

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5134  
**COMPANY NAME** : Southern Acids (M) Berhad  
**FINANCIAL YEAR** : March 31, 2025

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has the ultimate responsibility for establishing strategies and policies to drive the affairs of the Group to build and deliver long-term shareholders' value whilst meeting the interests of the shareholders and other stakeholders.</p> <p><b>Board Committees</b> In assisting the Board in discharging the Board with oversight functions in certain areas more effectively, two Board Committees ("BC") have been established, namely Audit Committee ("AC") and Nomination &amp; Remuneration Committee ("NRC"). Each BC has its own approved written terms of reference ("TOR") setting out its composition, authorities and duties.</p> <p><b>Cultivating Good Business Conduct</b> Setting the tone from the top, the Board instills ethical and professionalism among the employees. The Board has also adopted several code and policies for all employees of the Company and its subsidiaries. There are as follow:</p> <ul style="list-style-type: none"><li>✚ Code of Conduct &amp; Ethics ("CoCE")</li><li>✚ Anti-Bribery and Anti-Corruption ("ABAC")</li><li>✚ Whistleblower Policy ("WP")</li></ul> <p><b>Key Roles &amp; Responsibilities</b> Broadly the main roles and responsibilities of the Board, among others, are as follow:</p> <p><b>1. Setting Company's Strategy</b></p> <ul style="list-style-type: none"><li>✚ Set the Group's strategy, review and adopt the overall strategic plans and programmes for the Group and ensure that the strategic plan supports long term value creation and sustainability for the Group</li><li>✚ Oversee the conduct of the business of the Group in order to ensure the business of the Group is properly being managed and conducted</li></ul>

	<p><b>2. Oversight Roles</b></p> <ul style="list-style-type: none"> <li>✚ Provide effective oversight over senior management of the Company (Senior Management”) activities</li> <li>✚ Present a balanced, clear and comprehensive assessment on the financial performance, position and prospects of the Company and the Group through quarterly and annual financial statements</li> <li>✚ Review principal risks and ensure that an effective and ongoing process is in place to identify risks to safeguard shareholders’ investment and the Group’s assets</li> </ul> <p><b>3. Managing shareholders’ and stakeholders’ expectation</b></p> <ul style="list-style-type: none"> <li>✚ Ensure the Company has in place procedures to enable effective and timely communication with shareholders and stakeholders</li> </ul> <p>Matters reserved for the Board:</p> <ul style="list-style-type: none"> <li>✚ approval for corporate plans and programmes;</li> <li>✚ approval of annual budgets;</li> <li>✚ approval of new ventures;</li> <li>✚ approval of material acquisitions and disposals of properties and undertakings; and</li> <li>✚ changes to the Senior Management and control structures within the Group, including key policies, delegated authority limits.</li> </ul> <p>The Board Charter, TORs of the BCs, code and policies are available in the Corporate Governance section of the Company’s website at <a href="http://www.southernacids.com">www.southernacids.com</a>.</p>
<p><b>Explanation for departure</b></p>	<div></div> <div></div>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<div></div>
<p><b>Timeframe</b></p>	<div></div> <div></div>

## 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 Board is led by Tan Sri Datuk Seri Panglima Sulong Matjeraie ("Tan Sri Sulong"), an Independent Non-Executive Director plays a pivotal role in instilling the Company's commitment to uphold corporate governance.</p> <p>As the Chairman, Tan Sri Sulong is responsible for leading and ensuring effective conduct of the Board. In fulfilling this role, he is guided under Section 3.5.1 of the Board Charter which set out his main responsibilities as follow:</p> <ul style="list-style-type: none"><li>✚ To lead the Board in establishing and monitoring good corporate governance practices in the Company;</li><li>✚ To lead the Board efficiently and in an effective manner;</li><li>✚ To ensure the efficient organisation and conduct of the Board's functions and meetings;</li><li>✚ To facilitate the effective contribution of all Directors at Board meetings;</li><li>✚ To encourage active participation and allowing dissenting views to be freely expressed;</li><li>✚ To promote constructive and respectful relations between Directors and between the Board and Senior Management; and</li><li>✚ To ensure effective communication with shareholders and stakeholders.</li></ul> <p>In discharging his leadership role as Chairman, Tan Sri Sulong ensures that Board decisions taken are in the best interest of the Company and reflect the Board's consensus.</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

