annual Report.</p> <p>With engagements with both internal and external stakeholders via vision, communication, products, services and technologies, the Company believes in delivering both stakeholders and social values for the long-term growth by building excellent corporate governance that will contribute positively to the society and the environment.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company evaluated and identified risks and opportunities related to the environment including climate change following the Climate-related Financial Disclosures recommendation via its Sustainability Management Committee and Risk Management Committee. Environmental initiatives, such as waste recovery and recycling are discussed and implemented.  Notwithstanding various achievements that the Company has disclosed in its current and previous Annual Reports, the Company is exploring further improvement in conducting its business in a more sustainable manner.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board recognises the importance of sustainability in all its business operation and had included sustainability as one of the criteria in the performance evaluations, including the performance evaluation of senior management and this is reflected in the Remuneration Policy and Procedures for Directors and Senior Management dated 10 May 2022 whereby the Key Performance Indicators, among others, include consideration on ESG and sustainability.	
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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Company has formed a Sustainability Committee, chaired by the Executive Director and Chief Scientist, Dr. Tay Kiang Meng, also the Chief Sustainability Officer, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.

### 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 Nomination Committee regularly assesses the experience, the tenure, time commitment and diversity required collectively for the Board and ensures that it is periodically refreshed so that it can discharge its duties effectively.</p> <p>Nomination Committee annually reviews the performance of all directors including those seeking re-election based on the Fit &amp; Proper Policy as adopted by the Board and independence (for independent directors).</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Out of the 5 Directors, 3 of them are Non-Executive with 2 being Independent Non-Executive Director, i.e. 60% of the Board is made up of Non-Executive Directors that provides the relevant check and balance to the Executive Directors in Board deliberations.	
		The Company is in compliance with the Main Market Listing Requirements provision of at least 2 directors or 1/3 of the board of directors, whichever is higher, are independent directors. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board intends to appoint new independent Non-Executive Directors to fulfil Practice 5.2 to enhance corporate governance in the Board.	
		Although it was mentioned in the last CG Report the timeframe of 1 year, the Company needs more time to find suitable candidates that meet the criteria to be appointed as Directors of the Company and therefore, needs another 1 more year to do so.	
<b>Timeframe</b>	:	Within 1 year	

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There is no independent director on the current Board who is close to the term of 9 years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board Charter and the Fit & Proper Policy have been revised at the recent Board Meeting held in March 2023 to set a limit on the tenure of its independent directors to nine (9) years without further extension.

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In identifying and nominating candidates to fill Board vacancies when they arise, appointment of additional new Director, or replacement of Senior Management personnel, the Nomination Committee sources for candidates, normally through recommendations of fellow Directors or major shareholders, and evaluates candidates based on, amongst others, their skills, knowledge, competency, experience, time commitment, character, professionalism and integrity. In evaluating candidates, the Nomination Committee applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, cultural background or gender criteria although these attributes are taken into consideration in deriving a decision.</p> <p>The Board believes that diversity in skills and experience is fundamental towards good governance and in enhancing the effectiveness of Board deliberation. The Board consists of qualified individuals with diverse experience, backgrounds and perspectives and who have demonstrated commitment to the Company from the attendance at meetings and deliberations at the same. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.</p> <p>The Executive Directors are complemented by the experience and independent views of the Independent Non-Executive Directors as well as Non-Independent Non-Executive Director who are professionals in the field of finance, accounting, administration, strategic management, and research and development. The Board members possess a fair range of business, finance, accounting, administration, research and development, and legal experience. The mix of skills and experience are vital in directing and supervising the Group's overall business activities in light of the increasing challenging economic and operating environment in which the Group operates.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board does not solely rely on the recommendations from existing board members, management, or major shareholders but also independent sources to identify suitably qualified candidates, the likes of Lead Women and Institute of Corporate Directors Malaysia.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the other Directors' interest, qualification, position, working experience and occupation are set out in the Directors' profile in the Annual Report.</p> <p>The performance of the retiring directors is assessed by the Nomination Committee and Board before recommendation is made to the shareholders for consideration. For independent directors, the Nomination Committee also assess their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the listed company as a whole.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has established a Nomination Committee, comprising three (3) members, all of whom are Non-Executive Directors, with a majority Independent. The Chairman of the Committee is Mr Gerald Chiu Yoong Chian, an Non-Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently has one (1) female and four (4) male directors.</p> <p>The Board acknowledges the best practice of MCCG 2021 for board to comprise at least 30% women director on board. The search for additional directors not based solely on gender diversity is ongoing.</p> <p>Although the Company has not reached the 30% women directors target, the Board decisions are made objectively in the best interests of the Group taking into account diverse perspectives and insights. The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy. Hence, the Nomination Committee has been tasked to look for suitably qualified female candidate when there is a vacancy.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board shall increase woman board representation as and when there when suitable and qualified candidates are identified.
<b>Timeframe</b>	:	Others
		Ongoing

