



**KNM GROUP BERHAD**  
**(Company No. 521348-H)**

**Board Charter**

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# KNM GROUP BERHAD

## Board Charter

This KNM Board Charter sets out the functions and responsibilities of the Board, along with procedures aimed at the effective operation of the Board and that support each member in fulfilling his or her duties as a director.

1.	Board Responsibilities	<p>The Board is responsible for :</p> <ul style="list-style-type: none"> <li>• providing oversight and leadership of the Company;</li> <li>• ensuring management continuity and;</li> <li>• setting the Company's values and standards of conduct;</li> <li>• setting the Company's direction, strategies and financial objectives;</li> <li>• ensuring that strategic resources are in place for the Company to meet its objectives;</li> <li>• reviewing the adequacy and integrity of the Group's risk management and internal control systems;</li> <li>• establishing such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;</li> <li>• ensuring management succession plan is in place; and</li> <li>• reviewing and updating the Board Charter periodically.</li> </ul> <p>Daily operational matters and matters not expressly reserved to the Board are delegated to management. The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company is firmly in its hands. These matters include :</p> <ul style="list-style-type: none"> <li>• the Company's strategic direction, strategic issues and planning, goals and targets;</li> <li>• the Company's capital structure and funding strategy;</li> <li>• the annual budget;</li> <li>• financial performance report;</li> <li>• material accounting matters;</li> <li>• material service expenditures;</li> <li>• employee equity plans;</li> <li>• appointment and succession of board and key senior management staff; and</li> <li>• acquisition of businesses, mergers and acquisitions</li> </ul>
2.	Board Composition & Independence	<ul style="list-style-type: none"> <li>• KNM Board shall comprise of at least two (2) directors but not more than ten (10) directors (excluding alternate Directors) as per Clause 111 of the Company's Constitution.</li> <li>• At least two (2) directors or one third (1/3) of the board of directors, whichever is higher, are Independent Directors.</li> <li>• The Board shall comprise of directors with a wide and diverse range of skills, expertise and experience essential in the management and direction of the Company.</li> <li>• Overall purpose of independence is to ensure that no one director controls the board.</li> <li>• All conflicts or potential conflicts of interest shall be declared upfront and the respective director concerned shall refrain from</li> </ul>

		<p>participating in voting and deliberating in such matters and in matters that could, or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.</p> <ul style="list-style-type: none"> <li>• The independence of each director is reviewed at least annually and individual directors do not participate in assessing their own independence.</li> <li>• The tenure of independent directors should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may be re-designated and continue to serve on KNM's Board as non-independent director.</li> <li>• However, the Board may recommend and provide justification to the shareholders in the general meeting for their approval of a director to remain as independent director of the Company after serving office for a cumulative term of nine (9) years via a two-tier voting process.</li> </ul>
3.	Board Roles & Leadership	<p><u>Chairman</u></p> <ul style="list-style-type: none"> <li>• The Board shall appoint a Chairman from amongst the directors.</li> <li>• The Chairman of the Board shall not be a Chairman of the Audit Committee.</li> <li>• The Chairman leads the Board and is responsible for ensuring Board effectiveness, including ensuring all Directors receives timely and sufficient relevant information on financial, business, operational and corporate matters to enable each director to actively and effectively participate in Board's decisions.</li> <li>• The Chairman encourages constructive and healthy debates and also ensures resolutions are circulated and deliberated so that all Board decisions reflect the collective view of the Board.</li> <li>• The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Chief Executive Officer and respective operational Heads/Chief Operating Officers over all operational matters and will consult with the Board promptly over any matter that gives cause for major concern.</li> </ul> <p><u>Chief Executive Officer ("CEO")</u></p> <ul style="list-style-type: none"> <li>• The CEO is responsible for the efficient and effective day-to-day management of the business, operations and strategic direction of the Group and together with other Executive Directors and operational Heads/Chief Operating Officers ensures that the policies and matters approved by the Board are effectively implemented.</li> <li>• Foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfill social responsibility.</li> <li>• Maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of employees at all levels.</li> <li>• Formulate and oversee the implementation of major corporate policies.</li> <li>• Responsible for the financial management of the Company and/or Group and oversees the handling of financial matters for prudent</li> </ul>

		<p>and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources as may be required.</p> <ul style="list-style-type: none"> <li>• Ensure compliance and give confirmations to the Board in accordance to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.</li> </ul>
4.	Access to Advice and Information	<ul style="list-style-type: none"> <li>• The Board and every individual director have unrestricted access to the advice and services of the Company's Auditors', Advisers/Consultants, Company Secretary(s) and Senior Management staff in the Group.</li> <li>• Independent professional advice may be obtained to assist in the performance and the discharge of their respective duties, with the costs to be borne by the Company.</li> <li>• In the case of an individual director accessing advice, the director must obtain the prior approval of the Chairman or if the director is the Chairman, the prior approval of a majority of the board of the Company is to be obtained.</li> <li>• All confidential information received in the course of exercise of the Board duties remains the property of the Group, whether it relates to the Group or another entity. Such information will not be disclosed unless either the Chairman of the Board had so authorised in writing or disclosure is required by law.</li> </ul>
5.	Standards of Conduct and Best Practices	<p>All directors shall :</p> <ul style="list-style-type: none"> <li>• Uphold their fiduciary duties, comply and observe high standards of corporate governance at all times, adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.</li> <li>• Act in good faith and in the best interests of the Company and Group.</li> <li>• Not to misuse information gained in the course of their duties for personal gain or political purposes.</li> <li>• Safeguard the Company's resources, assets, rights and interests.</li> <li>• Not to accept positions on any other Boards or Board committees or working groups where a conflict of interest is likely to arise.</li> <li>• Declare any personal, professional or business interests that may conflict with directors' responsibilities.</li> <li>• Apply the practices of good governance such as accountability, transparency and sustainability which are important to the governance of companies and stewardship of investors' capital.</li> <li>• Promote good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.</li> </ul> <p><u>Other Board Appointments</u></p> <ul style="list-style-type: none"> <li>• Any Director, while holding office, and subject always to the limitation on number of directorships as imposed by the Companies Act 2016, is at liberty to accept other board appointments so long as the appointments are not in conflict with the interest of the business and does not detrimentally affect the performance as a member of the Board.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Company Secretary shall be informed once the new appointment takes place.</li> </ul>
		<p><u>Register of Directors' Interest</u></p> <ul style="list-style-type: none"> <li>• A formal register of interests shall be established.</li> <li>• The register should include details of all directorships and other relevant interests declared by Board Members.</li> </ul> <p><u>Board Meetings</u></p> <ul style="list-style-type: none"> <li>• Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register.</li> <li>• The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.</li> <li>• Members shall use their best endeavours to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board meetings, discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Members who are unable to attend a meeting shall advise the Company Secretary accordingly.</li> <li>• Board discussions shall be open and constructive, recognising that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman shall, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a majority vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or such disclosure as required by law.</li> <li>• Meeting involvement - to entitle directors to be paid full meeting fees minimum attendance at board/board committee meetings will be one hour.</li> </ul> <p><u>Directors' External Commitments &amp; Conflict of Interest</u></p> <ul style="list-style-type: none"> <li>• A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his vote in any matter arising therefrom.</li> <li>• Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interest of the Company.</li> <li>• An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.</li> <li>• For the purpose of the above-mentioned paragraphs, the Directors shall perform an annual self-declaration on independence (in</li> </ul>