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

### Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director (“MD”) are held by different individuals namely Tan Sri Sulong as the Chairman and Dato’ Sri Dr Nick as the MD.</p> <p>This practice is embedded in the Board Charter.</p> <p>The Chairman leads the Board in its collective oversight of management and the MD focuses on the business and day-to-day management of the Company. The division of responsibilities between the Chairman and MD is clearly articulated under Section 3.5 of the Board Charter.</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

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>	:	<div>The Company is complying with the Bursa Malaysia Securities Malaysia ("Bursa Malaysia") Main Market Listing Requirements ("MMLR"), under Paragraph 15.08A (1).</div> <div>The Board is of the view that the NRC is capable of discharging their duties and responsibilities independently, and their collectively decision will able to meet the overall Company's objectives.</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>	:	
<b>Timeframe</b>	:	<div></div> <div></div>

## 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 Board is supported by professionally qualified and competent Company Secretaries namely:</p> <ul style="list-style-type: none"><li>✚ Madam Lim Kui Suang; and</li><li>✚ Madam Ng Shu Ling.</li></ul> <p>The Board shall appoint someone who is qualified, experienced, and capable of carrying out duties attached to the post.</p> <p>The Company Secretaries report directly to the Board, advising the Board, usually through the Chairman, on governance and compliance matters and ensuring there is an effective system of corporate governance in place. Annually, the Company Secretaries shall undertake continuous professional development, to keep abreast with the many developments around corporate and securities law, listing rules and corporate governance practices.</p> <p>The Company Secretaries are guided under Section 6.0 of the Board Charter which set out his main responsibilities as follow:</p> <ul style="list-style-type: none"><li>✚ Advise the Board and Board Committees on their roles and responsibilities;</li><li>✚ Advise the Board and Board Committees on governance issues and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation;</li><li>✚ Advise and continuously update the Board on corporate disclosures and compliance with listing requirements, company and securities legislations and related regulations</li><li>✚ Ensure proper upkeep of statutory registers and records;</li><li>✚ Manage the logistics of all Board, Board Committees, and general meetings, attend and record minutes of the meetings thereof;</li><li>✚ Assist the Chairman in determining the annual Board plan and the administration of other strategic issues;</li><li>✚ Facilitate in the induction of new directors and assist in director training and development.</li></ul> <p>All Directors have full access to the advice and services of the Company Secretaries whenever necessary.</p>



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

## Intended Outcome

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

## Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Board Meeting Papers</b> All directors are provided with agenda of the meeting, minutes of the previous meeting and relevant set of reports on matters to be discussed ("Board Papers") circulated at least five (5) business days before a board meeting to ensure that Directors are well informed and have sufficient time to read in advance.</p> <p><b>Board Meeting Minutes</b> The Board shall ensure that Board Minutes are a concise summary of the matters discussed at a board meeting and contain a brief reference to relevant Board Papers tabled including any official resolutions adopted by directors.</p> <p>All decisions will be recorded in Board Minutes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter, which provides the guiding principles to achieve the Company's objectives, and serve as a primary reference point in discharging their fiduciary duties respectively of the following:</p> <ul style="list-style-type: none"><li>Chairman</li><li>MD</li><li>Board</li><li>Board Committees</li><li>Board members</li><li>Senior management</li></ul> <p>The Board Charter is periodically reviewed and approved by the Board to be in line with the prevailing regulations.</p> <p>There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. There are as follow:</p> <ul style="list-style-type: none"><li>approval of corporate plans and programme</li><li>annual budgets</li><li>new ventures</li><li>material acquisitions and disposal of properties and undertakings</li><li>changes to the Senior Management and corporate structure of the Company and its subsidiaries.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed in promoting good business conduct and maintaining healthy corporate culture. CoCE has been established by the Board and implemented by the management.</p> <p>CoCE which is available on the Company’s website outlines the following:</p> <ul style="list-style-type: none"><li>✚ ethical principles</li><li>✚ expected standard of conducts in conducting business</li><li>✚ compliance with applicable laws and regulations</li></ul> <p>to all directors, employees and business associates with the Company and its subsidiaries.</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