**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	:	The Company has established a policy for setting targets for gender, ethnic or age composition in the Board. However, the Board believes that more importantly, the suitability of candidates should be evaluated based on the candidates' competency, character, time availability, integrity, and experience in meeting the Company's needs while on the selection of Senior Management, it is largely based on the merits, skills and relevant experience of the candidates concerned.	
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

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board engaged an independent professional firm, BDO Governance Advisory Sdn Bhd, in FY2021 to conduct a Board effectiveness evaluation exercise to assess the effectiveness of the Board, Board Committees and Individual Directors, including Independent Directors.</p> <p>However, for FY2022, the evaluation was conducted in-house based on the questionnaires as set out in the Bursa CG Guide (4<sup>th</sup> Edition).</p> <p>The Board evaluation process identified the strengths of the Board as well as areas for improvements. A detailed self-assessment is undertaken to assess the effectiveness of the Board as a whole and the Board Committees as well as the contribution and performance of each individual Director, including the Independent Directors. The Board evaluation process was conducted via a set of questionnaires containing both quantitative and open-ended questions, based on self and peer-rating by the Chairman of the Board and respective Chairmen of the Board Committees, and the outcome was tabled at the Nomination Committee Meeting held in February 2023 and its recommendation being conveyed to the Board of Directors at the following Board Meeting for deliberations, approval and further action, if appropriate and/or necessary.</p> <p>A fit &amp; proper evaluation was also carried out for the 2 Directors who would be standing for re-election at the forthcoming 19<sup>th</sup> AGM based on the Fit &amp; Proper Policy as adopted by Frontken.</p>
<b>Explanation for departure</b>	:  

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

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

### Intended Outcome

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

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

### Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has since 10 May 2022 approved the Remuneration Policy and Procedures for Directors and Senior Management and uploaded the same to the Company’s website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee, comprising three (3) Directors, a majority of whom are Independent Non-Executive Directors. Based on the Board Charter, the Company is to assist the Board in relation to:</p> <ul style="list-style-type: none"><li>• Remuneration policies for Directors; and</li><li>• Remuneration policies for the CEO, Acting CFO and Senior Management.</li></ul> <p>The Terms of Reference of the Remuneration Committee in writing is uploaded on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Pursuant to the Main Market Listing Requirements of Bursa and in line with Practice 7.1 of the MCCG, the remuneration received by Directors of the Company, on a named basis, from the Group and Company for the financial year ended 31 December 2022 is disclosed as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Ng Wai Pin	Executive Director	87.5	6.0	72.8	3,322.8	-	4,542.2	8,031.30	87.5	6.0	2,303.2	5,169.9	-	4,662.6	12,229.2
2	Tay Kiang Meng	Executive Director	45.8	-	-	-	-	-	45.8	45.8	-	1,232.2	613.9	-	94.8	1,986.7
3	Ng Chee Whye	Independent Director	61.2	-	-	-	-	-	61.2	61.2	-	-	-	-	-	61.2
4	Koh Huey Min	Independent Director	53.5	-	-	-	-	-	53.5	53.5	-	-	-	-	-	53.5
5	Gerald Chiu Yoong Chian	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Dato' Haji Johar Bin Murat @ Murad (Retired at the 18 <sup>th</sup> AGM held on 10 June 2022)	Independent Director	25.9	-	-	-	-	15.0	40.9	25.9	-	-	-	-	15.0	40.9
7	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
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Remuneration Committee and the Board are of the view that disclosing the top 5 key Senior Management's remuneration on a named basis in bands of RM50,000 according to salaries, bonuses, benefits-in-kind and other emoluments would be disadvantageous to the Group's business interest, given the highly competitive conditions in the industry the Group operates where poaching of executives is commonplace.</p> <p>As an Alternative, the Remuneration Committee and the Board believe that the disclosure of Senior Management's remuneration, that includes the top 5 key Senior Management in the audited financial statements, are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures". It is the Group's practice to hire the best talents from the geographical regions that the Group operates in. Accordingly, the compensation and benefits packages for Group's Senior Management are structured competitively to attract, motivate and retain talents.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Board believe that the disclosure of disclosure of Senior Management's remuneration in the audited financial statements, are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures".</p> <p>The Board will consider the best practice in the Group's interest from time to time.</p>
<b>Timeframe</b>	:	OthersOngoing