		<p>respect of those who are independent non-executive Directors) and conflict of interest for the Company's records.</p> <p><u>Sustainability Statement</u></p> <ul style="list-style-type: none"> <li>• The Board ensures that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability through the implementation of Sustainability Statement as per <b>Appendix I</b> attached.</li> </ul> <p><u>Code of Conduct and Ethics</u></p> <ul style="list-style-type: none"> <li>• The Board is committed in conducting its businesses in an ethical and honest manner by implementing and enforcing systems that adhere to the fundamental ethical practices and principles of the Company.</li> <li>• The Board establishes and reviews the Code of Conduct and Ethics for the Company as per <b>Appendix II</b> attached.</li> </ul> <p><u>Anti-Bribery &amp; Anti-Corruption Policy Statement</u></p> <ul style="list-style-type: none"> <li>• The Company strives to uphold its commitment to prohibit bribery and corruption in the business conduct within the Group.</li> <li>• Anti-Bribery &amp; Anti-Corruption Policy Statement ("Policy Statement") aims to support good management practices and sound corporate governance practices within the Company.</li> <li>• The Policy Statement aims to set guided principles for its employees, directors and associates ("associated person") within the Group in relation to dealing with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.</li> <li>• The Board establishes, reviews and implements policies and procedures on Policy Statement as per <b>Appendix III</b> attached.</li> </ul> <p><u>Whistleblowing Policy</u></p> <ul style="list-style-type: none"> <li>• The Board encourages its employees or external parties to report instances of unethical behaviour, actual or suspected fraud and/or abuse involving the resources of the Company.</li> <li>• The Board establishes, reviews and implements policies and procedures on whistleblowing as per <b>Appendix IV</b> attached.</li> </ul>
6.	Board Review & Selection	<ul style="list-style-type: none"> <li>• The directors, the Board and Board Committees will be subject to an annual evaluation and assessment.</li> <li>• The Board will be assisted by the Nomination Committee in the selection, evaluation and assessment of its members. Amongst the factors considered are : <ul style="list-style-type: none"> <li>a. the merits and mixture of skills, experience and diversity that each director possess and would be able to contribute to the Company;</li> <li>b. contribution to the effectiveness of the Board and the relevant Board committees; and</li> <li>c. the time commitment required to effectively discharge his/her duties.</li> </ul> </li> <li>• On grounds of meritocracy, the Company fully supports equal</li> </ul>

		opportunity and having a Board of diverse ethnic background, race, religion and gender.								
7.	Remuneration	<ul style="list-style-type: none"> <li>• The Board will determine the level of remuneration for each board member, taking into consideration the recommendations of the Remuneration Committee.</li> <li>• Board Members will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the board and board committees and shall be entitled to meeting allowances. All fees paid shall be fixed in sum and not by commission on or percentage of profits or turnover.</li> <li>• The Directors concerned shall abstain from voting or discussing their own remuneration.</li> </ul>								
8.	Retirement by Rotation	<ul style="list-style-type: none"> <li>• Every year, one-third (1/3) of the directors or the number nearest to one-third (1/3) thereof, shall retire by rotation and shall be eligible for re-election at every Annual General Meeting of the Company. The retiring directors shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire (unless they otherwise agree among themselves) shall be determined by lot.</li> </ul>								
9.	Training	<ul style="list-style-type: none"> <li>• Besides attending courses, the Company Secretary will regularly update the Board on any new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.</li> <li>• The Nomination Committee (as assisted by the Company Secretary and the Human Resource Department) will assist in identifying the appropriate training needs and training courses for the Directors.</li> </ul>								
10.	Board Committees	<ul style="list-style-type: none"> <li>• Currently, the Board has established the following Board Committees : <ul style="list-style-type: none"> <li>a. Audit Committee;</li> <li>b. Nomination Committee;</li> <li>c. Remuneration Committee; and</li> <li>d. ESOS Committee.</li> </ul> </li> <li>• Each Board Committee has its own Terms of Reference which has been approved by the Board.</li> <li>• Additional sub-committees may be established to assist the Board in carrying out its responsibilities.</li> <li>• The respective Terms of Reference for the above Committees are as set out below :</li> </ul> <table style="width: 100%; border: none;"> <tr> <td style="border: 1px solid black; padding: 2px;">Audit Committee</td> <td style="padding-left: 20px;"><b>Appendix V</b></td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">Nomination Committee</td> <td style="padding-left: 20px;"><b>Appendix VI</b></td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">Remuneration Committee</td> <td style="padding-left: 20px;"><b>Appendix VII</b></td> </tr> <tr> <td style="border: 1px solid black; padding: 2px;">ESOS Committee</td> <td style="padding-left: 20px;"><b>Appendix VIII</b></td> </tr> </table>	Audit Committee	<b>Appendix V</b>	Nomination Committee	<b>Appendix VI</b>	Remuneration Committee	<b>Appendix VII</b>	ESOS Committee	<b>Appendix VIII</b>
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Nomination Committee	<b>Appendix VI</b>									
Remuneration Committee	<b>Appendix VII</b>									
ESOS Committee	<b>Appendix VIII</b>									

11.	Complaints/Grievances	<ul style="list-style-type: none"> <li>• Any complaints/grievances may be directed to the Senior Independent Director or any other Board Member of the Company.</li> <li>• All complaints/grievances shall be treated as confidential and no information or identities shall be divulged or revealed except as necessitated in the proper course of investigation or compelled by a court of law or competent authority.</li> </ul>
12.	Review of Board Charter	<ul style="list-style-type: none"> <li>• The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's duties and responsibilities.</li> <li>• The Board Charter shall be made available on the Company's corporate website.</li> </ul>

[ Adopted by the Board of Directors of KNM GROUP BERHAD on 27 October 2022.]

## APPENDIX I

### SUSTAINABILITY STATEMENT

At KNM Group Berhad (“**KNM**”), we believe in the importance of sustainability in our business operations while also safeguarding the interest of the relevant stakeholders, namely our employees, the community at large, the environment and the marketplace in which we operate.

As we set key financial targets and pursue new growth opportunities, we also recognise the importance of building sustainability and shared value creation into our corporate strategies. KNM is committed to ensuring high standards of governance across KNM’s entire operations, promoting responsible business practices within the organization and balancing out its economic ambitions with environmental and social considerations by focusing on three key areas i.e. environment, workplace and community. These values of sustainability and corporate responsibility would always be embedded in KNM’s business ethics, core values and work practices which reflect KNM’s continuous pursuit to enhance best corporate values.

KNM will continue to support sustainability efforts across the Group and ensure that initiatives are monitored for continuous improvement.

#### STAKEHOLDERS ENGAGEMENT

We acknowledge the importance of our stakeholders to our continued success and business sustainability. Meaningful engagement with stakeholders is critical to understand their interest and needs. Stakeholders’ feedback enable us to obtain a holistic perspective about the issues that are most important to our business.

KNM and its subsidiaries (the “**Group**”) will continuously aim to uphold its proven track record of delivering products of high quality and standard to existing and potential customers whilst ensuring that it will be responsive to the concerns of the customers in an efficient and timely manner.

The Group is committed to ensure that all material information released is accurate, concise, timely and in compliance with the various regulatory requirements that the Group is subjected to. Financiers, investors or shareholders is provided with timely updates of financial performance and corporate developments while ensuring our financial statements are duly reviewed and audited as an assurance that they are provided with reliable disclosures.

