CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	9334
COMPANY NAME	**:**	KESM Industries Berhad
FINANCIAL YEAR	**:**	July 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors (the "Board") sets the strategies of the Company and its group of companies (collectively the "Group"), ensures that the Group is led and managed in an effective and responsible manner in accordance with standards of corporate governance practices promulgated by relevant laws, rules and regulations, policies, standards and guidelines applicable to the Group. In order to ensure the effective discharge of its duties and responsibilities, the Board is governed by a board charter ("Board Charter") and other internal guidelines that have been established by the Board, which clearly sets out the roles, powers and responsibilities of members of the Board, including matters reserved for the Board's consideration and approval, and those which the Board may delegate to relevant Board Committees, the Executive Directors ("EDs") and the senior management staff (collectively the "Senior Management"). The Board Committees comprise the Audit Committee ("AC") and the Nominating Committee ("NC"), which terms of reference ("TOR") are also encapsulated in the Board Charter. The Board Charter is available on the Company's website at www.kesmi.com. Amongst the steps taken by the Board to satisfy its functions and responsibilities are: (1) reviewing, approving and adopting the overall strategic plan for the Group, after deliberating with the Senior Management to ensure that the strategic plan is aligned to market requirements and is customer-centric. The management, led by the EDs, develops the operating plans, puts them into actions, monitors actual results against planned performance and implements corrective actions and ensures compliance with all relevant statutory and legal obligations, as well as ensuring that proper risk management and internal control systems are in place;

	(2) conducting periodical reviews of the Group's strategies and business focus concurrently with the regular financial results reporting, performances and policies, and monitoring compliance with all relevant statutory and legal obligations to promote a good corporate governance culture which reinforces ethical, prudent and professional behaviour; (3) promoting sustainability strategies to support long term value creation which also takes into consideration economic, environmental and social considerations; (4) reviewing, with the assistance of the AC, the adequacy and integrity of the Group's internal control and Enterprise Risk Management ("ERM"), as well as the financial and non-financial reporting responsibilities; (5) overseeing the succession plans for Senior Management, through the EDs, by ensuring that the appointed management staff has the necessary skills and experience. The NC assists the Board to oversee the selection of candidates for proposed Board appointments and the assessment of the performance of the Board, Board Committees as well as individual Directors. The Board through the NC, comprise individuals with the appropriate mix of skills and experience, to ensure a proper balance between executive and independent directors; and (6) updating stakeholders with the performance and results of the Group through engagements, press interviews and timely public releases of the relevant information which are also available on KESMI's website.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is led by its Executive Chairman ("Chairman"), who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. To this end, the Chairman takes on the role for creating an environment that enables open, robust and effective discourse between the Board members, as well as between the Board and Senior Management, and with the stakeholders of the Company. Additionally, with the help of the Company Secretary, the Chairman sets the board agendas for meetings, and ensures that the directors receive accurate, timely and clear information.	
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 1.3

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board Chairman is Mr Samuel Lim, who is also the Company's CEO. The Board has taken the view that given the nature and size of the Group's businesses, it is in the best interests of the Company to vest both roles on the same individual, Mr Samuel Lim. His deep knowledge of the products, experience of the business, wide contacts in the industry and visionary leadership, will ensure there is effective management and continued success of the Group, in meeting its obligations and goals. The combined roles thus provide the Group, with a strong and consistent leadership, and allows for more effective planning and expeditious execution of the business strategies.
		To ensure that intended outcome of this Practice 1.3 is met, the Chairman/CEO always abstains from all deliberations and voting on matters, which he is directly or deemed interested, and the Board ensures that all related party transactions involving the Chairman/CEO are appropriately dealt with in accordance with the provisions of the Main Market Listing Requirements ("MMLR"). Moreover, the Senior Independent Director, is available to deal with concerns regarding the Company where it would be inappropriate for these to be dealt with by the Chairman/CEO. Additionally, the Board comprises sufficient independent directors ("IDs") who are capable of exercising independent judgements for the Board to enhance responsible, fair and objective deliberations at Board meetings and to ensure that the objectives and goals of the Company are met. Furthermore, in view of Mr Samuel Lim's performance, professionalism and objectivity in discharging his responsibilities, the Board fully supports the retention of his combined roles as Board Chairman and CEO.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

