

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the “Board”) of V.S. Industry Berhad (“VSI” or “the Company”) is committed to the implementation and maintenance of high standards of corporate governance practices throughout VSI and its subsidiaries (“the Group”) as a fundamental part of its responsibilities in managing its business affairs so as to promote business prosperity and long term sustainable growth. The Board believes that a robust corporate governance framework is essential to realise long term shareholders’ value and protect the interests of all stakeholders as well as the assets of the Group.

The Board is cognisant of the growing level of expectation by regulators and stakeholders for increased corporate governance more so as promulgated by the Malaysian Code on Corporate Governance (“the MCCG”) and accountable for fostering a robust corporate governance framework. To sustain the success of corporate governance, the Board has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The Board remains committed to uphold and strengthen the corporate governance policies and practices within the Group to strategically aligned and ensure the Group’s resilience and long-term sustainability in the dynamic changes in market conditions and evolving business landscape. The Group’s ongoing efforts aimed at enhancing and strengthening the Group’s governance practices and processes are given in the ensuing Corporate Governance Overview Statement (“CG Overview Statement”) which provides an overview or describes the extent of how the Group has applied and complied with the three (3) key Principles, 43 Practices and 5 Step ups of the MCCG for the financial year ended 31 July 2023 (“FY2023”) and up to to-date.

This CG Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Securities.

The CG Overview Statement is complemented with a Corporate Governance Report (“CG Report”), based on a prescribed format as outlined under Paragraph 15.25(2) of the MMLR which articulates the application of the Company’s corporate governance practices vis-à-vis the MCCG. The CG Report is available on the Company’s corporate website at [www.vs-i.com](http://www.vs-i.com) and via an announcement on the corporate website of Bursa Securities.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Part I Board Responsibilities

#### 1 Board’s Leadership on Objectives and Goals

##### 1.1 Strategic Aims, Values and Standards

The Board of VSI understands and instils appropriate corporate culture within the Group by taking full responsibility for the Company and the Group’s overall strategic directions, business model, succession planning, performance objectives, risk management, investor relations, compliance and accountability system, internal control system and corporate governance practices to ensure that the Company and the Group operates with integrity and achieves its strategic goals with the ultimate objective of delivering sustainable performance and maximising shareholders’ value.

In discharging its fiduciary duties within a framework founded on transparency, integrity and accountability, the Board ensures that it aligns the interests of the Board and management with that of its shareholders and all stakeholders and thus, achieving and realisation of long-term shareholders’ value, while taking cognisance of other stakeholders’ interest.

As part of the Board’s initiatives to facilitate discharge of its stewardship role, the Board has delegated certain powers to the Board Committees and the management. The clear demarcation of the respective roles and responsibilities of the Board and Board Committees as well as matters specifically reserved for collective decision of the Board are clearly outlined in the Board Charter, which serves as a reference and guiding literature for Directors in performing their duties.

The Board conducts periodic review on the Board Charter as needed and the latest being on 1 November 2022. The Board Charter is periodically reviewed with a view to aligning it with the industry best practices and enhancing its scope, taking into consideration the changing needs of the Company as well as development in rules, guidelines and regulations that may have an impact on the discharge of Board’s functions and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I Board Responsibilities (Cont'd)

#### 1 Board's Leadership on Objectives and Goals (Cont'd)

##### 1.1 Strategic Aims, Values and Standards (Cont'd)

The Board Charter is published on the Company's corporate website at [www.vs-i.com](http://www.vs-i.com).

The Board is assisted by its Board Committees, namely, Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management and Compliance Committee ("RMCC") to ensure appropriate checks and balances in discharging its oversight function, statutory and fiduciary obligations. These Committees comprise all Independent Non-Executive Directors ("INEDs"). Each of these Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews. The Board monitors the functions of the Board Committees in accordance with their respective TOR to ensure its effectiveness. The TOR for the aforesaid Board Committees are available on the Company's corporate website at [www.vs-i.com](http://www.vs-i.com).

Notwithstanding the delegation of specific powers, the Board keeps itself apprised of the key matters discussed and recommendations made by each Board Committee through the reports by the Chairman of the respective Board Committees at Board meetings. The decision on whether to act on recommendations by Board Committees lies with the Board. As a whole, the Board is the ultimate decision-making body retaining full responsibility for the direction and control of the Company and the Group. Besides, the Board provides leadership to the Company towards promoting overall business prosperity and corporate accountability and thus, enhancing all shareholders' and stakeholders' value.

During the financial year under review, the Board has devoted sufficient time to attend meetings to deliberate on matters under their purview. The Board has also delegated the responsibility of implementing the Company's strategic plans, policies and decisions adopted by the Board to the management, which is led by the Managing Director ("MD"). The MD is the conduit between the Board and the management in ensuring cohesion, efficient and effective operation of the Group. The Board will then review and deliberate on the outcome of the aforesaid implementation, if needful to recommend relevant changes to deliver the best outcomes.

##### 1.2 Chairman of the Board

The Board is led by an Executive Chairman who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

He provides effective and strategic direction, leadership and governance in order to create a conducive environment geared towards building and enhancing the Board's effectiveness and ensures that all strategic and critical issues are discussed by the Board in a timely manner. In addition, the Chairman leads in formulating pivotal policies, charting strategic course, cultivates exemplary corporate governance practices by the Board and enhance the overall Board's functions effectively and cohesively.

During Board meetings, the Chairman encourages and cultivates constructive relations between Board members and ensures open and effective deliberations are held by allowing sufficient time to be given on issues tabled for discussion at such meetings enabling well-informed and sound decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I Board Responsibilities (Cont'd)

#### 1 Board's Leadership on Objectives and Goals (Cont'd)

##### 1.3 Separation of Positions of Chairman and CEO (Chief Executive Officer)

The roles and responsibilities of CEO in the Company is assumed by the MD. The Board is aware that the presence of a strong independent element is essential to ensure a balance of power and authority. The positions of the Chairman and the MD are held by two different individuals. Their roles and responsibilities are clearly segregated to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making.