The Company maintains good visibility and constantly interacts with its stakeholders such as investors, portfolio analysts, fund managers, bankers, government bodies and its corporate clients through a variety of channels, whereby accurate and concise information on the Group is provided through briefings, meetings, teleconferences, dialogues and visits to the Group’s manufacturing facilities to enable its stakeholders to better understand its business operations.

Briefings to investors (if any) would be conducted and the presentation updates are posted and can be accessed from the Company’s website at [www.knm-group.com](http://www.knm-group.com). The Group is mindful of the expectations of the investment community and will always strategize to attain or even surpass their expectations.

#### REGULATORY COMPLIANCE

In ensuring that the Group continuously comply with the applicable laws, the Group maintains close consultation with, and provide regular updates to the regulatory authorities and local governments. The Group also engages closely with its contractors to facilitate compliance with the relevant regulatory requirements.

## **APPENDIX I**

### **ENVIRONMENT**

The Group integrates and undertakes responsible sustainability practices to mitigate the direct and indirect environmental impacts of the Group's developments and operations, and be committed in using its resources wisely, thereby ensuring protection and conservation of the natural environment.

The Group manages its business operations in a manner which minimises adverse environmental impacts and comply with all the applicable environmental regulations in its consumption of resources and handling of waste generated. The Group's Health, Safety and Environment Division establishes, regulates and enforces, among others, the relevant environmental policies, rules and regulations for the Group.

The Group's diversification into the renewable energy and green technology sectors are based mainly on the Group's dedication to support the reduction of waste and greenhouse gas emissions into the environment from its business operations, as part of its corporate sustainability strategy.

### **WORKPLACE**

Employees form an integral part of the Group. The Group is committed to human resource development and to create a conducive and well-balanced workplace with emphasis on health, safety and well-being of its employees. The Group will continue to attract and retain talents by providing an environment where the employees have the opportunity to achieve their potential. In embracing diversity in the workplace, the Group strive to maintain an inclusive work culture that supports diverse talent to contribute positively to the growth and productivity of the Group.

As part of the human capital development and to improve the competencies of its employees, the Group conducts various in-house training programmes to equip the employees with better skills and knowledge to carry out their job effectively and efficiently. Besides participating in seminars and trade fairs, the Group actively encourages and promotes the well-being, skills development and education enhancements of its staff as part of its corporate social responsibility initiatives.

The Group acknowledges and commits to create a safe and conducive working environment for all its employees. The Group's Health, Safety and Environment Division establishes policies and procedures and reinforces the Group's safety culture by inculcating good safety and fire prevention practices, heightening safety awareness and providing safety gear, conducting safety talks, as well as implementing such other safety courses and training activities so as to attain zero loss time injury hours at its manufacturing facilities.

### **COMMUNITY**

To improve the quality of life and enrich the communities that the Group is doing business in, the Group is committed to observe and assist in elevating the social well-being of the community in any manner possible including but not limited to promoting humanitarian works or projects to the underprivileged and deserving ones as well as to ensure the sustainability of our business operations, both locally and on the international front.

The Group's main sponsorship, outreach and community investment activities include contributions, donations and philanthropic support towards various deserving and worthy causes. The Group provides internship training programmes to local diploma and vocational students for knowledge enrichment as well as complementing and nurturing talents among these students for their personal growth and future employment needs.

## **APPENDIX II**

### **CODE OF CONDUCT AND ETHICS**

#### **INTRODUCTION**

This Code of Conduct and Ethics is adopted by the Board of Directors to attain best corporate governance practices in discharging their duties to achieve corporate objectives.

This Code of Conduct and Ethics sets out the Company's ethical guidelines and best practices to be followed by all Directors for honesty, integrity, and professionalism.

#### **CODE OF CONDUCT AND ETHICS FOR DIRECTORS**

In the performance of his duties, a director should at all times observe the following codes:

- i. shall at all times adopt and demonstrate the Company Values which may be amended from time to time as follows:-
  - a. Always act with care, honesty and integrity.
  - b. Always be diligent and pro-active.
  - c. Always practice teamwork and leadership by example.
- ii. shall at all times perform duties and accept responsibilities faithfully and diligently as may be assigned by the Board and promote and advance the interest of the Company.
- iii shall at all times carry out and comply with all instructions and directives given by the Board and faithfully abide by all the stipulated rules and regulations. Shall adhere strictly to all procedures and policies of KNM Group of Companies, either expressed or implied, that are being currently practised and enforced or amended from time to time.
- iv. shall at all times be loyal to the Company and not at any time during the continuance of your service with the Company, engage directly or indirectly in any other business or occupation whatsoever as principal, agent, servant, broker or otherwise or to engage in any activity to the detriment, whether direct or indirect, of the Company's interests, including the interests of any company or business associated with or related to the Company. However, you may acquire or hold shares in any quoted public company(s) for which it does not give rise to any conflict of interest.
- v. shall at all times conduct yourself with propriety and decorum and not be guilty of any act or conduct that causes or is calculated to cause damage or bring disrepute to the Company, its reputation, assets and properties.
- vi. shall not at any times during the continuance of and even after the termination of your service with the Company except by the directive or with the express approval of the Board, divulge [either directly or indirectly] to any party, any knowledge or information which you may have in your possession or acquired during the course of your service with the Company, concerning the affairs or property of the Company or any other business, matter or transaction which the Company is/was involved or may be concerned or interested.



# KNM GROUP BERHAD (521348-H)

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## Anti-Bribery & Anti-Corruption POLICY & GUIDELINES

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<b>Document Title:</b>	ABAC Policy & Guidelines		
<b>Ref No:</b>	KNM/ABAC		
<b>Originator:</b>	Corporate Office	<b>Applicable To:</b>	KNM Group Berhad and its subsidiaries
<b>Revision No:</b>	1.1	<b>Effective Date:</b>	23 November 2021



Approved by:

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## Abbreviations

In this Policy & Guidelines, the following abbreviations shall have the following meaning unless otherwise stated:

ABAC	Anti-Bribery and Anti-Corruption		GCFO	Group Chief Financial Officer
BOD	Board of Directors		COO	Chief Operating Officer
CoC	Code of Conduct		MACC	Malaysian Anti-Corruption Commission
CSR	Corporate Social Responsibility		RMC	Risk Management Committee
FLOA	Financial Limit of Authority		SSM	Suruhanjaya Syarikat Malaysia
GCEO	Group Chief Executive Officer			

## **1.0 Objectives**

### **1.1. General Information**

The Anti-Bribery & Anti-Corruption (“ABAC”) Policy & Guidelines (hereinafter referred to as “Policy & Guidelines”) defines the policies and procedures for KNM Group Berhad (“KNM”) and its subsidiaries (collectively known as “KNM Group” or the “Group”). Rules (including Circulars and Letters) from the regulators shall automatically supersede the existing operating policies and procedures herein stated.

The Policy & Guidelines are applicable to the following stakeholders:

- a. Directors of KNM, both executive and non-executive, unless otherwise stated in this Policy & Guidelines;
- b. every employee within the Group; and
- c. suppliers, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the KNM Group.

It is the intention of Board of Directors (“BOD”) of KNM to ensure that these procedures serve as our commitment to prohibit bribery and corruption in the business conduct within the Group.