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'.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Chairman of the Board is not a member of the Company's Board Committees, i.e. AC and NC. Nonetheless, he has been invited to attend the Board Committees' meetings because there are common agenda items that similarly require the Board's consideration/approval, as well as to get his input as and when they are needed.	
		His presence in the meetings of the Board Committees has not affected the independent and objective functioning of the Committees. This is because the Committees are chaired by IDs and all their recommendations/decisions are deliberated by the Committees with due consideration of the interests of the Company.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by a professionally qualified Company Secretary, Ms Leong Oi Wah, who is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators and has more than 35 years of experience in handling corporate secretarial matters in the profession and the corporate sector. She is qualified to hold the position under Section 235 (2) of the Companies Act 2016. The Company Secretary's responsibilities include: (1) assisting the Chairman and the chairmen of the Board Committees in developing agendas for the meetings; (2) administering, attending and preparing the minutes of meetings of the Board, Board Committees and the shareholders; (3) advising on statutory and regulatory requirements, monitoring the compliance thereof, and the resultant implication of any changes of statutory and regulatory requirements on the Company and the Directors; (4) advising on matters relating to corporate governance practices; (5) facilitating suitable training courses and arranging for Directors to attend such courses; and (6) ensuring good information flow between Board members, the Board and its Committees, as well as between corporate management and the Directors.
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 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman ensures that all Directors have full and unrestricted access to timely information which is necessary for them to reasonably discharge their duties responsibly. The agenda and meeting papers containing reports and information to facilitate active participation and informed decision-making, are typically circulated to the Board and the Board Committees a week or so prior to the meetings. All Directors are also able to call for additional clarification and information to assist them in their decision-making. Minutes of meetings are circulated within a week or so before the next meeting, and are tabled for confirmation by the Board and Board Committees at the following meeting.	
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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

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

Application	:	Applied
Explanation on application of the practice	:	The Board has a Board Charter which sets out the Board structure and protocols, the Board's roles and responsibilities, including the roles of the individual Directors and that of the Senior Independent Director, the division of the responsibilities and powers between the Board, Senior Management and different Board Committees, and also between the Chairman and CEO. The Board Charter also details the processes and procedures of Board meetings. The Board Charter will be reviewed periodically, as and when the need arises to cater to the developments and requirements of the Group. The Board Charter is publicly available on the Company's website at www.kesmi.com.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has established a Code of Conduct and Ethics ("the Code") that provides an overview of the various policies, procedures and guidelines that have been adopted by the Company to steer acceptable employment practices, ethical values and conduct for the behaviour of employees. The Company periodically reviews the Code and its adopted policies, standards and guidelines to ensure that the conduct and ethical values it promulgates are upheld in its highest regard in its day-to-day dealings, and are in compliance with all applicable laws, rules and regulations. The Code is publicly available on the Company's website at www.kesmi.com.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Company has in place a whistle blower policy which outlines the procedures when, how and to whom employees and external parties may report and raise in good faith and in confidence, any concern about possible improprieties in matters of financial reporting or other matters. The policy is also publicly available on the Company's website at www.kesmi.com.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has the overall responsibility over the Company and the companies within the Group. In discharging its duties and responsibilities, the Board set the strategies of the Group to ensure that the Group was led and managed in an effective and responsible manner so that the objectives and goals were met. One of their duties under the charter is to promote sustainability strategies to support long term value creation, taking into consideration economic, environmental, and social considerations. The Board is responsible for ensuring that sustainability is integrated into the strategic direction of the group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability within the Group.	
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 4.2
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	:	The Company is committed in maintaining strong relationships with stakeholders to foster a strong sense of confidence and trust in KESMI. The Company identified key stakeholders as those who have significant impact on and are significantly impacted by KESMI's operations. Stakeholders are engaged on a regular basis through various platforms to better understand and address their needs and concerns. For example, investors and shareholders are engaged during the annual general meeting as well as analyst/investor meetings. The Company ensures that material matters are reviewed on an annual basis considering inputs from both internal and external stakeholders to determine the relevance of topics to the business. The comprehensive description of the various stakeholder groups identified, engagement methods and the results of the materiality assessment can be found in the annual report which includes the annual sustainability report. Likewise, the report also informs stakeholders of KESMI's sustainability priorities, initiatives, and targets for the year.	
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.