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

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

### Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has in place a WP which provides a channel for employees and other stakeholders to raise concerns on potential improprieties, including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct.</p> <p>The implementation of the WP is under the purview of the AC.</p> <p>Whistleblower is guided to make a report directly to the AC Chairman via a dedicated email at <a href="mailto:sabwhistle@southernacids.com">sabwhistle@southernacids.com</a> to ensure confidence and without fear of retaliation.</p> <p>WP is available on the Company's website.</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

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 a sustainability governance structure to oversee the sustainability practices across the organisation. As mandated by the Board, sustainability matter is under the purview of the AC and supported by the Sustainability &amp; Risk Assessment Body ("SRAB") at the management level.</p> <p>SRAB is chaired by the MD with participation from heads of business unit and other key management staff, assists the Board to achieve the overall effectiveness and adequacy in the management of environmental, social and governance ("ESG") matters.</p> <p>The objective of the SRAB is overseeing the progress on delivering of the sustainability commitments and identify future sustainability-related risks and opportunities to the Company and its subsidiaries as well as to align the Company's expectation and business strategy to the sustainability focus areas.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The sustainability strategies, priorities, targets, and performance against these targets of the Company are regularly reviewed, developed, and monitored on annual basis.</p> <p>Engagements with stakeholders are carried out annually to understand and manage stakeholders' needs and expectations.</p> <p>The Sustainability Statement which is available in page 30 – 67 of the Company’s annual report 2025 (“AR2025”), elaborated on the Company’s sustainability journey, detailed the description of the Company’s stakeholder groups, their engagement, and targets as well as performance against these objectives are available for the Company’s internal as well as external stakeholders.</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

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>	:	<p>Sustainability matter has been integrated into AC meeting agenda, where AC will be briefed and updated by the SRAB on quarterly basis.</p> <p>The Board received regular updates from the AC Chairman on the Company's sustainability initiatives as well as observations on the risks and opportunities to the Company.</p> <p>As at the date of this report, all Directors had completed the mandatory sustainability onboarding programme, Mandatory Accreditation Programme Part II, Leap For Impact, an initiative under the Securities Commission Malaysia's Corporate Governance Strategic Priorities 2021-2023 which conducted by the Institute of Corporate Directors Malaysia.</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 4.4

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	:	Sustainability matters are included in the annual evaluation forms for directors as well as the annual performance evaluation for the management.  The annual evaluation process is facilitated internally via the NRC based on a formal process guided by its TOR.	
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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

## Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The effectiveness of the Board as a whole and the individual Director, including Directors due for annual re-election are assessed and evaluated annually by the NRC.</p> <p>The results of the annual assessment are presented to the Board accordingly, which include the recommendation for the re-election of retiring directors.</p> <p>The criteria of the annual assessment are guided by the NRC's TOR.</p> <p>During the financial year, the existing composition of the Board and Board Committees found to be satisfactory, thus the existing directors due for annual re-election were recommended for shareholders' approval in the forthcoming Annual General Meeting ("AGM").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As at 31 March 2025, the Board has six members, consists of the following:</p> <ul style="list-style-type: none"><li>Two Executive Directors</li><li>One Non-Independent Non-Executive Director</li><li>Three Independent Non-Executive Directors.</li></ul> <p>In summary, Independent Non-Executive Directors constitute 50% of the Board composition.</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 5.3