### **1.2. Policy & Guidelines Objectives**

The main objectives of this Policy & Guidelines are as follows:

- To ensure the policies and guidelines / practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission (“MACC”) Act 2009, introduced via Section 4 of the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied throughout the KNM Group by all relevant staff; and
- To ensure that business operations within the Group are strictly adhering to the Policy & Guidelines.

## **2.0 Key Definition**

### **2.1. Anti-Bribery and Anti-Corruption Policy & Guidelines**

This refers to the ABAC Policy & Guidelines established by KNM.

### **2.2. Bribery**

ISO 37001:2016 defines bribery as offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person’s duties.

### **2.3. Board of Directors**

This refers to as the BOD of KNM.

#### **2.4. Code of Conduct**

This refers to as the formalised work and business ethics enforced within the KNM Group.

#### **2.5. Corporate Hospitality**

This refers to any considerate care of guests offered in the manner that complete expenses are borne by the company itself. This includes refreshments, accommodation and entertainment at a restaurant, hotel, club, resort and other venue.

#### **2.6. Corruption**

Transparency International defines corruption as the abuse of entrusted power for private gain.

#### **2.7. Donation**

This refers to the gift given out by the KNM Group for charity, humanitarian aid or to support local community welfare, whether in-kind or by way of financial contribution.

#### **2.8. Employee**

This refers to any person who is in the employment of the KNM Group, but not limited to executives and non-executives, contract employees.

#### **2.9. Extortion Payment**

This refers to money that is forcibly extracted from the KNM Group or its employee by real or perceived threat to health, safety and liberty and is outside the scope of ABAC.

#### **2.10. Facilitation Payment**

This refers to illegal or unofficial payment made in return for services that the KNM Group is legally entitled to receive without making such payment. For example, a payment made to government official or a person with certifying/ approval function to expedite the necessary action in the capacity of abovementioned person.

#### **2.11. Financial Limit of Authority**

This refers to the approved documents stipulating the approving authority and authority limits allowed for the Board and management at KNM Group.

#### **2.12. Gift**

This refers to items given/ received by the Group to/ from a third party without the expectation of payment or benefit in return. For example, but not limited to, voucher, gift cards, Company branded product or promotional items, hamper, and festive gifts (i.e. mooncake, mandarin orange, Christmas gift).

### **2.13. Group Chief Executive Officer**

Defined as the highest-ranking executive in a company, responsible for carrying out corporate policies established by the BOD, acting as the main point of communication between the BOD and corporate operation.

### **2.14. Guideline on Adequate Procedure**

This refers to the Section 17A (4) and (5) of the Malaysian Anti-Corruption Commission (MACC) Act 2009.

### **2.15. ISO 37001:2016**

This refers to the international standards on requirements and guidance for establishing, implementing, maintaining, reviewing and improving an anti-bribery management system.

### **2.16. Management**

This refers to the management team of the KNM Group, including Executive Directors, General Managers (“GM”), and the Heads of Departments.

### **2.17. Risk Management Committee**

This refers to the Risk Management Committee (“RMC”) of KNM, providing oversight of the KNM Group’s Risk management System and corruption risk assessment of the KNM Group.

### **2.18. Sponsorship**

This refers to support, either financially or by way of product and/ or services for an event or activities organised by a profit/ non-profit organisation, local communities, government departments or agencies, primarily aimed at raising awareness about the KNM Group profile.

### **2.19. Whistleblower**

This refers to a person (internal or external) raising or reporting concerns of wrongful activities or wrongdoings as defined in the Whistleblowing Policy & Guidelines Document of KNM.

### **2.20. Whistleblowing Policy & Guidelines**

This refers to the Whistleblowing Policy & Guidelines of KNM, applicable to KNM Group.

### **3.0 Responsibility**

#### **3.1. Board of Directors**

- a. Sets commitment towards prohibition of bribery and corruption in the business conduct within the KNM Group;
- b. Approves the ABAC Policy & Guidelines;
- c. Ensures the alignment of ABAC Policy & Guidelines to the strategy of the KNM Group;
- d. Maintains oversight on ABAC governance, ensuring that best practices of ABAC management system is established, implemented, maintained and reviewed to adequately address the KNM Group's bribery and corruption risks, including the Policy & Guidelines; and
- e. Promotes appropriate ABAC culture within the KNM Group.

#### **3.2. Group Chief Executive Officer and Heads of Departments**

- a. Provides overall direction on the establishment, implementation and periodic review of ABAC Policy & Guidelines;
- b. Ensures the integration of ABAC Policy & Guidelines requirements into key organisation functions such as human resource management, procurement and finance, and enhance the underlying controls on these key functions so as to support ABAC Policy & Guidelines requirements;
- c. Supports the resource allocation and investment in a robust and effective ABAC Policy & Guidelines;
- d. Supports adequate training and awareness programmes for the employees of the Group;
- e. Communicates on the ABAC Policy & Guidelines, both internally and externally;
- f. Promotes appropriate ABAC culture within the KNM Group; and
- g. Support other relevant management personnel in preventing and detecting bribery and corruption.

#### **3.3. Internal Auditor and Corporate Risk Manager**

- a. Ensures that the Policy & Guidelines are adhered to within the KNM Group;
- b. Reports on non-compliance cases to the RMC, including follow-up action status on the said cases;
- c. Attends to inquiries about KNM's Policy & Guidelines and its practices within the KNM Group; and
- d. Facilitates the corruption risk assessment periodically.

#### **3.4. Employees**

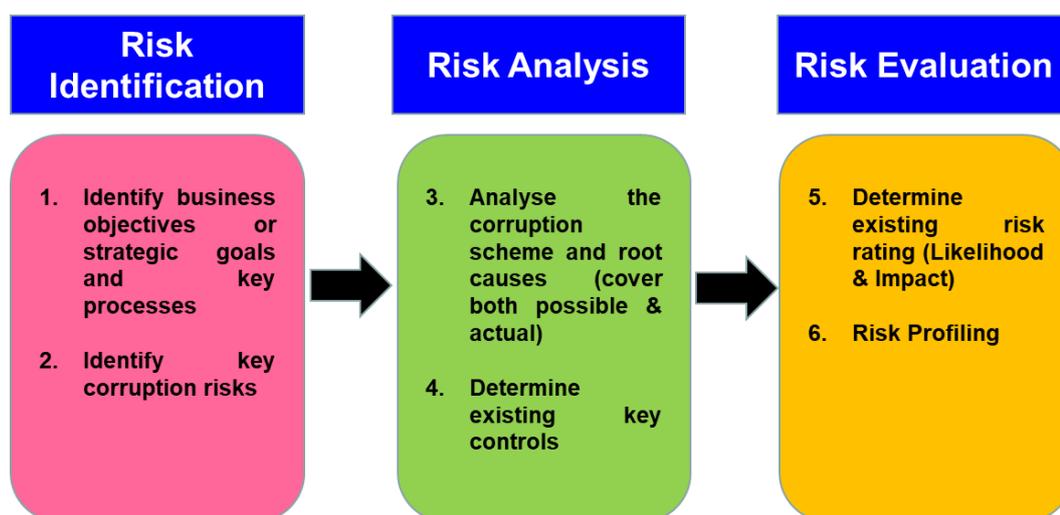
- a. Executes the ABAC Policy & Guidelines, including enhancement of underlying controls on affected functions under his/ her responsibility, as elaborated in this Policy & Guidelines;
- b. Adheres to the requirement of the ABAC Policy & Guidelines; and
- c. Reports on suspected bribery or corruption via the whistleblowing channel of KNM.