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a risk management and internal control framework, which the Board reviews to ensure its effectiveness, adequacy and integrity. The Board oversees the Group's overall risk management and internal control systems, while the business unit management identifies and assesses the material risks faced by the Group as well as the design, implementation and monitoring of suitable internal controls to manage and mitigate these risks. As part of the annual review of materiality assessment, the Board conducts a robust review on the materiality of risks before the final list of matters is validated and endorsed. The Board is also regularly updated by Senior Management and the Head of Departments on sustainability-related performance metrics to facilitate the review of KESMI's sustainability and calibration of existing sustainability policies and practices where necessary. The Company understands the importance for Board members to have sufficient understanding and knowledge of sustainability issues in order to discharge their role in sustainability effectively. During the year, directors had received updates relating to enhanced sustainability reporting requirements and compliance timeline. The amendments to Bursa Malaysia's MMLR in relation to sustainability reporting requirements and other enhancements dated 23 December 2024 were also briefed to the Board by the Company Secretary.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

Practice 4.4
Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board evaluation encompasses the Board's commitment to review and assess material information, knowledge to provide quality and professional reviews, and the ability to incorporate sustainability risks and opportunities into its strategic directions. The Senior Management is evaluated through sustainability KPIs benchmarked against industry practices, considering economic, environmental, social, and governance-related risks and opportunities. The Board is cautious to link sustainability measurement metrics with remuneration in achieving the full extent of its effectiveness and appropriateness. The management will work with the Board to draw references from industry and professional advice in such measurement metrics and incorporate relevant sustainability-related key performance indicators into the remuneration framework as the sustainability practices mature.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.5- Step Up
The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Adopted
Explanation on adoption of the practice	:	The Board has appointed a sustainability committee comprising the Group Controller and Chief Operating Officer to drive and implement the sustainability policies and practices of KESMI, champion sustainability KPIs, monitor its performance and provide regular updates to the Board for approval. During the financial year, the committee had undertaken the following additional actions, on top of the existing practices: • Voluntarily enhanced its disclosure by establishing a track and reporting process for an additional ESG metric, achieving a total of 26 out of 27 ASEAN's common ESG metrics to better align with the evolving sustainability reporting landscape. • Performed a gap analysis assessment for IFRS S2 climate-related disclosures to identify the areas for alignments. • KESMI has enhanced its disclosure of greenhouse gas emissions by voluntarily expanding Scope 3 reporting to include Categories 1 and 2 in addition to the existing Categories 6 and 7. • Rated 3 out of 4 stars in FTSE4Good ESG Rating by FTSE Russell in the second year of evaluation.

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

Practice 5.1
The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	The NC has been charged to conduct annual review of the size and composition of the Board, including diversity, probity and tenure of directors. It also assisted the Board in determining the eligibility of the directors due for rotational re-election pursuant to the Company's Constitution. In making recommendations on the Board composition and re-election of directors at the Company's 53rd Annual General Meeting (AGM), the NC considered the following factors:- a) the composition of the Board bearing in mind the nature and the size of the Group's operations, compliance with MMLR and recommendations of the Malaysian Code on Corporate Governance 2021 ("MCCG") such as diversity; b) performance and contributions of the Directors; c) fit and proper assessment of the Directors; and d) for the retiring directors, they were assessed on their performance, cumulative knowledge and understanding of the Group's businesses, their participation at the Board and Committee meetings and evaluated on their ability to act in the best interest of the Company.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 5.2
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently has 5 Directors, of whom 3 are non-executive. Of the non-executive directors, 2 are independent. Although the Board has not adopted the best practice to have at least half of the Board to comprise of IDs, the Company has proven that the performance of the Group has not been compromised by a lack of majority IDs in the composition of the Board. In fact, the success of the Company has not been in doubt due to the professional and knowledgeable contributions of the Executive Chairman and ED of the Company.	
		Directors, regardless if they are independent or not, have the fiduciary duties to act in the best interests of the Company. This has always been the governing principle adhered to by all of the Directors of the Company. Moreover, the independent and diverse perspectives of Board members' decisions have effectively contributed to the success of the Group. Meetings of the Board and Board Committees have always been conducted in an open and participative manner. Dissenting views are allowed to be freely expressed and thorough deliberations made on agenda matters to ensure the quality of decision-making. As additional safeguard, for matters in which Directors are interested, they have always abstained from the decision-making.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied	
Explanation on application of the practice	:	As at 31 July 2025, the Board does not have IDs whose cumulative term of tenure exceeds nine years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.4 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years without further extension.