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently the Company does not have a policy to limit the tenure of Independent Directors to nine years and is of the view that the ability of Independent Director to carry out the roles and responsibilities effectively are dependent on individual calibre, experience, and personal qualities.</p> <p>Restriction on the tenure may result the loss of expertise which are key contributor to an efficient Board.</p> <p>In the coming 44th AGM, the Board shall seek shareholders' approval to retain Tan Sri Sulong who has served as an Independent Non-Executive Director for a cumulative term of more than nine years through a single-tier voting process at the forthcoming AGM.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises a diverse and an inclusive Board will leverage the differences of its members, will achieve effective stewardship. More importantly, the merits of the candidate are critically important in supporting the Company to meet its strategic objectives.</p> <p>In addition, NRC is also guided by the Directors' Fit and Proper Policy established on 19 May 2022 which set out the fit and proper criteria for the appointment of Directors and the re-election of Directors of the Company.</p> <p>Director(s) who is existing on board of other listed-companies are required to disclose including the principal activities to the NRC for evaluation and assessment. This is to ensure the director(s) able to devote sufficient time to serve on the Company's board effectively and has no conflict of interest with the Company's businesses.</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, via the NRC, had implemented a stringent selection criterion for new board member.  The Board leverages on various sources for wider pool of potential candidates such as recommendation from internal sources, external source, acquaintance and industry practitioners for recommendations.  In FY2025, there was no appointment of new director for the Company.	
<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>	:	Director's information as per Part A (3) of the Appendix 9C of the Bursa Malaysia MMLR are set out in the Profile of Directors in the AR2025 whereas their interest in the Company, if any is included in the Statistics of Shareholdings section of the AR2025.  The details of the Directors who will retire and being eligible for re-election at the coming AG, and as well as the statement by the Board to support the re-election of directors are disclosed in the explanatory notes to the agenda of the AGM.
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is complying with the Bursa Malaysia MMLR, under Paragraph 15.08A (1).	
		In the opinion of the Board, the NRC which include two other members who are Independent Non-Executive Director, collectively be able to make decision objectively in the best interests of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.9**

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 Company is complying with the Bursa Malaysia MMLR, under Paragraph 15.02 (1) (b).</p> <p>The Board believes that while it is important to promote gender diversity, it should not set a target just to fill the required vacancy for gender diversity as the over-riding criteria. Selection should be based on the merit of individual that best fits the Company's requirements.</p> <p>However, the Board recognises the important of gender diversity and strives to achieve at least 30% women participation on the Board.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>While the Company does not have a policy on gender diversity for the Board and Senior Management, the gender diversity criteria element is set out in the Board Charter as well as TOR of the NRC of the Company.</p> <p>While the Board acknowledges the importance of gender diversity for the Board and Senior Management, the selection of suitable candidates is based on the candidates' knowledge, merit, qualification, competency and other qualities in meeting the needs of the Company and its subsidiaries.</p> <p>The Board is endeavouring to consider suitable and qualified female candidates for the appointment to the Board as well as Senior Management.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>							
<b>Application</b>	: Applied						
<b>Explanation on application of the practice</b>	: The annual assessment on the effectiveness of the Board, BCs and the contribution of each individual Director of the Company and Independent Directors are conducted annually by the Board, via the NRC.  The criteria for the annual assessment are as follow: <table><tr><td><b>Individual director</b></td><td><ul style="list-style-type: none"><li>• Will and ability of critically challenge and ask the right question</li><li>• Character and integrity in dealing with potential conflict of interest situations</li><li>• Commitment to serve the Company, due diligence and integrity</li><li>• Confidence to stand up for a point of view</li></ul></td></tr><tr><td><b>Board</b></td><td>Categorised into the following section:<ul style="list-style-type: none"><li>• Broad mix and composition</li><li>• Quality of information and decision making</li><li>• Boardroom activities</li></ul></td></tr><tr><td><b>Audit Committee Member</b></td><td><ul style="list-style-type: none"><li>• Personality and characteristic</li><li>• Experience including financial literacy</li><li>• Skills and experience in evaluate data on the Company's business and risk environment</li><li>• Understanding on the Company's significant financial and non-financial risks</li></ul></td></tr></table>	<b>Individual director</b>	<ul style="list-style-type: none"><li>• Will and ability of critically challenge and ask the right question</li><li>• Character and integrity in dealing with potential conflict of interest situations</li><li>• Commitment to serve the Company, due diligence and integrity</li><li>• Confidence to stand up for a point of view</li></ul>	<b>Board</b>	Categorised into the following section: <ul style="list-style-type: none"><li>• Broad mix and composition</li><li>• Quality of information and decision making</li><li>• Boardroom activities</li></ul>	<b>Audit Committee Member</b>	<ul style="list-style-type: none"><li>• Personality and characteristic</li><li>• Experience including financial literacy</li><li>• Skills and experience in evaluate data on the Company's business and risk environment</li><li>• Understanding on the Company's significant financial and non-financial risks</li></ul>
<b>Individual director</b>	<ul style="list-style-type: none"><li>• Will and ability of critically challenge and ask the right question</li><li>• Character and integrity in dealing with potential conflict of interest situations</li><li>• Commitment to serve the Company, due diligence and integrity</li><li>• Confidence to stand up for a point of view</li></ul>						
<b>Board</b>	Categorised into the following section: <ul style="list-style-type: none"><li>• Broad mix and composition</li><li>• Quality of information and decision making</li><li>• Boardroom activities</li></ul>						
<b>Audit Committee Member</b>	<ul style="list-style-type: none"><li>• Personality and characteristic</li><li>• Experience including financial literacy</li><li>• Skills and experience in evaluate data on the Company's business and risk environment</li><li>• Understanding on the Company's significant financial and non-financial risks</li></ul>						