The MD is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations, ensuring effective functioning and resource management. He is supported by the Executive Directors and management team in implementing the Group's strategic plan, policies and overseeing the operations and business development of the Group.

##### 1.4 Qualified and Competent Company Secretaries

The Board is supported by professionally qualified and competent Company Secretaries who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board has direct access to the professional advice and services of the Company Secretaries, particularly relating to statutory obligations, regulatory compliance, legislation, corporate governance best practices, Board policies and procedures as well as any updates relating to corporate and securities laws and the resultant implications of any developments therein to the Group and the Directors in respect of their responsibilities and obligations to ensure compliance with the Companies Act 2016, MMLR of Bursa Securities and other relevant laws and regulations.

The Company Secretaries ensure that all Board and Board Committees meetings are properly convened and meeting materials are disseminated on a timely basis to accord Directors with adequate time to peruse the materials and prepare for the meetings. The Company Secretaries are also responsible for proper and accurate documentation of all proceedings of meetings including key deliberations, resolutions passed and any significant concerns raised by the Directors. The Company's statutory records are maintained accordingly at the Company's registered office under the care of the Company Secretaries.

The Company Secretaries constantly keep themselves abreast with the evolving regulatory changes and developments in corporate governance realm by attending the necessary trainings programmes, conferences, seminars and/or workshops to ensure effective discharge of their advisory role to the Board.

##### 1.5 Access to Information and Advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All Directors on the Board and Board Committees have full and unrestricted access to management and the Company Secretaries on all information necessary in furtherance of their duties.

The notice of Board and Board Committees meeting together with Board papers are circulated to the Directors at least one (1) week prior to each meeting. This enables the Directors to have ample time to review, seek additional information and/or clarification from the management or the Company Secretaries on the matters to be deliberated to facilitate constructive and effective discussion during the meetings. Occasionally, the Board or Board Committee meetings may be called at shorter notice when immediate attention, deliberations and decisions are required to be made.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I Board Responsibilities (Cont'd)

#### 1 Board's Leadership on Objectives and Goals (Cont'd)

##### 1.5 Access to Information and Advice (Cont'd)

The Board papers circulated include financial results, forecasts and latest development in the Group. The Company leverages technology to expedite the dissemination of additional information and latest updates to the Board and Board Committees for a better well-informed decision making. In addition, the Management and/or external advisors may be invited to attend Board meetings to provide insight, advise and furnish clarification required on relevant matters of discussion to enable the Board to arrive at an informed decision.

The Board's deliberation, in terms of the pertinent issues discussed at the meetings in arriving at the decisions and conclusions thereof are properly recorded by the Company Secretaries by way of minutes of meetings. The minutes will then be tabled at the subsequent meetings for confirmation.

Sufficient time is allocated to the Chairman of the respective Board Committees to brief the Board on salient issues deliberated and decisions made at Committee meetings under a separate agenda at Board Meeting following their respective meetings.

The Board is regularly updated and advised by the Company Secretaries on development in regulatory requirements and the implications to the Group and Directors in discharging their duties and responsibilities.

The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice if required, in furtherance of their duty, at the Group's expense.

#### 2 Demarcation of Responsibilities

##### 2.1 Board Charter

The Board Charter had been established with the objectives to promote high standards of corporate governance which is designed to provide guidance, clarity and awareness to all Board members on the operation of the Board, outlines the composition, roles, duties and responsibilities, functions, processes and procedures of the Board and those powers and functions delegated to the Board Committees as well as matters specifically reserved for collective decision of the Board. The Board is guided by the Board Charter for the effective discharge of its fiduciary duties.

The Board Charter is subject to periodical review by the Board to ensure that it remains consistent with the Board's roles and responsibilities, relevant and effective to the changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter enhances governance practices on the Board in line with the principles of good corporate governance in the MCGG and requirements of MMLR of Bursa Securities.

#### 3 Good Business Conduct and Corporate Culture

##### 3.1 Code of Ethics and Conduct

The Board observes the Company Directors' Code of Ethics as established by the Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia or "SSM"). The said Code of Ethics is published on SSM's website at [www.ssm.com.my](http://www.ssm.com.my).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I Board Responsibilities (Cont'd)

#### 3 Good Business Conduct and Corporate Culture (Cont'd)

##### 3.1 Code of Ethics and Conduct (Cont'd)

The aim of the Code of Ethics is the enhancement of standard of corporate governance and corporate behaviour through establishing standards of ethical behaviour based on trustworthiness and values, uphold the spirit of accountability and social responsibility in line with legislations, regulations and guidelines governing a company as well as promoting the sustainability of a company by pursuing “Environmental, Social, and Governance” (ESG) strategies in its business. In line with good corporate governance practices, the Board, management, and employees shall act honestly, objectively and diligently while carrying out their duties and they shall not act in a manner which could discredit the Company in any manner.

##### 3.2 Anti-Bribery and Anti-Corruption Policy

In compliance with the requirements set forth in the Guidelines on Adequate Procedures to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Anti-Corruption Framework Policy (“the Policy”) has been adopted as part of the Company’s commitment against all forms of bribery and corruption. The Policy aims to set out the main principles, policies and guidelines upon which the Company practices in relation to anti-corruption. The Policy is applicable to everyone within the Group to address matters in relation to improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. The Group advocates strict adherence of the Policy by all parties involved in the Group’s supply chain and procurement process.