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Chairman of the Audit Committee is Mr Ng Chee Whye (an Independent Non-Executive Director whilst the Board Chairman is Mr. Ng Wai Pin, who is also the Chief Executive Officer. The roles and responsibilities are clearly designated to enable each of them the time and energy to focus on their remit towards meeting the objectives of the Company. Their key foci based on the roles they play are set out briefly as follows:</p> <p>1) As Chairman of the Audit Committee:</p> <ul style="list-style-type: none"><li>• Oversees the Group's financial reporting process;</li><li>• Engages with the external and internal auditors;</li><li>• Reviews related party transactions and conflicts of interest situations; and</li><li>• Oversees the Group's enterprise-wide risk management process.</li></ul> <p>2) As Chairman of the Board:</p> <ul style="list-style-type: none"><li>• Leads the Board in its responsibilities for the business and affairs of the Company and its oversight of Management;</li><li>• Oversees the Board in the effective discharge of its fiduciary and supervisory role;</li><li>• Ensures the efficient organisation and conduct of the Board's function and meetings;</li><li>• Facilitates the effective contribution by all Directors;</li><li>• Briefs all Directors in relation to the items on the meeting agenda;</li><li>• Promotes constructive and respectful relations amongst Board members and between the Board and Management;</li><li>• Commits the time necessary to discharge effectively his role as Chairman; and</li><li>• Ensures regular and effective evaluation of the Board's performance.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised the Policies and Procedures to assess the suitability, objectivity and independence of External Auditors requiring the appointment of a formal partner of the external audit firm of the Company must observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. This applies to all partners of the external audit firm and/or its affiliate firm (including those providing advisory services, tax consulting, etc.).</p> <p>The cooling off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former partner of the external audit firm is in position to exert significant influence over the audit and preparation of the Company's financial statements.</p> <p>The Company has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of three (3) years, and no such person is appointed as a member of the Audit Committee for the financial year under review.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised the policy to assess the suitability, objectivity and Independence of External Auditors on an annual basis.</p> <p>The external auditors are precluded from providing any services that may impair or compromise their independence or conflict with their role as external auditors. In ensuring the independence of external auditors, the Audit Committee shall obtain written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The audit partner responsible for the external audit of the Company is subject to rotation at least once every seven (7) years, complies with the By-Laws by the Malaysia Institute of Accountants. A formal partner of the external audit firm of the Company has to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. This applies to all partners of the external audit firm and/or its affiliate firm (including those providing advisory services, tax consulting, etc.).</p> <p>In assessing the quality of services rendered by the external auditors during the year under review, the Audit Committee was guided by the following criteria including but not restricted to:</p> <ul style="list-style-type: none"><li>(a) the overall comprehensive of the external audit plan and the adequacy of audit scope;</li><li>(b) the ability of the external audit firm to meet audit deadlines;</li><li>(c) the timeliness in addressing and delivery audit issues during the audit;</li><li>(d) the competency of external audit team;</li><li>(e) the resource capacity of the external audit firm in relation to the audit;</li><li>(f) the effectiveness of the external audit firm's recommendation in addressing weaknesses observed during the previous audits; and</li><li>(g) the information presented by the external audit firm in its Annual Transparency Report.</li></ul>