		<ul style="list-style-type: none"> <li>• Understanding on the Company's compliance processes</li> <li>• Understanding of financial and statutory reporting requirements</li> <li>• Understanding of the Company's significant accounting policies, accounting estimates and financial reporting practices</li> </ul>
	<b>Nomination &amp; Remuneration Committee Member</b>	<p><b>Overall</b></p> <ul style="list-style-type: none"> <li>• Personality and characteristic</li> <li>• Experience to meet the objectives of the NRC's TOR</li> </ul> <p><b>Nomination Function</b></p> <ul style="list-style-type: none"> <li>• Understanding of human resource legislation and issues</li> <li>• Understanding of the requirement for Board and Board Committees composition</li> <li>• Understanding on the nomination and appointment process of director</li> <li>• Understanding the Company's succession planning</li> <li>• Skills and experience in the field of talent retention, capacity building, performance evaluation and skillset development for directors and senior management</li> </ul> <p><b>Remuneration Function</b></p> <ul style="list-style-type: none"> <li>• Understanding of remuneration package of Non-Independent Executive Director ("NIED"), INED, Non-Executive Chairman and CFO</li> <li>• Understanding of the Company's compensation policy and its alignment to corporate performance and compensation offered are comparable with market practices</li> </ul>
	<b>Independence of Independent Director</b>	<ul style="list-style-type: none"> <li>• Meet the requirements as spell out under Chapter 1, Para 1.01 of the Bursa Malaysia Main Market Listing Rules</li> <li>• Demonstrate and promote values of transparency, accountability and responsibility</li> <li>• Participate on Board and Board Committees deliberation and provide an independent view or objective advice</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>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		



### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>While the Board does not have a formal policies and procedures on remuneration, the remuneration policies and procedures are set out in the TOR of the NRC which is available on the Company's website.</p> <p>The following are the criteria used for the annual remuneration evaluation exercise:</p> <ul style="list-style-type: none"><li>✚ To review the remuneration of Executive Directors, Non-Executive Directors, MD and CFO and that the remuneration packages are determined on the basis of the Directors', MD's and CFO's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.</li><li>✚ To review the annual remuneration to be in alignment of compensation to corporate performance and compensation offered that are comparable with market practice; and</li><li>✚ To engage external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