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

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

Practice 5.5
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

Application	:	Applied
Explanation on application of the practice	:	The NC is charged with, amongst others, sourcing, selecting and shortlisting suitable potential new Board candidates, for the Board's consideration. The functions and duties of the NC are detailed in its TOR that is available on the Company's website at www.kesmi.com. The key responsibilities of the NC include: (a) reviewing the character, experience, integrity, commitment, competency probity, qualification and track record of the proposed candidate for appointment to the Board, and in the case of a proposed nomination of an independent non-executive director, to evaluate the nominee's ability to discharge such responsibilities/functions as expected of an independent non-executive director; (b) reviewing the structure, size and composition of the Board (including evaluating the mix and balance of skills, knowledge, experience and diversity), and making recommendations to the Board with regard to any changes deemed necessary; and (c) monitoring and evaluating the effectiveness of the Board and its committees, and developing appropriate procedures for individual evaluations. A Directors' Fit and Proper policy has been formalised to enable the NC/Board to ensure the right calibre of directors who are able to devote sufficient time to the Board's affairs are appointed. To this end, the Board currently composed of Directors with a mix of adequate core competencies, background and gender, as well as time commitment to serve on the Board. The appointment of Senior Management (who are not Directors) was also consistently done with due regard for required skill sets, qualification, character, relevant experience, regardless of age or ethnicity. As part of its succession and talent retention initiatives, the

	Company will first identify suitable appointee from within the Group, failing which external sourcing via open advertisement or recruitment agencies would be employed to source for candidate that has the best match and fit for the vacancy.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application	:	Applied	
Explanation on application of the practice	:	Pursuant to the TOR, the NC, in proposing new nominees for appointment to the Board, is authorised to seek independent professional advice to identify suitable candidates, if it considers it necessary to do so. There is a formal and transparent procedure for the selection, nomination and appointment of suitable candidates to the Board. During FY2025, there were no candidates considered for appointment.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.7
The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	Shareholders are provided with detailed information on Directors who are standing for re-election at the Company's AGM via the Board of Directors' profile disclosed in the Annual Report. Similarly, the Board's statement relating to the reasons to support the recommendation for the re-election are disclosed in the Explanatory Notes section of the Notice of AGM, which is also included in the annual report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.8
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Mr Kua Choh Leang, the Senior Independent Director of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.9
The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 July 2025, the woman participation in the Board is 40%.	
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 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	The Company's policy on gender diversity is set out in the Board Charter which are as follows: (a) at least one woman director shall be on the Board; and (b) equal opportunities will be provided to all employees without discrimination against gender to attract individuals from the broadest possible talent pool and hire the best qualified candidate for the position, including for career advancement to senior leadership position, based on meritocracy. In FY2025, female employees constitute 40% of the total employees employed by the Group and 38% of the Senior Management positions is held by women.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

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.	
Application :	Applied
Explanation on application of the practice :	The NC had undertaken the following evaluations: (a) evaluated the effectiveness of the Board as a whole and the Board Committees; (b) assessed the contributions of each individual Director; (c) assessed and confirmed the independence of the IDs; (d) evaluated the board composition in regards to the mix of its skills; and (e) evaluated the "Fit and Proper" criteria of Directors, in respect of their performance in FY2025 as well as in connection with the eligibility of retiring Directors due for re-election. The evaluation criteria used for the assessment of the Board comprised assessment of its structure, operation, mix of skill sets and experience, roles and responsibilities, whereas the Board Committees were assessed based on their composition, contribution to the Board's effectiveness and discharge of their duties. As for the performance of individual Directors, some of the factors used for their respective evaluations include contribution to interaction, attendance and participation at meetings and decision-making processes, quality of input as well as understanding of his/her role and responsibilities. The assessment and comments by all Directors were summarised and reported to the Board by the Chairman of the NC. The results of the assessment were that the Board has the right size and the Board composition is well balanced having considered the appropriate mix of