	<p>The external auditors have been requested by the Audit Committee to furnish it with the summarised version as well as the URL to the full Transparency Report at the Audit Committee Meeting when the external auditors presented their Audit Planning Memorandum and at the Audit Review Memorandum stage.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee are satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Audit Committee. The Audit Committee made its recommendation to the Board on the re-appointment on the external auditor together with the payment of the audit fees.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Board reviewed the terms of office of the Audit Committee ("AC") members and assesses the performance of the AC and its members through the in-house Board effectiveness evaluation. The AC members are aware of the need to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and all members of the AC are financially literate. The profile and background of the Audit Committee members are set out below:</p> <p>1. Chairman, Mr Ng Chee Whye, Independent Non-Executive Director</p> <p>He is a Chartered Accountant with the Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree from the University of Canterbury, New Zealand. He began his professional career with KPMG Peat Marwick in Auckland, New Zealand, gaining experience with clients from varied industries. Thereafter, he relocated closer to home to assume varied Senior Finance roles with various IT related entities in Singapore and Malaysia, namely Hewlett-Packard Singapore (Pte) Ltd, Creative Technology Ltd and Electronic Data Systems IT Services (M) Sdn Bhd. He subsequently moved on to assume Chief Financial Officer roles with various Wealth Advisory and Fund Management entities at Prudential Fund Management Bhd, AXA Financial Services and Nexus Financial Services Pte Ltd.</p> <p>2. Gerald Chiu Yoong Chian – Member, Non-Independent Non-Executive Director</p>

	<p>He holds a BA (First Class Honours) in Engineering and Master's in Engineering (with distinction), both from the University of Cambridge, United Kingdom. He joined Dymon Asia Capital in 2012, helped establish Dymon Asia Private Equity ("DAPE"), and is a member of DAPE's investment committee. DAPE is focused on making private equity investments in Small and Medium Enterprises ("SMEs") in South East Asia, and aims to contribute both capital and expertise to the companies it invests in.</p> <p>3. Koh Huey Min– Member, Independent Non-Executive Director</p> <p>She is a fellow member of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. She has more than 30 years of experience in finance, accounting, tax, treasury fields, marketing, business development and shopping complex operations. She was appointed to the Board of Berjaya Assets Berhad as an Executive Director from June 2017 to August 2021. Prior to joining Berjaya Times Square Sdn Bhd ("BTSSB"), a wholly-owned principal subsidiary of Berjaya Assets Berhad, she was attached to PricewaterhouseCoopers for 2 years and subsequent to that, she worked in Hong Leong Group of companies for 4 years. She joined BTSSB in 1994 as Finance Manager and led the Finance and Admin Department responsible for the overall finance, accounting, tax, treasury, general admin function of BTSSB. She was promoted to Senior Finance Manager in year 2000, Deputy General Manager – Finance in 2004, General Manager – Finance in 2006, Senior General Manager in 2009 and Executive Director from 2013 to 2021.</p> <p>Based on the outcome of the Audit Committee's effectiveness assessment, the Board is satisfied with the Audit Committee's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Committee. The Audit Committee members continue to apprise themselves of changes in regulatory requirements by attending pertinent course during the financial year under review. For details of the training attended, refer to the Corporate Governance Overview Statement included in the 2022 Annual Report of the Company.</p>
<b>Explanation for departure</b>	<div></div> <div></div>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	<div></div>
<b>Timeframe</b>	<div></div> <div></div>



## Intended Outcome

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

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

## Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised an Enterprise Risk Management framework ("ERM framework" or "framework") that sets out pertinent policies and guidelines to streamline the Group's risk management initiatives and activities in a structured and holistic manner to safeguard shareholders' investment and the Group's assets. This framework, which encompasses risk management policies and guidelines for adherence by business units across the Group, is largely fashioned after the ISO31000:2009 Risk Management Principles and Guidelines which set out the key principles, framework and process on risk management.</p> <p>The ERM framework embodies a structured risk assessment process, which results in the compilation of specific risk profiles of key business units and companies in the Group by Risk Management Units ("RMUs"), including the semi-annual update of risk profiles to take into account the vagaries of changing business environment as well as emerging risks.</p> <p>The individual risks in the profile are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix deploying parameters established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof – this feature essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its corporate objectives.</p> <p>Details of specific risks are recorded in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the causes of risk, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of controls deployed to mitigate the risk. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes. The Audit Committee thereafter briefs the Board the outcome of the risk update, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate</p>