### 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 Company's NRC comprises of one Non-Independent Non-Executive Director and two Independent Non-Executive Directors has been tasked with the duties and responsibilities to assist the Board in implementing policies and procedures on matters relating to the remuneration of the Board and Senior Management.</p> <p>The nomination duties and responsibilities are as follow:</p> <ul style="list-style-type: none"><li>(i) To review the policy on board composition and determine the mix of skills, experience and other qualities. Including core competencies of non-executive Directors annually;</li><li>(ii) To review succession planning for senior management, including nominations to the Board of Directors of the Company &amp; appointment of the MD and Chief Financial Officer ("CFO");</li><li>(iii) To establish clear and appropriate criteria to assess the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and each member of the Board Committees including the assessment of the independence of the Independent Director on an annual basis;</li><li>(iv) To establish and review the criteria on the selection and recruitment process and policy on board composition, taking into consideration the suitability of candidates against consideration such as competencies, commitment, contribution and performance, including the current composition of Board and Board Committees, mix of skills and experiences of directors, independence and diversity (including gender diversity) on an annual basis.</li></ul> <p>The remuneration duties and responsibilities are as follows:</p>

	<p>(i) To establish and review the policy on remuneration of Executive Directors, Non-Executive Directors, MD and CFO and that the remuneration packages are determined on the basis of the Directors', MD's and CFO's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.</p> <p>(ii) To review the compensation policy and ensure alignment of compensation to corporate performance and compensation offered that are comparable with market practice; and</p> <p>(iii) To recommend the engagement of external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary.</p> <p>The NRC's TOR is available 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>	:	Details of the remuneration for each of the Company Directors on a named basis received or to be received by them from the Company and its subsidiaries, and the Company for the financial year ended 31 March 2025 ("FY 2025") are set out in the table below:

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	Tan Sri Sulong	Independent Director	135.0	14.4	Input info here	Input info here	Input info here	Input info here	149.4	135.0	14.4	Input info here	Input info here	Input info here	Input info here	149.4
2	Dato' Sri Dr Nick	Executive Director	90.0	11.0	518.4	216.0	88.1	39.0	962.5	105.0	11.0	518.4	216.0	88.1	39.0	977.5
3	Datuk Wira Lim	Executive Director	90.0	11.0	576.0	180.8	30.3	42.3	930.4	144.4	11.0	576.0	180.8	30.3	42.3	984.8
4	Stephen Wan	Independent Director	135.0	14.4	Input info here	Input info here	Input info here	Input info here	149.4	135.0	14.4	Input info here	Input info here	Input info here	Input info here	149.4
5	Chung Kin Mun	Non-Executive Non-Independent Director	90.0	12.8	Input info here	Input info here	Input info here	Input info here	102.8	90.0	12.8	Input info here	Input info here	Input info here	Input info here	102.8
6	Debbie Choa	Independent Director	90.0	8.0	Input info here	Input info here	Input info here	Input info here	98.0	90.0	8.0	Input info here	Input info here	Input info here	Input info here	98.0
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 Board is of the view that disclosure of the remuneration of Senior Management on named basis will be disadvantageous to the Company's interests given the current human capital environment for key personnel with the right skills set, the requisite knowledge, expertise and experience are very competitive.</p> <p>In addition, such disclosure may yield to recruitment and talent retention issues.</p>	
		<p>The aggregate remuneration of top Senior Management received in FY2025 was RM 3.4 million. The top five Senior Management's remuneration (excluding Executive Directors) of the Company and its subsidiaries for FY2025 in alphabetical order are Alex Chan Choon Hoong, Cheong Kee Yoong, Herry Mukiat, Tan Suet Guan and Thevakumar Kaliaperumal.</p>	
		<p>The remuneration value above is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, inclusive of employer contributions to provident fund, benefits-in-kind and other emoluments.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