	skills, experience, independence and the diversity required to operate effectively and to meet the current and future needs of the Company.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established remuneration policies and procedures for the Directors and Senior Management that are formalised in the Remuneration Policy for Directors and Senior Management established by the Board. The Policy lays down the governing principles, policies and procedures for determining remuneration of Directors and Senior Management of the Group. The Board will periodically review the Policy from time to time to ensure it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices. The Policy is available on the Company's website at www.kesmi.com.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 7.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not have a remuneration committee to implement its policies and procedures on remuneration. Instead, the Board itself undertakes this responsibility during the normal proceedings of the meeting of Directors.	
		The Board's assumption of this responsibility still enables the Company to objectively attract and retain the right talent in the Board and Senior Management to achieve its long-term objectives.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	Disclosure on a named basis of the remuneration of the Directors is as per 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	Samuel Lim Syn Soo	Executive Director	54	-	720	120	-	-	894	64	-	720	120	-	-	904
2	Kenneth Tan Teoh Khoon	Executive Director	49	-	720	120	-	-	889	59	-	720	120	-	-	899
3	Lim Mee Ing	Non-Executive Non-Independent Director	54	9	-	-	-	-	63	54	9	-	-	-	-	63
4	Kua Choh Leang	Independent Director	55	9	-	-	-	-	64	65	9	-	-	-	-	74
5	Dato' Dr. Suhazimah Binti Dzazali	Independent Director	54	9	-	-	-	-	63	64	9	-	-	-	-	73
6	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
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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The disclosure on a named basis of the remuneration of the top 5 Senior Management (who are not the EDs) of the Group has not been made as the Board views such disclosure to be commercially unviable in this very competitive industry for high calibre staff. Additionally, disclosing such sensitive information may compromise retainability of good Senior Management, which in turn will jeopardise the Group's successful management and operations of its businesses.	
		The Board's hiring policy of management staff is determined with the objective of ensuring that the management staff possesses the best possible skills and experience, and can positively contribute to the success of the Group's businesses. At the same time, the Board ensures that it is able to attract, retain and motivate worthy management staff with a remuneration package that is also performance linked, and is competitive according to market standards. Nonetheless, the aggregate amount of the remuneration paid to the top 5 Senior Management (who are not the EDs) of the Group is provided in the Annual Report.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

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

Practice 8.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The chairman of the AC is Mr Kua Choh Leang, and he is not the Chairman of the Board.	
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 9.2
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	:	The AC has prescribed in its TOR that no person shall be eligible for appointment as AC member if such appointee is a former partner of the external audit firm of the Company unless he or she have observed a cooling-off period of at least 3 years. None of the AC members is a former partner of the Company's external auditors, Ernst & Young PLT within the last 3 years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	The Company has always maintained transparent relations with its external auditors in seeking their professional advice, and ensured compliance with the applicable approved accounting standards in Malaysia. With this in mind, for the financial year under review, the AC, in consultation with the Board, had established a questionnaire form setting out the criterions that would be employed to assess the external auditors' suitability, objectivity and independence. These include: (a) calibre of external auditors in terms of standing, international capabilities, technical expertise and knowledge; (b) size and expertise of audit team in terms of ability to provide effective audit service; (c) audit scope and planning in terms of adequate geographical coverage and significant areas; (d) understanding of audit expectations; (e) audit communications in terms of availability, quality, candour and timeliness; (f) quality processes/performance in terms of independence, quality, efficiency, and timeliness of service delivery; (g) audit fees in terms of reasonableness and sufficiency; and (h) independence and objectivity in terms of performance, limit on engagement term, cooling off period of engagement partner and non-audit services rendered, in absolute terms and/or as a percentage of audit fee. The AC also relies on the written assurance obtained from the external auditors confirming their independence throughout the conduct of the audit engagement.