The Policy has been adequately communicated to all parties within the Group, associates and other stakeholders through various communication channels and is published on the Company’s corporate website at [www.vs-i.com](http://www.vs-i.com).

The Board is mindful of any potential corruption risk and hence, it has been included in the annual risk assessment of the Group.

Adherence to this and the Whistleblowing Policy under Principle 3.3 by all in the performance of their duties is essential to maintain the Group’s reputation for fair and ethical practices among customers, suppliers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is essential to achieve the Group’s business goals in an open, honest, ethical and principled manner.

##### 3.3 Whistleblowing Policy

The Board is cognisant that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other malpractice or improper conduct must include a mechanism whereby employees can report their concerns freely without fear of reprisal or intimidation.

As part of the continuous effort to ensure that good corporate governance practices are being adopted, the Company has in place a Whistleblowing Policy which allows the whistle blower(s) to raise concerns about actual or potential corporate fraud or breach of ethics involving any Directors, management or employees of the Group.

The policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.

All whistle blowing reports are to be addressed to the Whistleblowing Unit (on behalf of the Chairman of the AC) which comprise Head of Internal Auditor, Head of Risk and Compliance, and Head of Human Resource. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistle blower against any form of reprisal or retribution save and except for circumstances as prescribed in the policy.

The Whistleblowing Policy and the procedures are available on the Company’s corporate website at [www.vs-i.com](http://www.vs-i.com).

There were no cases of breaches in ethics and integrity practices reported for the FYE2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part I Board Responsibilities (Cont'd)

#### 3 Good Business Conduct and Corporate Culture (Cont'd)

##### 3.4 Fit & Proper Policy

Pursuant to Paragraph 15.01A of the MMLR, the Board had on 29 June 2022 established the Directors' Fit and Proper Policy to govern the appointment and re-election of directors within the Group. The aforesaid policy provides guidance to the NC and the Board in their review and assessment of candidates to be appointed to the Board as well as existing directors who are retiring and seeking re-election. This policy serves to ensure that the person to be appointed or re-elected as a director possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment and participation and contribution to the Board and the Company.

The Directors' Fit & Proper Policy is published on the Company's corporate website at [www.vs-i.com](http://www.vs-i.com).

##### 3.5 Sustainability Governance

The Board is cognisant that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence. In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

The Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The detailed articulation in the Sustainability Statement contained in the Company's Annual Report provides the internal and external stakeholders with information on the Group's sustainability strategies, priorities, targets as well as the overall performance.

### Part II Board Composition

#### 4 Board Objectivity

##### 4.1 Board Composition

The Board presently comprises twelve (12) members with the composition as outlined below:

Directorate	Director(s)
<i>Executive Chairman</i>	Datuk Beh Kim Ling
<i>Managing Director</i>	Datuk Gan Sem Yam
<i>Executive Director</i>	Dato' Gan Tiong Sia Ng Yong Kang Beh Chern Wei ( <i>Ma Chengwei</i> ) ( <i>his alternate,</i> <i>Chong Chin Siong</i> ) Gan Pee Yong
<i>Independent Non-Executive Director</i>	Tan Pui Suang Wong Cheer Feng Dr. Lim Boh Soon Wee Beng Chuan Lee Li Ming ( <i>Appointed on 1 August 2023</i> ) Dato' Lai Kim Seong ( <i>Appointed on 1 August 2023</i> ) Diong Tai Pew ( <i>Resigned on 31 January 2023</i> )

Brief profile of each Director is detailed under Profile of Directors in this Annual Report.

The Board is committed to board diversity to ensure that collectively, it possess a diverse mix of skills, experience, expertise and perspectives that enhance the effectiveness of its processes and decision-making whilst embraces gender diversity in board composition.

The Board is in compliance with Chapter 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors. In the event of any vacancy in the Board, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within three (3) months.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 4 Board Objectivity (Cont'd)

##### 4.1 Board Composition (Cont'd)

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director under Paragraph 1.01 and Practice Note 13 of the MMLR of Bursa Securities. The key elements for fulfilling the criteria are the appointment of independent Directors who are not members of management (non-executive) and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Half of the current Board comprises Independent Directors following the more recent appointment of additional INEDs. The Board remains mindful on the Board's composition to comprise a majority INEDs and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decisions are made through their sharing of impartial, objective and unbiased opinion and viewpoints.

Although all Directors shared equal responsibility for the Group's business directions and operations, the presence of INEDs is essential in ensuring that the management proposals are fully discussed, challenged and evaluated, by taking into account the interest not only of the Group but also all interested parties, including shareholders, employees, customers, suppliers and the communities as a whole.

Further, the current composition of the Board Committees and had, at least since the last five (5) years comprise all INEDs which affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function. The significant contributions of the Independent Directors in the decision-making process are evidenced by their participation as members of the various Board Committees. Hence, the INEDs are able to carry out their duties and to provide an unfettered and unbiased independent judgement and to promote good corporate governance.

Therefore, the lack of the necessary number of INEDs does not impair and jeopardise the independence of Board deliberations and decisions to facilitate effective and well-balanced stewardship and management in the best interest of the Company and the Group. Nonetheless the Board will continue its best effort to appoint suitable INEDs in the near future to ensure that INEDs form a majority of the Board composition.

##### 4.2 Tenure and Policy on Tenure of Independent Directors

The Company's Board Charter provides that the tenure of its INEDs shall not exceed a cumulative or consecutive term of nine (9) years.

There are six (6) INEDs on the Board presently, namely Tan Pui Suang, Wong Cheer Feng, Dr. Lim Boh Soon, Wee Beng Chuan, Lee Li Ming and Dato' Lai Kim Seong. As at to-date, none of the INEDs have served a consecutive term of nine (9) years.