	actions are taken to mitigate the risk to an acceptable level within specified timeline. The Risk Coordinator of the Group, when reviewing the risk update by business units, enquires into the status of action plans undertaken by Management of the business units concerned and updates the Audit Committee accordingly.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>RISK MANAGEMENT</b></p> <p>Risk management is embedded in the Group's key business processes through its ERM framework, which provides, amongst others, an easy to-understand step by step approach to identify and evaluate risks faced by business units and, by extension, the Group. To streamline risk management processes and activities, the Board has formalised in writing risk management policies and guidelines for adherence by business units across the Group. The ERM framework embodies a structured risk assessment process, which results in the compilation of specific risk profiles of key business units and companies in the Group by Risk Management Units ("RMUs"), including the semi-annual update of risk profiles to take into account the vagaries of changing business environment as well as emerging risks.</p> <p>The individual risks in the profile are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix deploying parameters established for each key business unit or company in the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof – this feature essentially articulates the Board's risk appetite, i.e. the extent of risk the Group is prepared to take or seek in achieving its corporate objectives.</p> <p>Details of specific risks are recorded in individual risk registers, covering the risk description, root causes, risk consequences, internal controls implemented by Management to address the causes of risk, Management's assessment of the effectiveness of internal controls and the residual risk rating, i.e. the balance of risk after considering the effects of controls deployed to mitigate the risk. The action plans that Management has taken and/or is taking to mitigate the risks to acceptable levels are reported by the RMUs to the Audit Committee and the outcome is documented in the Audit Committee meeting minutes. The Audit Committee thereafter briefs the Board the outcome of the risk update, including any significant issues therefrom. For each of the business risks identified, a risk owner is entrusted to ensure appropriate actions are taken to mitigate the risk to an acceptable level within</p>

	<p>specified timeline. The Risk Coordinator of the Group, when reviewing the risk update by business units, enquires into the status of action plans undertaken by Management of the business units concerned and reports to the Audit Committee accordingly. During the financial year under review, additional risks identified by the business units together with the actions taken or being taken by Management to mitigate or reduce these additional risks were reported by the Risk Coordinator to the Audit Committee and only those that warranted the attention of the Board were recommended by the Audit Committee to the Board for its deliberation and approval. Whereas matters or decisions made within the purview of the Audit Committee were only escalated to the Board for its information and notation.</p> <p>The business risks as identified encompassed risks on operation and regulatory compliance.</p> <p><b>INTERNAL CONTROL SYSTEM</b></p> <p>The Group's internal control system comprises the following key elements:</p> <ul style="list-style-type: none"> <li>• an organisation structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including financial limits of authority in approving transactions and activities as well as mandate to operate bank accounts. The structure also sets out clear reporting lines and segregation of duties for key processes like strategic management, operations, sales and collections, procurement and payment, human resource, capital expenditure, research and development, financial reporting, corporate affairs, and investments;</li> <li>• a process of hierarchical reporting which provides a documented and auditable trail of accountability, with appropriate sign-off by personnel entrusted with the responsibilities;</li> <li>• an annual budgetary exercise that requires all business units and companies in the Group to formulate financial budgets which are then consolidated into a Group budget, presented to the Board for comments and approval. Quarterly review of the Group's performance against budget is carried out at Board meetings where explanations on significant variances are furnished by Management. Management meetings at operational level are conducted to review financial performance against business plans and monitor the respective business unit's performance against budget;</li> <li>• significant changes in business development are reported by Management to the Board at scheduled meetings. This oversight review enables the Board to evaluate and monitor the Group's business performance vis-à-vis its corporate objectives;</li> <li>• the Audit Committee, which is entrusted by the Board to oversee the Company's financial reporting process, in particular the quarterly and</li> </ul>
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	<p>annual announcements of the Group's financial performance, meets at least quarterly to review the announcements, seeks clarification and explanations from Management before recommending the announcements to the Board for approval;</p> <ul style="list-style-type: none"> <li>• internal policies and procedures on key business processes are formalised in writing for adherence across the Group. These policies and procedures serve as guidance to enable compliance by personnel with internal control requirements and applicable laws and regulations;</li> <li>• structured whistle-blower policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, noncompliance with laws and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal; and</li> <li>• where issues arise that affect the reliability and integrity of financial information of any business unit, special audits are commissioned by the Audit Committee or Senior Management, as the case may be, to assist the Board in fulfilling its oversight responsibilities.</li> </ul> <p><b>ASSURANCE BY THE CHIEF EXECUTIVE OFFICER AND THE ACTING CHIEF FINANCIAL OFFICER</b></p> <p>It is a policy for the Board to obtain assurance from Management on the adequacy and operating effectiveness of the Group's risk management and internal control. For this purpose, the Chief Executive Officer and Acting Chief Financial Officer provided assurance in writing to the Board stating that the Group's risk management and internal control system operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of this Report.</p> <p>With the assurance above, the Board is of the opinion that thus far, the existing risk management framework and policies and internal control are effective in monitoring and mitigating the present risks of the Group to acceptable levels in safeguarding the interest of shareholders, customers, employees and other stakeholders and the Group's assets but would continually to review and update the framework and policies to meet new and/or changing risks affecting the Group on an on-going basis.</p>
Explanation for departure	:
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