	The AC, where it is satisfied that the external auditors have fulfilled the necessary requirements for the position, will recommend their appointment or re-appointment to the Board.	
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 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application :	Applied	
Explanation on application of the practice :	Collectively, all the members of the AC possess the necessary skills and experience to discharge their duties, and are financially literate. Mr Kua Choh Leang, who is the Chairman of the AC, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. The other two members of the AC, Dato' Dr. Suhazimah Binti Dzazali and Ms Lim Mee Ing have information technology and banking qualifications respectively. During the regular meetings of AC and Board in FY2025, the external auditors and Management had also highlighted to the AC on the latest changes to accounting standards and issues which have direct impact on the financial reporting. Specifically, they have been updated on the Malaysian Financial Reporting Standards ("MFRS") covering the amended MFRSs 7, 9, 18, and 19. As such, all members have been kept abreast of relevant development in accounting and auditing standards.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a risk management and internal control framework, which the Board reviews to ensure its effectiveness, adequacy and integrity. The Board oversees the Group's overall risk management and internal control systems, while the business unit management identifies and assesses the material risks faced by the Group as well as the design, implementation and monitoring of suitable internal controls to manage and mitigate these risks. The systems include organisational structure, strategic planning, risk management, financial management, operational control, regulatory and compliance controls to safeguard shareholders' investments, customers' interests and the Group's assets. The AC also supports the Board in this role by overseeing the internal control systems, financials and governance matters.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<u>Risk Management Framework</u> The Board adopts an ERM framework, which made reference to an internationally recognised risk management framework. The Group's ERM framework comprise the following features: • Set the right tone and culture for effective risk management to be in place. • Embed risk management in the Group's business and processes. • Structured process for risk identification, assessment, communication, treatment and monitoring, along with continual review of effectiveness of risk mitigation strategies and controls. • Established self-assessment of risk checklist and risk register which encompass risk appetite and tolerance assessment. • Review by EDs and corporate management on the key risks and the execution and management of the risk mitigation strategies by business units. • Reporting of the key risks exceeding tolerance levels to the Board. • Independent assessment by the outsourced internal auditors on the quality of risk management and internal controls and reporting to the AC and Board. • Annual assessment of effectiveness of risk management process by EDs and Board. <u>Internal Control Framework</u> The key features of the Group's internal control system are as follows: • An organisation structure with defined lines of responsibilities and appropriate levels of delegation of authority. • A process of hierarchical reporting to provide a documented and auditable trail of accountability.

	• Regular meetings of Senior Management with the EDs to review the financial performance as well as business, operational and compliance-related matters of the business units. • Standard operating manuals and process manuals are established to guide compliance with the Group's internal control requirements. • Policies are established to articulate and guide acceptable business practices and behaviour of all employees, including the directors. • Outsourced internal audit function provides the Board with an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. Further details of the Group's risk management and internal control framework are provided in the Statement on Risk Management and Internal Control included in the Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Practice 11.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	The Group's internal audit function is outsourced to a public accounting firm of international standing. In the financial year, the AC has done the following to ensure the effectiveness and independence of the internal auditor's functions: (a) reviewed the internal audit plan and was satisfied that the internal auditors employed a systematic and reasonable methodology to select suitable audit areas and the corresponding group companies targeted for audit review; (b) reviewed and discussed the internal auditors' reports which highlighted the risk profiles and assessments, their recommendations, management responses and actions; (c) reviewed and discussed with the internal auditors on their follow-up on the prior year's audit to ensure management had carried out the agreed actions timely; (d) enquired with the internal auditors and was satisfied that they did receive full information and cooperation from management during their audit reviews; and (e) conducted annual assessment of the competency and effectiveness of the internal auditors and was satisfied that the audit team has the relevant qualifications, and adequate experience to conduct the audit competently and they have also demonstrated such competency in providing quality audit.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