The Board had, through NC, assessed the independence of its INEDs on annual basis and is satisfied that the INEDs have demonstrated independence in their conduct and behaviour and that each of them is independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the Group. Besides, the INEDs also performed self assessment on their independence to ensure compliance with the MMLR of Bursa Securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 4 Board Objectivity (Cont'd)

##### 4.2 Tenure and Policy on Tenure of Independent Directors (Cont'd)

###### Diversity of Board and Senior Management

The Group sees a diverse Board and senior management as an essential element in supporting the attainment of strategic aims. In this regard, the Company has at all times practices non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background or geographic region when selecting Board member and senior management. It believes that an inclusive culture will enable the Company to leverage differences in perspective, knowledge, skill and experience in achieving a sustainable and balanced development. All appointments have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Board has a good balance of members to ensure that no one individual or a small group of individuals can dominate the Board's decision-making process. The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as engineering, manufacturing, strategic planning, general management, sales and marketing, finance and accounting, auditing, banking and tax. As such, the Group is essentially led and guided by a competent Board that promotes robust discussion and decision-making, and cultivates cohesive collaborations at all levels to generate sustainable growth for the benefit of all its stakeholders.

#### 4.3 Gender Diversity

Whilst acknowledging the recommendation of the MCCG on gender diversity of at least 30% women directors, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Currently, the Board has two (2) female members, namely Tan Pui Suang and Lee Li Ming which meet the requirement under Paragraph 15.02(1)(b) of the MMLR. The Group recognises the importance of boardroom diversity to enhance decision-making capability and performance of the Company by bringing diverse perspectives. It adheres to the practice of non-discrimination with regard to gender in selection of candidate for directorship or employment. The evaluation of the suitability of candidates is always based on the candidates' competency, skill, character, time commitment, integrity, performance, knowledge and experience to bring value and expertise to the Board.

The issue of diversity has been discussed and given prominence during deliberations by the NC and the Board. The Company does not set any specific target for gender diversity in the boardroom but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces the aforesaid gender diversity. In addition, the Board affirmed that in the event of any Board vacancy in future, gender diversity shall be one of the criteria to be considered by the NC during their evaluation and selection process whilst the ultimate objective is to create a well-rounded Board that brings together diverse talents.

#### 4.4 Diverse Sources for New Candidate(s) for Board Appointment

There was one (1) new appointment and one (1) resignation of Independent Director to the Board during the FYE2023. There were also two new appointments of INED subsequent to the aforesaid financial year end, namely Lee Li Ming and Dato' Lai Kim Seong, both on 1 August 2023 which seek to further strengthen the Board composition.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 4 Board Objectivity (Cont'd)

##### 4.4 Diverse Sources for New Candidate(s) for Board Appointment (Cont'd)

In identifying suitable candidates for the Board, the NC is open to utilise a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.

##### 4.5 Nomination Committee ("NC")

The NC is empowered by the Board to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programs. The NC recognised that an effective succession planning and talents development is a pivotal role in shaping the leadership landscape which sets the tone in ensuring the Group achieves its long-term sustainable growth and strategic objectives.

The members of the NC which comprises exclusively all NEDs as at the date of this CG Overview Statement are as follows:

<b>Name</b>	<b>Position</b>
Wong Cheer Feng	Chairman
Dr. Lim Boh Soon	Member
Wee Beng Chuan	Member

During the year under review, the changes to the composition of the NC were as follows:

- (a) Diong Tai Pew has ceased as a member of the NC following his resignation as INED of the Company on 31 January 2023.
- (b) Wee Beng Chuan was appointed as the member of NC on 31 January 2023

The NC would meet at least once (1) annually with additional meetings convened on as and when needed basis.

During the year under review, key activities undertaken by the NC are summarised as follows:

- (a) Considered and reviewed the Board's present size, structure and composition of the Board as well as the required mix of skills, experience, composition, size and competency required.
- (b) Assessed and recommended to the Board for the continuation of service of the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation. The aforesaid include assessment of the fit and proper criteria of the Directors seeking for re-election based on the following:
  - i. Character and Integrity that encompasses probity, honesty, personal integrity, financial integrity and reputation;
  - ii. Experience and Competence that encompasses qualifications, training and skills, relevant experience and expertise, relevant past performance or track record; and;
  - iii. Time and Commitment that encompasses ability to discharge role having regard to other commitments, participation and contribution in the board or track record.
- (c) Assessed the independence of the INEDs and recommended to the Board for the continuation of service.
- (d) Reviewed the term of office and performance of the AC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 4 Board Objectivity (Cont'd)

##### 4.5 Nomination Committee ("NC") (Cont'd)

During the year under review, key activities undertaken by the NC are summarised as follows (Cont'd):

- (e) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees. Broadly, the criteria used for the aforesaid performance evaluations are as follows:

Assessment on	Criteria used
Board and Board Committee	Mix and Composition, Skill sets, Participation and Decision Making
Individual Director	Skill sets, Competency, Character and Personality, Experience, Integrity, Time Commitment

- (f) Discussed the character, experience, integrity and competence of the Directors, and MD and to ensure they have the time to discharge their respective roles.
- (g) Noted the development programmes attended by the Directors for disclosure in the CG Overview Statement in the Annual Report.
- (h) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards.

- (i) Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board and recommended to the Board the appointment of an additional Independent Director.

Further to the item 4.4 mentioned above, the process for Board appointments included but not limited to the conduct of background reference check, assessment by NC and thereafter, making the relevant recommendations for Board's consideration and approval. Having considered the NC's recommendation for the appointment of Director, the Board would then approve the appointment subject to the proposed candidate fulfilling the fit and proper assessment and compliance with other statutory requirements.