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



**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AC Chairman is Mr. Stephen Wan, an Independent Director, who is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The observation of a cooling-off period of at least three years before a former audit partner is appointed as a member of the Audit Committee is embedded in the TOR of the AC.</p> <p>Currently, none of the AC members was a former key audit partner of the Company.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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 AC assesses the independence and objectivity of the external auditors in carrying out the statutory audit for SAB and its subsidiaries annually prior to the re-appointment of the external auditors.</p> <p>The following are the criteria used for the assessment:</p> <ul style="list-style-type: none"><li>✚ Internal Assessment via feedback from the Company's management team, among others, as follow:<ul style="list-style-type: none"><li>○ appropriate qualification of the audit team</li><li>○ sufficient continuity of the audit team staff for the job</li><li>○ sufficient industry focus and experience of the audit team</li><li>○ deliverables in terms of timeline as well as quality of the financial report</li></ul></li><li>✚ Annual written/verbal confirmation from Auditors' Independence Policies; and</li><li>✚ Assurance from the Auditors Rotation of Partners and Managers.</li></ul> <p>The external auditors, Deloitte PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</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>The composition of the Audit Committee must comply with Para 15.09 (c) of Chapter 15 of the Bursa Malaysia MMLR. In addition, the following criteria are used in assessing the suitability of the AC member by the NRC:</p> <ul style="list-style-type: none"><li>✚ Personality and characteristic</li><li>✚ Experience including financial literacy</li><li>✚ Skills and experience in evaluate data on the Company's business and risk environment</li><li>✚ Understanding on the Company's significant financial and non-financial risks</li><li>✚ Understanding on the Company's compliance processes</li><li>✚ Understanding of financial and statutory reporting requirements</li><li>✚ Understanding of the Company's significant accounting policies, accounting estimates and financial reporting practices</li></ul> <p>The qualification and experience of the individual AC members are disclosed in the Profiles of Directors in the AR2025.</p> <p>AC members had during the financial year attended the relevant continuous professional development programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the training programmes attended by the AC members are set out in the Corporate Governance Overview Statement of the AR2025.</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

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 is responsibility for the organisation's risk management and internal control systems. Under the current risk governance structure, the Board is supported by the AC, to fulfil its fiduciary duties and oversight functions whereas the AC is supported by our outsourced internal auditors, PwC Risk Services Sdn Bhd ("PwC RS") and at the management level, the SRAB.</p> <p>The effectiveness of the internal controls was reviewed by the AC in relation to the audits carried out by PwC RS during the financial year. Findings, together with actions taken by the management to address the issues presented by PwC RS were deliberated on during the AC meetings.</p> <p>Control Self-Assessment (CSA) environment has been adopted by the management in implementing its risk management practices. Through CSA, department heads and the risk reporting team who are directly involved in their respective operational areas, divisions, functions, or processes are empowered to assess and identify risks at the operational level.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the Company's risk management and internal control framework, as well as the adequacy and effectiveness of the framework are described in the Statement of Risk Management and Internal Control of the Company's AR 2025.  Key functions undertaken by those entrusted with risk management and internal control responsibilities as well as the measures being put in place to manage risks are also articulated in the said statement.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has outsourced the internal audit function to an independent assurance provider, PricewaterhouseCoopers Risk Services Sdn Bhd ("PwC RS"), who appointed by the AC.</p> <p>The AC will assess the effectiveness of the audit function and its resources of PwC RS annually. The internal audit strategy and a detailed annual internal audit plan are presented to the AC for assessment and approval.</p> <p>PwC RS will provide independent validation and recommendations for improvement in the areas of governance, risk and control.</p> <p>The internal audit was performed in accordance with generally acceptable internal auditing practices. The approach to be undertaken by PwC RS is as follow: -</p> <ul style="list-style-type: none"><li>✚ Planning discussions with management for business understanding and to identify focus area</li><li>✚ Identify and test selected controls within the focus area</li><li>✚ Develop recommendations in areas where improvements are required</li><li>✚ Conduct exit meeting and obtain management comments, proposed actions and implementation dates for the recommendations</li><li>✚ Presentation to the Audit Committee on the audit observations and recommendations</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