### 3.5. Amendments to Policy & Guidelines

If there is any requirement to update, improve, and / or amendments made to this Policy & Guidelines, proposed changes shall be submitted for authorisation and for approval by the Group Chief Executive Officer (“GCEO”). Key information on addition of new policy / procedure and deletion or variation of existing policy / procedures shall be indicated for version control purpose.

## 4.0 Corruption Risk Assessment Approach

- a. KNM had established a Corruption Risk Management Framework guided by ISO 37001:2016 and Guidelines on Adequate Procedures. The framework outlines the governance, structure and policies, assessment process, and integration of risk management into the KNM Group operations activities to promote continuous monitoring on the corruption risk identified. The corruption risk assessment process is depicted in the diagram below:



- b. The BOD, through the RMC, which comprises of GCFO, Senior Management and selected Heads of Departments shall oversee and ensure accountability of corruption risk identified with the corresponding controls to be implemented.
- c. The risk parameters (i.e. financial impact, customer relationship and reputation / media) are established to estimate the consequences of a risk, namely likelihood of occurrence and criticality of impact, based on KNM’s risk appetite.
- d. Risk Register is developed to capture potential corruption scheme(s), possible root causes, existing key controls and impact are maintained for the KNM Group. The risks are then evaluated based on the likelihood of occurrence and criticality of impact (i.e., Low, Medium, High and Extreme) to provide a basis for Management in strategic decision-making process and mitigation of corruption risks.

- e. RMC of KNM Group shall conduct regular risk assessment i.e. on a yearly basis and/or when there is a change in law or circumstance of the business to ensure the identified corruption risks are remains relevant and adequate mitigating controls are discussed and implemented.

Specific anti-corruption plan shall be identified by the respective Heads of Departments and reported to the GCFO for review and monitoring.

## **5.0 Gift and Corporate Hospitality**

KNM recognises the importance of gift and corporate hospitality giving/ acceptance, donation and sponsorship activities to maintain good rapport with its vendors, customers and government officials. The policies and procedures set out below are to safeguard the KNM Group's reputation and to protect its employee from allegation of soliciting bribe, corruption or exercising undue influence on external party(s) for personal gain.

### **5.1. Purchase of Gift and Corporate Hospitality**

- a. Purchase requisition pertaining gift and corporate hospitality shall be a reasonable amount, subject to the approval of the Group Chief Executive Officer ("GCEO") and Group HR & Admin Head and COO (Division) in line with the Financial Limit of Authority ("FLOA"). Such gifts and hospitality shall fulfil **ALL** the following conditions prior to approval:
  - i. They are intended to maintain good rapport with the vendors/ customers of the Group and government officials;
  - ii. They are limited, customary and lawful under the circumstances;
  - iii. They do not have or perceived to be affecting action(s) or decision(s) of the receiving party;
  - iv. There shall be no expectation of any specific favour, benefit or advantages from the intended recipients;
  - v. There shall not be any corrupt/ criminal intent; and
  - vi. The giving out of gift or corporate hospitality shall be transparent.
- b. Purchase of gift or corporate hospitality, subject to the fulfilment of condition as stipulated in Clause 5.1(a), is only permitted to the Heads of Departments and above within the KNM Group.

- c. Any purchase of gift or corporate hospitality in nature as per approval limit below: -

**HQ – Malaysia Operation**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Entertainment Expenses per Special Entertainment Request	Above RM500	Group HR & Admin Head	Group CEO
Entertainment exceeding RM500 require prior approval	Up to RM500	HR / Admin Manager	Group HR & Admin Head + COO (Division)

**FBM Hudson Italiana SpA**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Entertainment Expenses per Special Entertainment Request	Above EUR250	CEO	Group CEO
Entertainment exceeding EUR250 require prior approval	Up to EUR250	COO	CEO

**FBM-KNM FZCO**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Entertainment Expenses per Special Entertainment Request	Above USD250	CEO	Group CEO
Entertainment exceeding USD250 require prior approval	Up to USD250	COO	CEO

### Impress Ethanol Co. Ltd.

TRANSACTION / DOCUMENT CATEGORY	APPROVAL LIMIT	AUTHORISED BY	APPROVED BY
Entertainment Expenses per Special Entertainment Request	Above THB1,500	CEO	Group CEO
Entertainment exceeding THB1,500 require prior approval	Up to THB1,500	COO	CEO

### Borsig GmbH

TRANSACTION / DOCUMENT CATEGORY	APPROVAL LIMIT	AUTHORISED BY	APPROVED BY
Entertainment Expenses	More than EUR3,000	N/A	The Management Board of Borsig GmbH + The Management of BBVG
	Exceeding EUR1,000	N/A	The Management + The Management board of the Borsig GmbH
	Up to EUR 1,000	N/A	The Management

- d. Purchase requisition pertaining to gift and corporate hospitality for government official from the public sector, it shall be restricted to statutory limit of the respective countries. However, gift in the form of cash or cash equivalent shall never be given or offered to any public or government officials.
- e. Purchase requisition on gift or corporate hospitality shall be indicated with purpose of requisition, including client or vendor name or representative details.
- f. In the event of any dispute between any internal practice, existing policy and or procedure already imbedded within the constitution of the organisation prior to the commencement of this Policy & Guidelines. All disputes on **limits** set in Section 5 of this Policy & Guidelines shall prevail over all other documentation.

## 5.2. Gift Acceptance

- a. Under no circumstances that an employee of the KNM Group shall receive or soliciting for personal gift from an external party.

- b. Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of KNM Group is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever KNM Group's business relationship with the Third Party. However, in no circumstances may an employee, director or his/her family/household members accept gifts in the form of cash or cash equivalent.
- c. Any gift received by an employee of the KNM Group from external party(s) requires declaration to the Heads of Departments or GCEO.

### **5.3. Entertainment Acceptance**

- a. Employees of the Group shall exercise proper care and judgment prior to accepting entertainment from external party. This is vital to safeguard the KNM Group's reputation and to protect its employee from allegation of soliciting bribe or corruption.
- b. Any entertainment received by an employee of the KNM Group from external party(s) requires declaration to the Heads of Departments or GCEO.

## **6.0 Corporate Social Responsibility, Donation and Sponsorship**

- a. All Corporate Social Responsibility ("CSR") related sponsorships and donations shall be made in accordance with KNM Group's policies with prior approval by authorised personnel in line with the FLOA.
- b. Given the nature of KNM Group's business, government agencies or local authority bodies may request for sponsorship and/ or donations in respect of CSR events. As part of KNM Group's commitment to corporate social responsibility and sustainable development, as a general matter, KNM provides such assistance in appropriate circumstances and in an appropriate manner.
- c. Such requests shall be examined for legitimacy and not be made to improperly influence a business outcome. The proposed recipient shall be a legitimate organisation and appropriate due diligence shall be conducted in particular to ascertain whether any public officials are affiliated with the organisation. Any red flags shall be resolved before committing any funds to the programme. Even requests determined to be legitimate shall be carefully structured to ensure that the benefits reach their intended recipients.
- d. If any employees or Directors are in any doubt as to whether a charitable contribution or social benefit is appropriate, Management shall seek legal consultation accordingly.