#### 5 Board Assessments

##### 5.1 Overall Effectiveness of the Board and Individual Directors

The NC conducts an annual review of the effectiveness of the Board and Board Committees as well as the performance of each individual Director. The assessment is administered via customised questionnaires, using a self and peer-rating model for continuous improvement.

The Committee reviews annually the required mix of skills and experience for Directors and assesses the contributions of each individual Director. Furthermore, the NC reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.

Annual assessment on effectiveness of the Board and Board Committee as a whole has been conducted based on specific criteria, include, among others, individual Director's knowledge and experience in the Group's core business, personal qualities, professional skills and business development skills.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 5 Board Assessments (Cont'd)

##### 5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

The NC had also reviewed and assessed the independence of the Independent Directors based on the Directors' professionalism and integrity in the decision-making process, ability to form independent judgments, as well as objectivity and clarity in deliberations in addition to the specific criteria of independence as set out in the MMLR of Bursa Securities. The results of all assessments and comments by Directors were summarised tabled for review and discussion at the NC meeting. The results and deliberations of the NC would be noted by Board.

Based on the outcome of evaluation for the financial year under review, the NC and the Board were satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory.

The NC believes that the current Board composition is well balanced with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election.

All the Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or reappointment.

The Constitution of the Company also empowers the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Company's Constitution. In accordance with the Company's Constitution, the newly appointed directors will retire at the subsequent AGM and are eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately. The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted and guided by the criteria and probity set out in the Directors' Fit and Proper policy.

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice. During FY2023, the Board held six (6) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions and the direction of the Group.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 5 Board Assessments (Cont'd)

##### 5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

Detail of attendance of each Director at the Board and respective Board Committees meetings held during the financial year under review is as tabulated below:

Directors	Board	AC	NC	RC	RMCC
Datuk Beh Kim Ling	6/6	-	-	-	-
Datuk Gan Sem Yam	6/6	-	-	-	-
Dato' Gan Tiong Sia	5/6	-	-	-	-
Ng Yong Kang	6/6	-	-	-	-
Beh Chern Wei (Ma Chengwei)	6/6	-	-	-	-
Gan Pee Yong	6/6	-	-	-	-
Diong Tai Pew <sup>1</sup>	4/4	2/2	1/1	-	-
Tan Pui Suang	6/6	4/4	-	-	5/5
Wong Cheer Feng	6/6	4/4	4/4	2/2	5/5
Dr. Lim Boh Soon	6/6	-	4/4	2/2	5/5
Wee Beng Chuan <sup>2</sup>	3/3	2/2	3/3	-	-

Note: <sup>1</sup> Resigned on 31 January 2023

<sup>2</sup> Appointed on 25 November 2022

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles, duties and responsibilities as Directors of the Company as demonstrated by their attendance at the meetings of the Board and Board Committees.

All the Directors do not hold more than 5 directorships in other public listed companies as required under Paragraph 15.06 of the MMLR of Bursa Securities to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must first notify the Chairman together with indication of time to be spent on new appointment before accepting any new Directorship in other public listed companies so as to ensure that time commitment and responsibilities to the Company will not be affected.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 5 Board Assessments (Cont'd)

##### 5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

###### Training

The Board, through the NC, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. All the existing Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the MMLR. The Board takes cognisance of the circulars relating to the amendments to the MMLR issued by Bursa Malaysia on 6 June 2023 in relation to sustainability training for directors by expanding the MAP to two (2) parts, comprising MAP Part I and MAP Part II as follows:

- i. MAP Part I - The existing training for directors in relation to corporate governance and a director's roles, duties and liabilities; and
- ii. MAP Part II (new) - Focusing substantively on sustainability.

The Board takes strict adherence to the time frame stipulated by the MMLR in complying with the MAP Part I and II.

The Board encourages its Directors to attend relevant training to enhance their skills and knowledge on the relevant new laws and regulations, changing commercial and financial risks to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates. The Directors are regularly updated by the Company Secretaries on key developments in the Companies Act 2016, MMLR of Bursa Securities and the MCGG.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and is opined that the Directors individually will, on a continuous basis, evaluate and determine their respective training needs to assist them in the discharge of their duties

as Directors as they are in the better position to assess their own areas of concern. Hence, the Directors will continue to attend the relevant training programmes, conferences, seminars and/or forums so as to stay abreast with the ever-changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations.

Nonetheless, the NC had recommended for training to improve financial literacy and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws.

For the FYE2023, the training programmes and seminars attended by the Directors are as follows:

<u>Director</u>	<u>Training/Conference/Seminar</u>
Datuk Beh Kim Ling	• Environmental, Social & Governance
Datuk Gan Sem Yam	• Environmental, Social & Governance
Dato' Gan Tiong Sia	• Environmental, Social & Governance
Beh Chern Wei (Ma Chengwei)	• Environmental, Social & Governance
Gan Pee Yong	• Environmental, Social & Governance
Ng Yong Kang	• Environmental, Social & Governance
Tan Pui Suang	• Environmental, Social & Governance • Board of Directors Leadership - ESG Essentials • Conversation with AOB • Reserve Matters for Shareholder • OECD - Pillar 2 • Budget 2023
Wong Cheer Feng	• Environmental, Social & Governance • Raising Defences-Section 17A, MACC Act
Dr. Lim Boh Soon	• Environmental, Social & Governance

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part II Board Composition (Cont'd)

#### 5 Board Assessments (Cont'd)

##### 5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

###### Training (Cont'd)

For the FYE2023, the training programmes and seminars attended by the Directors are as follows (Cont'd):

Director	Training/Conference/Seminar
Wee Beng Chuan	<ul style="list-style-type: none"> <li>• Environmental, Social &amp; Governance</li> <li>• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>• How to Raise Funds with Sustainable Bonds</li> <li>• Tax and Business Summit 2023</li> </ul>
Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	<ul style="list-style-type: none"> <li>• Environmental, Social &amp; Governance</li> </ul>

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.