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

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group outsourced its internal audit function to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn. Bhd, to carry out internal audits covering the Group's operations, except for operations in Taiwan which are solely covered by an in-house internal auditor.</p> <p>The principal function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan approved by the Audit Committee, so as to provide assurance that such systems are adequate and functioning as intended.</p> <p>The internal auditors' responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that remedial actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.</p> <p>For more information about the internal audit function and the scope of work covered for the financial year under review, refer to the Audit Committee Report and Statement on Risk Management and Internal Audit included in the 2022 Annual Report of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the internal audit function was outsourced to an independent professional firm, namely Sterling Business Alignment Consulting Sdn Bhd. The appointment of the service provider followed an assessment of its suitability, independence and capability by the Audit Committee.</p> <p>The internal audit team was helmed by 4 professionals from the firm, including the head of the team for the financial year under review. The head of the team, Ms So Hsien Ying, is a member of the Institute of Internal Auditors, Malaysia, and a Certified Internal Auditor with more than 20 years working experience.</p> <p>As a Certified Internal Auditor, the head of the team deploys the International Professional Practices Framework in the conduct of the internal audit assessments as well as in the observance of the attributes by team members, like adhering to the definition of internal auditing, core principles and the code of conduct, which covers, <i>inter alia</i>, the need to be independent of relationship which may impair objectivity and professional independence of team members.</p> <p>The in-house internal auditor, Miss Kelly Huang, who is an accounting graduate, has a working experience of not less than 20 years covering internal audit, external audit and finance function. Independent of the activities she audits, the in-house internal auditor is tasked to assess the adequacy and operating effectiveness of the system of internal control of Ares Green Technology Corporation ("AGTC"), the Company's subsidiary helming the Taiwan operation. In carrying out her work, she adopted the internal audit guidelines from the Regulations Governing Establishment of Internal Control Systems by Public Companies issued by Taiwan Financial Supervisory Commission.</p>
<b>Explanation for departure</b>	:	

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



### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, stakeholders and public at large. Accordingly, the Board has formalized an internal Corporate Disclosure Policy in compliance with the disclosure requirements set out in the Main Market Listing Requirements of Bursa and has delegated the authority to the Board Chairman to ensure that the Corporate Disclosure Policy is adhered to by Senior Management and the Company Secretaries with respect to disclosure obligations.</p> <p>The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Company, press release, media news, share and warrant prices and also to contact the designated person on investor relations matters. The shareholders are also encouraged to subscribe for any news alert of the Company. Alternatively, shareholders may obtain the Company's latest announcements via the website of Bursa Securities at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p> <p>As part of the Group's commitment towards the communication with its stakeholders, the CEO together with experienced members of Management are directly involved and engaged in the Group's investor relations activities and programmes. The Company conducted briefings with analysts and fund managers, both local and foreign, on a regular basis. The contact information of the designated personnel is made available in the Company's Annual Report to encourage the stakeholders to channel their concerns:</p> <p>Tel.: (03) 7968 3312 Fax: (03) 7968 3316 Email: <a href="mailto:ir@frontken.com">ir@frontken.com</a></p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company, which is a Large Company under the definition of Paragraph 2.6 of the Malaysian Code on Corporate Governance, has yet to adopt integrated reporting. To enable stakeholders to make informed decisions, the Company has disclosed in its 2022 Annual Report various statements in accordance with Main Market Listing Requirements of Bursa Securities. These include the Management Discussion and Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Audit Committee Statement and Sustainability Statement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company notes that integrated reporting is an ongoing reporting improvement process and will identify the structural changes that would be required from the proposed transition to the same.	
<b>Timeframe</b>	:	Within 3 years	Please specify number of years.