### **6.1 Donation and Sponsorship**

- a. Employees shall ensure that all sponsorships and donations are not used as a subterfuge for bribery or used to circumvent or avoid any of the provisions of the CoC, including in particular, the prohibition on bribery. KNM Group needs to be certain that donations to foreign-based charities or beneficiaries are not disguised illegal payments to government officials, and shall ensure that the charity does not act as a conduit to fund illegal activities in violation of international anti-money laundering, anti-terrorism and other applicable laws.

- b. The Policy & Guidelines, in accordance with KNM's commitment to contribute to the community coupled with its values of integrity and transparency, all sponsorships and donations shall comply with the following:
- ensure such contributions are allowed by applicable laws;
  - obtain all the necessary internal and external authorisations;
  - be made to well established entities having an adequate organisational structure to guarantee proper administration of the funds;
  - be accurately stated in the company's accounting books and records; and
  - not to be used as a means to cover up an undue payment or bribery;

Examples of red flags to look out for are as follows:

- The proposed recipient /organisation have affiliations with a Public Official or their relatives are involved;
  - The contribution is made on behalf of a Public Official;
  - There is a risk of a perceived improper advantage for KNM; or
  - The proposed recipient is based in a high-risk country, the request comes from a high-risk country or the activity takes place in a high-risk country.
- c. KNM requires employees to use good judgment and common sense in assessing the requests. When in doubt, employees shall seek for legal advice or escalate the matter to the Heads of Departments or GCEO to determine the authenticity of such requests.
- d. Donation and sponsorship are only permissible with prior approval by the Heads of Departments or GCEO. All donations and sponsorship payment shall be supported with an official letter of request from the requesting external party and proof of receipt.
- e. Donation and sponsorship are subject to approval limit as follow: -

#### **HQ – Malaysia Operation**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Donation and Gifts	Above RM500	Group HR & Admin Head	Group CEO
	Up to RM500	HR / Admin Manager	Group HR & Admin Head

#### **FBM Hudson Italiana SpA**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Donation and Gifts	Above EUR100	CEO	Group CEO
	Up to EUR100	COO	CEO

**FBM-KNM FZCO**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Donation and Gifts	Above USD100	CEO	Group CEO
	Up to USD100	COO	CEO

**Impress Ethanol Co. Ltd.**

<b>TRANSACTION / DOCUMENT CATEGORY</b>	<b>APPROVAL LIMIT</b>	<b>AUTHORISED BY</b>	<b>APPROVED BY</b>
Donation and Gifts	Above THB1,000	CEO	Group CEO
	Up to THB1,000	COO	CEO

**7.0 Facilitation and Extortion Payments**

- a. Facilitation extortion payment to external party, in particular, government officials, is strictly prohibited as it is seen as a form of bribery and corruption. Extortion payment to external party, on the other hand, is not categorised as an illegal activity by legal means, as the health, safety and liberty of one is paramount.
- b. The Group Financial Controller shall maintain a record of such event and report the payment to the relevant authorities.

**7.1. Facilitation Payment**

- a. Facilitation payment to external party, in particular, government officials, is strictly prohibited as it is seen as a form of bribery and corruption, unless it can be proven that such payment is legitimate and supported by an official receipt.
- b. Facilitation payment shall not be in any way or form be disguised or translated in personnel's remuneration package.
- c. Subject to the fulfilment of criteria in Clause 7.1(a), facilitation payment request may be approved by the GCEO.

**7.2. Exception to Facilitation Payment (Extortion Payment)**

- a. Extortion payment to any party shall not be made unless the employee(s) and or their families health, safety and or liberty are threatened.
- b. Subject to the fulfilment of criteria in Clause 7.2(a), extortion payment request may be approved by the GCEO.

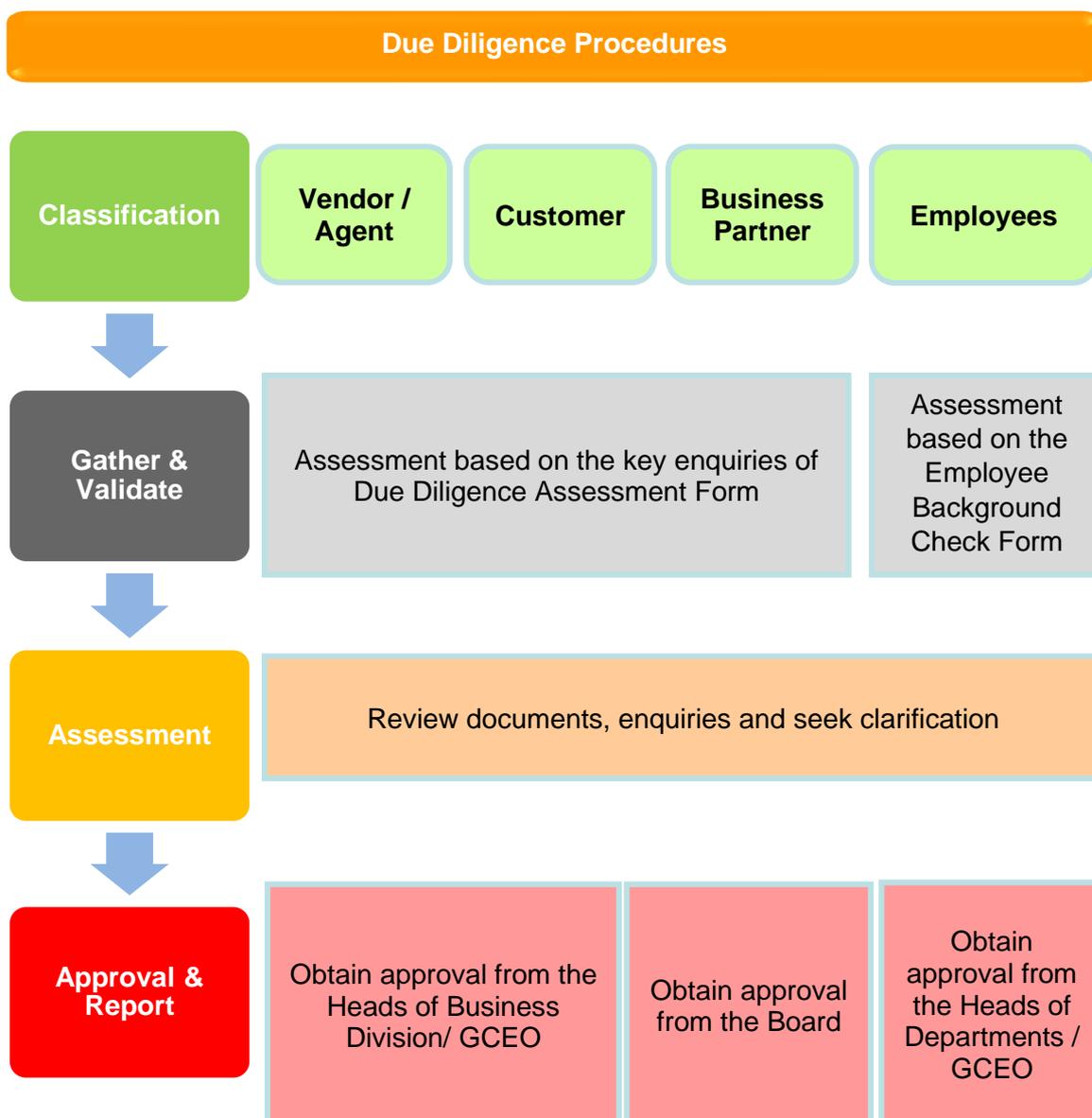
## 8.0 Due Diligence Procedures and Dealing with External Parties

KNM recognises the objective of due diligence procedures on customers, business partners, vendors and employees to evaluate the risk of bribery and corruption associated with these parties. This also serves as a basis for decision making, whether to accept or reject before entering into any contractual arrangement or business dealing.