## Part III Remuneration

### 6 Level and Composition of Remuneration

#### 6.1 Remuneration Policy

The Company has an executive remuneration package in place to attract, retain, motivate and reward Directors of the calibre needed to lead the Group towards success. Essentially, the Board took the approach for the remuneration to be reward based in which remuneration packages will fairly remunerate the executive Board members for their contribution to the Group. The level and composition of the 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.

The remuneration package of the executive Board members is structured to ensure that compensation and benefits commensurate with the level of skills and experience and performance of individual executive Board members in addition to performance based targets such as revenue growth and profitability.

The Remuneration policies and decisions are made through a transparent and independent process. The policies and procedures to determine remuneration of Directors and senior management which are periodically reviewed have been put in place. The components of the remuneration package for the Executive Directors include fixed salary, fixed fees, allowance, bonus, performance incentive and benefits-in-kind. The Executive Directors played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III Remuneration (Cont'd)

#### 6 Level and Composition of Remuneration (Cont'd)

##### 6.1 Remuneration Policy (Cont'd)

As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, knowledge, level of responsibilities and the onerous challenges in discharging their fiduciary duties. The remuneration for Non-Executive Directors consists of fixed annual Directors' fees. The determination of Directors' fees for all Directors shall be a matter for the Board as a whole.

During the financial year, the RC met twice, attended by all the members to consider the remuneration package for the Executive Directors as well as Directors' fees and benefits payable for all Directors. The RC and the Board has reviewed the fees and benefits for the Directors to ascertain the competitiveness of the current package vis a vis the increased scope of responsibility as well as tighter legislative, regulatory and ever-changing business environment. Based on the outcome of the review, the fees and benefits of the Directors were deemed to be reasonable.

All deliberations of the RC are properly documented in the minutes of Committee meetings with results and recommendations of the RC noted by the Board.

#### 6.2 Remuneration Committee ("RC")

The RC comprises two (2) members, all of whom are INEDs. The present composition of the RC is as follows:

Name	Position
Wong Cheer Feng	Chairman
Dr. Lim Boh Soon	Member

During the year under review, the RC carried out the following activities:

- Reviewed and recommended the fee structure and allowances for Directors.
- Reviewed and recommended the annual bonus and performance incentive for Executive Directors.
- Reviewed and recommended remuneration package of Executive Directors.

#### 7 Remuneration of Directors and Senior Management

##### 7.1 Details of Directors' Remuneration

All Directors are paid Directors' Fees for serving as members of the Board with the fees appropriate to their contribution, taking into consideration effort, commitment and time spent as well as the responsibilities of the Directors. The payment of these fees is approved by shareholders at each AGM.

The fees for the Directors are endorsed by the Board for approval by the shareholders at the AGM prior to payment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III Remuneration (Cont'd)

#### 7 Remuneration of Directors and Senior Management (Cont'd)

##### 7.1 Details of Directors' Remuneration (Cont'd)

The remuneration received / receivable by the Directors of the Group and the Company for FY2023 is tabulated below:-

##### Group Level

Directors	Salaries and other emoluments <sup>1</sup> RM million	Fees RM million	Benefits- in-kind RM million	Incentives and share- based benefits <sup>2</sup> RM million	Total RM million
<b>Executive Directors</b>					
Datuk Beh Kim Ling	6.141	0.018	0.013	2.476	8.648
Datuk Gan Sem Yam	7.406	0.018	0.064	2.384	9.872
Dato' Gan Tiong Sia	3.116	0.018	0.016	2.314	5.464
Ng Yong Kang	1.437	0.018	0.021	1.213	2.689
Chong Chin Siong	1.612	0.009	0.013	1.219	2.853
Beh Chern Wei (Ma Chengwei)	1.596	0.009	0.028	1.092	2.725
Gan Pee Yong	1.766	0.018	0.016	1.092	2.892
<b>Non-Executive Directors</b>					
Diong Tai Pew*	-	0.101	-	-	0.101
Tan Pui Suang	-	0.126	-	-	0.126
Wong Cheer Feng	-	0.168	-	-	0.168
Dr. Lim Boh Soon	-	0.131	-	-	0.131
Wee Beng Chuan#	-	0.077	-	-	0.077
<b>Total</b>	<b>23.074</b>	<b>0.711</b>	<b>0.171</b>	<b>11.790</b>	<b>35.746</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III Remuneration (Cont'd)

#### 7 Remuneration of Directors and Senior Management (Cont'd)

##### 7.1 Details of Directors' Remuneration (Cont'd)

###### Company Level

Directors	Salaries and other emoluments <sup>1</sup> RM million	Fees RM million	Benefits-in-kind RM million	Incentives and share-based benefits <sup>2</sup> RM million	Total RM million
<b>Executive Directors</b>					
Datuk Beh Kim Ling	1.162	0.018	0.013	0.763	1.956
Datuk Gan Sem Yam	1.796	0.018	-	0.690	2.504
Dato' Gan Tiong Sia	0.676	0.018	0.016	0.570	1.280
Ng Yong Kang	1.437	0.018	0.021	1.213	2.689
Chong Chin Siong	1.612	0.009	0.013	1.219	2.853
Beh Chern Wei (Ma Chengwei)	1.110	0.009	0.028	1.092	2.239
Gan Pee Yong	1.179	0.018	0.016	1.092	2.305
<b>Non-Executive Directors</b>					
Diong Tai Pew*	-	0.061	-	-	0.061
Tan Pui Suang	-	0.126	-	-	0.126
Wong Cheer Feng	-	0.168	-	-	0.168
Dr. Lim Boh Soon	-	0.131	-	-	0.131
Wee Beng Chuan#	-	0.077	-	-	0.077
<b>Total</b>	<b>8.972</b>	<b>0.671</b>	<b>0.107</b>	<b>6.639</b>	<b>16.389</b>