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>PwC RS and its engagement team are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The number of engagement team members will depend on the complexity of each assignment. Specialised staff may be assigned when necessary. Staffs involved in the engagement team possess professional qualifications and/or a university degree that had passed the recruitment process of PwC Malaysia.</p> <p>The Engagement Partner is Encik Nik Shahrizal Sulaiman who has a broad range of experience in governance, risk, audit and compliance. Professionally, Encik Nik is qualified in chartered accountancy ("Institute of Chartered Accountants in England and Wales" or "ICAEW"), investments ("Chartered Financial Analyst" or "CFA"), risk management ("Financial Risk Manager" or "FRM") and treasury ("Pasaran Kewangan Malaysia Certificate" or "PKMC") and he has over twenty years (20) of professional experience in the United Kingdom and Malaysia.</p> <p>The internal audit was conducted based on PwC RS own internal audit methodology which takes into considerations of International Professional Practice Framework.</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

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 ensures that its communication with its shareholders and various stakeholders is effective, transparent and regular. This is to ensure impartial treatment of investors by promptly and equitably disseminating a clearer picture of the Company's financial performance and position.</p> <p>The current various channels of communications are as follow:</p> <ul style="list-style-type: none"><li>announcements via Bursa LINK</li><li>disclosures on the Company's website</li><li>annual report of the Company</li><li>AGM/Extraordinary General Meeting ("EGM")</li><li>Press release and analyst/media briefing if applicable</li></ul> <p>Save for AGM an EGM, the rest of the channels are accessible by 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**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has been practising distributing Notice of AGM to shareholders with at least twenty-eight (28) days prior to the date of AGM.</p> <p>In the last 43<sup>rd</sup> AGM of the Company which was held on 26 August 2024, notice for the AGM was issued on 26 July 2024 which is more than 28 days’ notice which is well in advance of the 21 days requirement of the Companies Act 2016 and the Bursa Malaysia MMLR.</p> <p>This allowed additional time for the Shareholders to consider the proposed resolutions tabled at the AGM and to make informed decisions accordingly.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 13.2**

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>In the last AGM held on 26 August 2024, all the Directors of the Company, including the Chair of the AC and NRC were present.</p> <p>The AGM was conducted in an orderly manner and allowed the shareholders the opportunity to participate remotely and submit questions using the Remote Participation and Voting (“RPV”) facilities in the deliberations of the resolutions being tabled to the shareholders.</p> <p>All questions raised were answered by the Board.</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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has leveraged on technology in its 43<sup>rd</sup> AGM which was fully virtual through live streaming. The online meeting platform was provided by Tricor Investor &amp; Issuing House Sdn. Bhd. (“Tricor”) in Malaysia via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>Tricor has engaged a reputable company to review and test the application and to give assurance that the application has met all the standard operational requirements as part of the good cyber hygiene practices that protect data privacy and security of its platform.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 13.4

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>Shareholders are given sufficient time to participate and engage with the Board and Senior Management at the last AGM.</p> <p>Firstly, they are encouraged to submit their written questions at least one week before the AGM via email to the company share registrar, Boardroom <i>Share Registrars</i> Sdn Bhd. And at the commencement of AGM 2024, the Chairman duly advised the shareholders that they were encouraged to submit their questions or queries using the messaging window facility throughout the AGM proceeding.</p> <p>All the directors of the Company including the chairman of the BCs, external auditors and Senior Management members were present at the broadcast venue to respond to the shareholders' questions.</p>
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	
	:	

## Intended Outcome

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

## Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company last AGM was held virtually via TIH Online website at <a href="https://tiih.online">https://tiih.online</a> provided by Tricor was supported by an experienced technical support team as well as the required infrastructure and equipment.</p> <p>To encourage remote shareholders' participation and voting in absentia at the AGM, the Company provided the procedures and action required pertaining to the meeting to the shareholders under the Notes of the Notice of the 43<sup>rd</sup> AGM. This enabled them to participate and vote at the 43<sup>rd</sup> AGM remotely via RPV facilities provided by Tricor.</p> <p>Questions received from shareholders prior to the 43<sup>rd</sup> AGM were displayed on the screen during the meeting, while questions posed during the meeting were read out clearly by the Chairman followed by responses by the Board and/or Senior Management.</p> <p>Key matters discussed were recorded in the minutes of the AGM which were 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

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The key matters discussed during the AGM were uploaded onto the Company's website. Shareholders can write in to the Company Secretaries to request for a copy.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## **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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