KNM Group shall require due diligence procedures to be applied on the key stakeholders below:

- i. Vendors or agents;
- ii. Customers;
- iii. Business partners; and
- iv. Employees.

The diagram below depicts the due diligence process flow:



## 8.1. Dealing with Vendors or Agents

- a. KNM is committed to uphold the highest standard of ethics and integrity in all aspects of its procurement activities by:
  - i. Adhering to the procurement policies and procedures;
  - ii. Avoiding dealing with any vendor, sub-contractors, or agents who known or reasonably suspected of corrupt practices;
  - iii. Ensuring that all new vendors/ sub-contractors/ agents are subject to background assessment and conflict of interest check prior to registration and acceptance;
  - iv. Communicating the Policy & Guidelines requirements to vendor, sub-contractors or agents (Please refer to *Appendix A for Vendor ABAC Declaration Online Form*);
  - v. All contracts / agreement entered with vendors, sub-contractors or agents to incorporate a provision whereby KNM retains right to audit third party compliance with the Policy & Guidelines; and
  - vi. All agents are required to declare on their adherence to the Policy & Guidelines requirements via *Appendix A Vendor ABAC Declaration Online Form*.
- b. A Due Diligence Assessment Form shall be used in guiding KNM employee to undertake an assessment on the vendors', sub-contractors', or agents' background and reputation, including their conflict of interest (Please refer to *Appendix B for Due Diligence Assessment Form*). The key components of vendor/ agent due diligence procedures cover the following but may vary depending on the circumstances:
  - i. Corporate profile;
  - ii. Company search via Suruhanjaya Syarikat Malaysia ("SSM") or equivalent authorities in the respective countries of operation;
  - iii. Financial background;
  - iv. Directorship;
  - v. Past records of criminal, bribery or corruption cases; and
  - vi. Potential conflict with existing employees or Director of the Group.
- c. The results and/ or any concern raised during this due diligence assessment shall be communicated to and with approval from the GCEO prior to entering into the relationship.

## 8.2. Dealing with Customers

- a. In ensuring that the Group's dealings with its customers complies with relevant rules, regulations and the Policy & Guidelines requirements, the safeguard procedures below are required:
  - i. All new customers are subject to background assessment and conflict of interest check prior to entering into a business dealing; and
  - ii. A standard ABAC clause shall be included in all contracts / agreement entered with customers to enable the Company to terminate the contract in the event of any proven bribery or corruption activities.
  - iii. Communicating the Policy & Guidelines requirements to customer / client (Please refer to *Appendix A1 for Customer / Client ABAC Declaration Online Form*);

- b. A Due Diligence Assessment Form shall be used in guiding the employees of KNM Group to undertake an assessment on the customers' background and reputation, including their conflict of interest (Please refer to *Appendix B* for *Due Diligence Assessment Form*). The key components of customers due diligence procedures cover the following but may vary depending on the circumstances:
  - i. Corporate profile;
  - ii. Company search via SSM or equivalent authorities in the respective countries of operation;
  - iii. Financial background;
  - iv. Directorship;
  - v. Past records of criminal, bribery or corruption cases; and
  - vi. Potential conflict with existing employees or Director of the Group.
- c. The results and/ or any concern raised during this due diligence assessment shall be communicated to the GCEO prior to entering into the relationship.

### **8.3. Dealing with Business Partners**

- a. To improve the background assessment, a due diligence process shall be carried out with regards to any business partner who intend to enter into long terms business relationship with KNM Group.
- b. Due diligence assessment shall be carried out to ensure business partner is not likely to commit bribery and corruption activities in the course of its partnership with KNM Group. Conflict of interest check shall also be carried out during due diligence and make declaration to the Board during evaluation. (Please refer to *Appendix B* for *Due Diligence Assessment Form*). The key components of business partner due diligence procedures cover the following but may vary depending on the circumstances:
  - i. Corporate profile;
  - ii. Company search via SSM or equivalent authorities in the respective countries of operation;
  - iii. Financial background;
  - iv. Directorship;
  - v. Past records of criminal, bribery or corruption cases; and
  - vi. Potential conflict with existing employees or Director of the Group.

### **8.4. Dealing with Public Officials**

A 'public or government official' includes, without limitation, candidates for public office, officials of any political party, and officials of state-owned enterprises other than KNM Group. Caution shall be exercised when dealing with public officials. Providing gift, entertainment or corporate hospitality to public officials or their family/ household members is generally considered a 'red flag' situation in most jurisdictions.

KNM Group shall not provide non-business travel and hospitality for any government official or his/her family/household members without permission from the GCEO in consultation with a lawyer.

Other KNM Group's policies and procedures on gift, entertainment and corporate hospitality shall also be abided by, copies of which can be obtained from the Human Resource Department.

If approval is given to provide gift, entertainment or corporate hospitality to public officials, the Management shall ensure that the value of gift, entertainment or corporate hospitality shall not exceed the statutory limit.

#### **8.5. Dealing on Recruitment of Employees**

- a. Background screening on shortlisted candidate(s) is required during the evaluation stage of recruitment process (Please refer to *Appendix C* for *Employee Background Check Authorisation Form* and *Appendix D* for *Employee Background Check Form*).
- b. Key considerations prior to acceptance of shortlisted candidate(s) cover the following:
  - i. Past criminal records (if any);
  - ii. Potential fraud, bribery or corruption committed in the previous organisation;
  - iii. Verification of past employment or institution of learning references, where applicable; and
  - iv. Conflict of interest, i.e. relationship with any employee, vendor, customer or Director of the Group.
- c. Recruitment due diligence result shall be vetted by the Heads of Departments/ GCEO prior to acceptance of the candidate.
- d. Newly recruited employee(s) shall be provided with an onboarding programme, including the briefing on Policy & Guidelines and CoC.

#### **9.0 Reporting Procedures on Suspected Bribery or Corruption Activities**

Reference shall be made to the *Whistleblowing Policy & Guidelines Document* pertaining to reporting procedures on suspected bribery or corruption activities.

Whistleblowers are encouraged to report in good faith or to raise a concern about any attempted, suspected and actual bribery or corruptions activities that violates to the Policy & Guidelines at the earliest possible stage.

Upon making a disclosure in good faith, based on reasonable grounds and in accordance with the procedures pursuant to the *Whistleblowing Policies & Guidelines Document*, the whistleblower shall be protected from any form of retaliation within the KNM Group.