Note: <sup>1</sup> This comprises bonus and contribution to state plans  
<sup>2</sup> This comprises performance incentive and equity settled share based transactions  
\* Resigned on 31 January 2023  
# Appointed on 25 November 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### Part III Remuneration (Cont'd)

#### 7 Remuneration of Directors and Senior Management (Cont'd)

##### 7.2 Details of Top 5 Senior Management's Remuneration

The Board is aware of the need for transparency in the disclosure of its senior management's (who are not executive Board members) remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of the senior management personnel besides taking into consideration of the Company's performance, commensurate with the level of responsibilities, merits, qualification and competencies, with due consideration in attracting, retaining and motivating senior management to lead and run the Company successfully.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Part I Audit Committee ("AC")

#### 8 Effective and Independent AC

##### 8.1 Chairman of the AC

The Chairman of the AC is an INED who is not the Chairman of the Board. Details on the composition and other pertinent facts of the AC are outlined under the AC Report in this Annual Report.

##### 8.2 Policy Requiring Former Key Audit Partner to Observe At Least 3-year Cooling Off Period

During the FYE2023 and as reported in the earlier Annual Report 2022, a former key audit partner had been appointed to the Board after observing more than a five (5) years' cooling off period. The appointment of the aforesaid Director had been approved by the Board upon the recommendation by the NC premised on the satisfactory results of assessment conducted.

Going forward, the Board will continue to observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.

##### 8.3 Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditor

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with accounting standards. The Company's independent external auditors play a critical role for the stakeholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial information.

The AC meets up with the external auditors at least twice a year for the external auditors present their audit plan, audit findings and their comments on the Group's financial statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Part I Audit Committee ("AC") (Cont'd)

#### 8 Effective and Independent AC (Cont'd)

##### 8.3 Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditor (Cont'd)

The AC also met once with the external auditors without the presence of the executive Board members and management during the financial year under review, to allow the AC and the external auditors to exchange independent views on crucial areas which require the AC's attention.

The AC has assessed the suitability and independence of the external auditors vis a vis adequacy of experience and resources of the external auditors before deciding to recommend their re-appointment to the Board. The re-appointment of external auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

The above mentioned assessment of external auditors includes reviewing the engagements for provision of non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money. Forbidden engagements include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The AC is well apprised of the requirement under the Malaysian Institute of Accountants By-Law and the International Ethics Standards Boards for Accountants' International Code of Ethics for Professional Accountants revised non-assurance service standard which requires that all non-assurance services provided by the independent auditor to an audit client that is a public interest entity, or its direct or indirect controlling/controlled entities, should be pre-approved by those charged with governance. This requirement is to enable those charged with governance of the public interest entity audit client to have oversight of the independence of the auditor.

Accordingly, the AC has recommended to the Board and the Board has adopted the pre-approval policy of non-assurance services which sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor will be pre-approved for the entities within the corporate structure of the Company.

The AC has considered the non-audit services provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise nor impair the external auditors' independence and objectivity. The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information of this Annual Report.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements.

The Board, having considered the recommendations by the AC, is satisfied with the level of independent and performance of the external auditors including quality of audit review procedures, adequacy of audit firm's expertise, its resources to carry out the audit work according to the audit plan and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

#### 8.4 Composition of the AC

The AC comprises solely of INEDs as the Board observes and values the independence of the AC. The composition, roles and responsibilities and key activities of the AC are set out under the AC Report in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Part I Audit Committee ("AC") (Cont'd)

#### 8 Effective and Independent AC (Cont'd)

##### 8.5 Diversity in Skills of the AC

The AC currently comprises members with professional experience in financial, taxation, audit, general management, strategic planning and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

### Part II Risk Management and Internal Control

#### 9 Effective Risk Management and Internal Control Framework

##### 9.1 Establish an Effective Risk Management and Internal Control

Recognising the importance of risk management, the Group has established an Enterprise Risk Management Framework ("ERM Framework") to identify, evaluate, control, monitor and manage significant business risks faced by the Group on an ongoing basis.

In line with the MMLR of Bursa Securities and the MCCG, the Group has also established its internal audit function by setting up an in-house internal audit team, to carry out internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan approved by the AC.

The key features of the ERM Framework and details of the Company's internal control system and internal audit's scope of work during the financial year under review are provided in the Statement on Risk Management and Internal Control in this Annual Report.

#### 9.2 Disclosure on the Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The significant audit findings of the internal audit function and the recommendations for improvement are reported to the AC on a quarterly basis.

#### 9.3 Risk Management and Compliance Committee ("RMCC")

The RMCC was established with the main objective of assisting the Board in ensuring adequate and effective risk management and internal controls and processes are in place. The RMCC provides support to the Board by reviewing the ERM Framework adopted by the Group and the risk management process employed to identify, evaluate and manage key business risks. The RMCC with support from the risk management team, has assisted the Board in fulfilling its oversight functions in the risk governance by establishing a sound internal control and risk management framework to manage the various risks faced by the Group with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group.