Practice 11.2
The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	The internal audit function is outsourced to Deloitte Business Advisory Sdn Bhd ("Deloitte"). Prior to the internal audit engagement, Deloitte has performed the necessary conflict checks on the engagement and independence checks on its audit personnel. Deloitte has affirmed that the engagement is free from any relationships or conflict of interest, which could impair their objectivity and independence. The key internal audit team of Deloitte comprises of 3 members, i.e. consultant leading each audit visit, engagement manager and engagement partner. The persons responsible for internal audit are as follows: • Engagement Partner, Mr Muzafar Kamal Mahmood – Bachelor of Commerce (Accounting), University of New South Wales, Australia, FCPA (Australia), Member of Malaysia Institute of Accountant, Chartered Member of Malaysian Institute of Internal Auditor. • Engagement Manager, Siew Kai Sihn, Bachelor of Accounting (Honours), University of Tunku Abdul Rahman, ACCA. • Engagement Team Member, Tin Ying Shan, ACCA. The internal audit services are performed in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.
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 continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Company maintains communication with its shareholders and stakeholders to keep them informed of all major developments and performance of the Group through timely quarterly announcements, and various disclosures and announcements made to Bursa Securities via the Bursa Link, press releases, the Company's annual reports and circulars to shareholders. Additionally, the Board also provides the shareholders with an opportunity to interact with the Board at the Company's general meetings to clarify any questions that they may have. Throughout the year, the EDs, also meet with analysts and institutional investors to keep them abreast of the Group's strategies, performance and activities. The Company's website also serves as a platform for shareholders and members of the public in general to gain access to updated information about the Group.
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 continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
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 13.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Company advertised and announced its notice of the 53rd Annual General Meeting ("53rd AGM") held on 15 January 2025 on The Star newspaper and Bursa Securities website respectively on 25 October 2024, more than 28 days prior to the meeting. The Notice of AGM, associated Proxy Form and Administrative Notes for shareholders/proxies/corporate representatives attending the 53rd AGM ("Notes") were also made available to shareholders on the Company's website. The Notes provides clear and comprehensive information to shareholders relating to the AGM administration, such as procedures and deadlines for registration attendance, appointment of proxy or corporate representative, as well as instructions on what they must do on the day of meeting in order to effectively participate and vote at the 53rd AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	At the 53rd AGM held on 15 January 2025, all the Directors attended the meeting. Responses to questions raised by the shareholders were addressed by the Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.3
Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company conducted its 53rd AGM in wholly physical format at the same venue the Company used pre-COVID-19, which has served the shareholders well. Shareholders were pleased to attend the 53rd AGM in person as it allowed them to have direct face-to-face interaction and engagement with the Board, unlike the remote participation format.	
		The Company's Constitution does not have a provision for voting in absentia and is consistent with the Companies Act 2016. Nonetheless, shareholders who are unable to attend and vote at the 53rd AGM in person, are still able to appoint proxy(ies) to attend and vote on their behalf. As such, the conduct of wholly physical meeting format has not affected the shareholders' right and ability to participate and engage with the Board, as well as to execute their vote. The Board will continue to hold general meetings in a wholly physical format until such time there are significant changes requiring the Board to review the format.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 13.4
The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.		
Application	:	Applied
Explanation on application of the practice	:	All the Board members, Company Secretary, corporate management staffs and the professional advisers were present in person at the 53rd AGM to engage with the shareholders. The shareholders were able to participate, ask questions and interact with the Board "live" and actively during the 53rd AGM in person. All pertinent questions covering financial and non-financial matters and strategies of the Company were addressed by the EDs during the meeting and meaningful responses were provided and subsequently posted on the Company's website.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 13.5
The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Notwithstanding the Company conducted its 53rd AGM in wholly physical format, shareholders who were unable to be present at the AGM were still able to participate and raise questions through their appointed proxies/corporate representatives and the answers are made available in the minutes of AGM.	
		As explained in Practice 13.4, the Board will retain the physical format of meeting, which has been an effective platform to facilitate shareholders to participate actively in person and pose questions. The Board will review the need to change the format when it is deemed necessary.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 13.6
Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Instead of circulating the minutes of the 53rd AGM to all shareholders, the Company has adopted the alternative practice to allow shareholders to request for a copy of the minutes, in line with its sustainability efforts to go paperless.	
		To this end, a hyperlink has been set up on the Company's website to facilitate shareholders to submit their request.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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.

Click or tap here to enter text.