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company normally despatches the notice of its Annual General Meeting ("AGM") to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>For the last Annual General Meeting held on 10 June 2022, the notice was issued on 28 April 2022 which was more than the 28 days' notice prescribed in the Practice. The notice provided detailed explanations for each resolution proposed, e.g. re-election of Directors, Directors' fees and benefits, appointment of auditors, extension of Independent Non-Executive Director, etc., to enable shareholders to make informed decisions in exercising their voting rights. An Administrative Guide was issued together with the Notice of the AGM to provide the shareholders with detail information to guide them on their remote participation and voting as well as online registration process.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the 18<sup>th</sup> Annual General Meeting ("AGM"), all the Directors, were present physically, to engage with shareholders and other attendees and the media. Moreover, Management and external auditors were also in attendance to respond to shareholders' queries.</p> <p>A presentation slide was prepared and presented by the then Chief Financial Officer, Mr Eric Hee for the information of all those present at the AGM. The following were covered in the said presentation:-</p> <ul style="list-style-type: none"><li>(a) the Group's profile;</li><li>(b) the Group's financial performance for the last ten (10) years since 2012 whereby the Group has grown from strength to strength;</li><li>(c) the dividend payouts since 2010;</li><li>(d) the initiatives undertaken by the Group regarding environment, social and governance ("ESG") and sustainability in reducing its carbon footprints as well as wastages and usage of harmful chemicals; and</li><li>(e) the awards and recognitions awarded to the Group.</li></ul> <p>At the AGM, the Chairman, at the commencement of meeting explained to shareholders their rights to be heard and to exercise their voting rights. During the meeting, the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, should they need any clarification, before putting the relevant resolutions to vote by poll.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As the 18<sup>th</sup> Annual General Meeting of the Company was held physically on 10 June 2022 held at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor therefore the Board encouraged the shareholders to attend in person so that they could engage with the Board directly and personally.</p> <p>In line with the above, the Company has appointed Tricor Investor &amp; Issuing House Services Sdn Bhd as Poll Administrator to conduct the polling process, and Scrutineer Solutions Sdn Bhd as Scrutineers to verify the poll results and did not appoint any one to provide the services to enable voting in absentia.</p> <p>Actual poll voting taking place live at the AGM itself and the results of the voting announced there and then once the outcome of the voting was available.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board would evaluate the cost benefit analysis of having a hybrid AGM before embarking on it.
<b>Timeframe</b>	:	Within 1 year

## Intended Outcome

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

## Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The 18<sup>th</sup> Annual General Meeting of the Company was held physically at Ballroom 2, Eastin Hotel Kuala Lumpur, Level LG, 13, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.</p> <p>There was very active participation by the shareholders and all Directors were present to engage with shareholders. Moreover, Management and external auditors were also in attendance to respond to shareholders' queries. A total of more than 41 with some repeated or similar questions being grouped together covering the Company's financial and non-financial performance were posted by the shareholders prior to and during the AGM and answers were given to as many as possible at the AGM itself.</p> <p>For a heads up and to manage the shareholders' expectation, the Chairman before he opened to the floor to ask question, he told all present that he would use his best endeavour to deal with as many questions as possible that day. In the event if there were too many questions or if there is any question that needs further elaboration or the answer is factual in nature and could not be answered or provided that day, the answers would be posted on the Company's website. The Chairman did manage to answer all the questions save for a few which were included in the Appendix B of the Minutes of the 18<sup>th</sup> AGM which was posted in Bursa's website as well the Company's own website for all to access.</p> <p>The complete list of questions together with the answers for the same were posted on Bursa Securities' website on 8 July 2022.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

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



## Intended Outcome

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

## Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>			
<b>Application</b>	:	Not applicable – only physical general meetings were conducted in the financial year	
<b>Explanation on application of the practice</b>	:	Not applicable as the 18 <sup>th</sup> AGM was held physically and not virtually.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the 18 <sup>th</sup> Annual General Meeting including the questions and answers and the presentation slide attached as appendices were announced and posted on Bursa Securities' website on 8 July 2022 which is less than 30 business days from the meeting.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **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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