The risk management function is supported by the Risk Sub-Committee and Group Risk Team who are tasked to spearhead and co-ordinate the ERM process, while the Heads of Business Units assumed the responsibility to ensure that risk management is embedded in the Group's daily business processes. Further details of the respective functions of the aforesaid Risk Sub-Committee, Group Risk Team and Business Units are provided in the Statement on Risk Management and Internal Control in this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### Part II Risk Management and Internal Control (Cont'd)

#### 9 Effective Risk Management and Internal Control Framework (Cont'd)

##### 9.3 Risk Management and Compliance Committee ("RMCC") (Cont'd)

A risk management report summarising the high and significant risks and status of action plans is communicated to the Risk Sub-Committee and RMCC for review, deliberation and recommendation for endorsement by the Board on a quarterly basis.

#### 10 Effective Governance, Risk Management and Internal Control

##### 10.1 Effectiveness of the Internal Audit Function

##### 10.2 Disclosure on the Internal Audit Function

The Group has an in-house internal audit function that is independent of the activities and operations it audits. The internal audit function reports directly to the AC on a quarterly basis. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control system to provide reasonable assurance on the adequacy and integrity of the risk management system, internal control and governance of the Group to safeguard the Group's assets and resources.

It is also the responsibility of the internal audit function to provide the AC with independent and objective reports on the state of internal controls and risk management of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The AC reviews and approves the Internal Audit Plan annually and ensures that adequate resources are in place to facilitate the discharge of duties by the internal audit function. The internal audit team adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The AC also monitors the feedback and reports from the internal audit team on matters relating to non-compliance, weakness in internal control systems and the implementation of agreed corrective action plan to address such inadequacies by the management. The activities of the internal auditors during the financial period are set out in the Statement on Risk Management and Internal Control in this Annual Report.

## PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Part I Communication with Stakeholders

#### 11 Continuous Communication between Company and Stakeholders

##### 11.1 Effectiveness and Transparent and Regular Communication with Stakeholders

The Board recognises the need for comprehensive, timely, consistent and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities. The Board believes that a robust and interactive stakeholder engagement and management are important components of good corporate governance and promotes a better appreciation of the Company's and the Group's long-term strategies and vision.

However, whilst the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Board observes the Corporate Disclosure Guide as issued by Bursa Securities which is calibrated in line with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and also setting out the protocols for disclosing material information to shareholders and stakeholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### Part I Communication with Stakeholders (Cont'd)

#### 11 Continuous Communication between Company and Stakeholders (Cont'd)

##### 11.1 Effectiveness and Transparent and Regular Communication with Stakeholders (Cont'd)

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for “Investors” on the Company’s corporate website where updates on the corporate information, financial information, stock information, announcements and corporate governance, among others, can be accessed. The Group Financial Controller is the designated person to address any queries from stakeholders including potential shareholders. The investor relations’ email address is also published on the corporate website to ease accessibility by all.

The Company’s general meetings remain an informative platform for the shareholders to engage directly with the Company’s Directors. Shareholders are encouraged to attend the general meetings and they are given sufficient time and opportunity to participate in the proceedings, raise concerns on the resolutions being proposed and the operations of the Group and also to communicate their expectations on the Group.

All Directors will attend and participate at the Company’s general meetings and are available to provide meaningful response if there is any question addressed to them.

##### 11.2 Integrated Reporting

The Board is of the view that the existing Annual Report provides a holistic overview of the Group’s business and operational activities as non-financial information are disclosed through the Sustainability Statement, Management Discussion & Analysis and the Audit Committee Report to complement the financial information.

The present Sustainability Statement has incorporated certain elements of integrated reporting such as organisation overview, governance policies and performance. These represent the Board’s commitment towards sustainability and a more comprehensive reporting going forward. Nonetheless, the Board would suggest for an interim period for the awareness of Integrated Reporting to be better appreciated by Management personnel before it is adopted.

### Part II Conduct of General Meetings

#### 12 Encourage Shareholder Participation at General Meeting

##### 12.1 Notice for Annual General Meeting

The Board recognises the importance of keeping the shareholders, stakeholders and the general public informed with the Group’s business, performance and corporate developments.

The AGM provides a principal platform for the shareholders to interact or engage directly with the Board as well as allowing shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification. Question and answer session is conducted to allow for the shareholders to enquire or comment about the Company’s financial performance and business operations in general.

The Company Secretary and the Group’s external auditors are also available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholders.

The Company encourage shareholders’ participation in AGM by providing adequate notice. The Company had dispatched its Notice of the 40th AGM held in 2023 to shareholders more than twenty-eight (28) days before the date of the meeting to enable shareholders to peruse the annual report and papers supporting the resolutions proposed. Each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of the proposed resolution.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

## PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

### Part II Conduct of General Meetings (Cont'd)

#### 12 Encourage Shareholder Participation at General Meeting (Cont'd)

##### 12.1 Notice for Annual General Meeting (Cont'd)

Whilst this Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the Board readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or Circulars.

The notice for the upcoming AGM in 2024 will be sent at least twenty-eight (28) days in advance for the shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. The rights of shareholders, including the rights to demand for a poll, are found in the Company's Constitution.

##### 12.2 Directors to Attend General Meetings

All Directors of the Company had attended the Company's 40th AGM held on 6 January 2023.

#### 12.3 Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

The Constitution of the Company provides for the use of any available technology or method that allows all shareholders of the Company to participate and to exercise the shareholders' rights to speak and vote at general meeting or any adjournment thereof subject to rules, regulations and laws prevailing. Based on an analysis of the investors, the Company does not have a large number of shareholders and, a large majority of investors are Malaysians. Further, all general meetings are held at a location which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable. As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings. However, in the event that physical attendance at any of the Company's general meeting is curtailed and/or not permitted arising from unforeseen circumstances, the use of available technology is prioritised to allow shareholders' full participation including the right to attend, speak (via text messages) and vote at such general meeting.

## STATEMENT ON COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The CG Overview Statement is issued in accordance with a resolution of the Board of Directors dated 20 November 2023.