## 9.1. What to Report

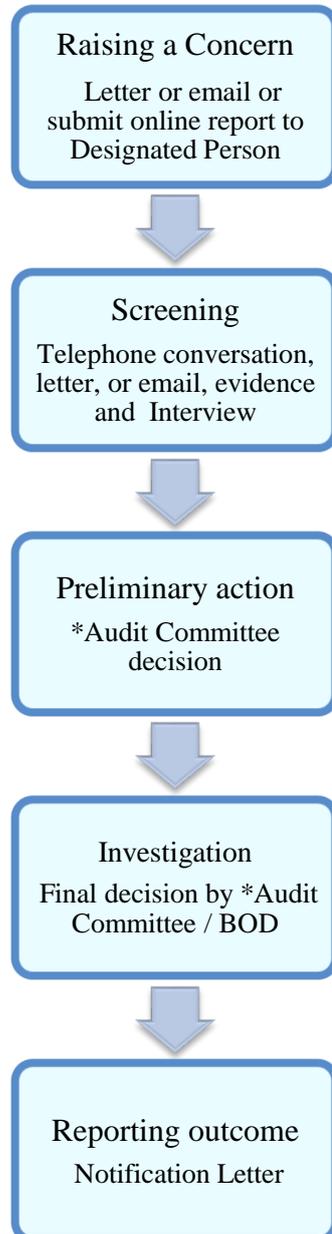
The key information or documents below are to be provided by the whistleblower to facilitate further investigation, if required:

- a. Whistleblower's contact information
  - i. Name (\*)
  - ii. Designation
  - iii. Contact Number
  - iv. Email Address (\*)
  
- b. Suspect's information
  - i. Name
  - ii. Designation
  - iii. Contact Number
  - iv. Email Address
  
- c. Complaints / concerns
  - i. Incident date
  - ii. Affected parties
  - iii. Incident or event location
  - iv. Supporting documents (where applicable)
  - v. Other details or information which may assist the investigation

*\* May leave the information blank if the whistleblower wishes to remain anonymous*

## 9.2. How to Report

Whistleblowers shall report their concerns using the reporting channels as stated in the *Whistleblowing Policies & Guidelines Document*, which is available on the KNM website.



## 10.0 Internal / External Assessment

- a. As part of the internal monitoring process, Compliance Officer shall review the underlying controls of ABAC and identify any non-compliance incidences on a quarterly basis.
- b. If any of KNM Group's key stakeholders as defined in Clause 8.0 are found to have breached any ABAC rules and regulations or this Policy & Guidelines, including willful non-disclosure of suspected bribery and corruption, such breach may result to the following actions taken:

Key stakeholders	Actions taken
Employees	Disciplinary action by KNM Group in accordance with the CoC of KNM Group which includes termination of employment.
Vendor/ agents/ customers	<ol style="list-style-type: none"> <li>i. Subjected to BOD's approval, retain business dealings;</li> <li>ii. Discontinue business dealings with immediate effect;</li> <li>iii. Termination of contract with immediate effect; or</li> <li>iv. Legal proceedings if required.</li> </ol>

- b. KNM shall engage with independent consultant to review and assess the adequacy and implementation of this Policy & Guidelines on a regular basis i.e. every three (3) years.

## 11.0 Training and Awareness Programme

- a. Annual training and awareness programme on ABAC shall be provided to KNM Group's employees and key stakeholders as defined in Clause 8.0, as appropriate to their roles and taking into account the bribery risk assessment.
- b. Updates on this Policy & Guidelines with regards to its content as well as regulatory requirement affecting the ABAC practices shall be communicated to KNM Group's employees and key stakeholders, defined in Clause 8.0.

## 12.0 Record-Keeping and Documentation

- a. All accounts, invoices, documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, shall be prepared and maintained with completeness as well as compliance with relevant regulatory or statutory requirements.

Importance of proper and complete records to be maintained of all payments made to and from third parties in the usual course of business as these would serve as evidence of such payments were bona fide, and not linked to alleged corrupt and/or unethical conduct.

- b. KNM is determined to uphold its commitment to maintain accurate and complete records, reflecting KNM's highest ethical standards and accountability.

KNM ensures any and all information in the Group documents and record keeping processes shall not:

- i. Intentionally reflect a false or misleading entry in an official company record, report, file or claim;
- ii. Be represented in a falsified, omitted, misstated, altered, concealed in any manner or form or otherwise misrepresent the facts on the Group records;
- iii. Engage in any scheme to defraud the Group or any other individual; and
- iv. Encourage and allow any persons to compromise the accuracy and integrity of records.

## 13.0 Appendices

### Appendix A - Vendor ABAC Declaration Online Form

□ English (United States) □



# Vendor Anti-Bribery Anti-Corruption (ABAC) Declaration Form

Please read the Anti-Bribery Anti-Corruption (ABAC) policy as per the following link <http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf> (<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>)

The representative or the person acknowledging this form must be the person of authority

\* Required

1. Please enter your company's name : \*

2. Please enter your company registration number (e.g. SSM) \*

3. Please enter your name : \*

4. Please enter your designation : \*

5. Please enter your email address : \*

6. Please enter your business contact number : \*

7. Please describe the business dealings your company is having with KNM \*

8. Please indicate the name of the person, department and his/her direct contact no that you have business communication with in KNM \*

9.I acknowledge to have read and understand the ABAC Policy Statement in the link below :

<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>  
(<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>)

\*

Yes, acknowledged

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This content is neither created nor endorsed by Microsoft. The data you submit will be sent to the form owner.

 Microsoft Forms

## Appendix A1 – Customer / Client ABAC Declaration Online Form

□ English (United States) □



# Customer Anti-Bribery Anti-Corruption (ABAC) Declaration Form

Please read the Anti-Bribery Anti-Corruption (ABAC) policy as per the following link <http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf> (<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>)

The representative or the person acknowledging this form must be the person of authority

\* Required

1. Please enter your company's name : \*

2. Please enter your company registration number (e.g. SSM) \*

3. Please enter your name : \*

4. Please enter your designation : \*

5. Please enter your email address : \*

6. Please enter your business contact number : \*

7. Please describe the business dealings your company is having with KNM \*

8. Please indicate the name of the person, department and his/her direct contact no that you have business communication with in KNM \*

9.I acknowledge to have read and understand the ABAC Policy Statement in the link below :

<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>  
(<http://www.knm-group.com/KNM%20-%20ABAC%20Policy%20Statement%20dated%2026%20August%202020.pdf>)

\*

Yes, acknowledged

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This content is neither created nor endorsed by Microsoft. The data you submit will be sent to the form owner.

 Microsoft Forms

## Appendix B - Due Diligence Assessment Form

	<b>KNM Group Berhad</b> <b>Due Diligence Assessment Form</b>	Ref. No: KNM- DD-00
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1.0 Company Background Information				
<b>Company Name</b>		<b>Registration Number</b>		
<b>Date of Incorporation</b>		<b>Country / location of Operations</b>		
<b>Principal Business</b>				
Please list the shareholders or owners who have interest in the Company's business				
Name	Shareholders/ Director	% of Shares		Any interest within KNM Group (Y/N)
		Number	Percentage	

2.0 Financial Performance			
Description	Current year	Previous Year	Remarks
Revenue			
Gross margin			
Profit / (Loss)			

3.0 General checklist			
Description	Yes	No	Remarks (if Yes)
1. Within the last three (3) years, did any of the shareholders, directors or senior management, ever been found involved into any criminal, bribery or corruption cases?			
2. Does the Company allow facilitation payment practice in its business dealings?			
3. Does the Company have any channels in place to allow reporting of any misconduct?			
4. Does the Company rely on agents or intermediaries for its business operation?			
5. Does the Company have a code of conduct or any form of formalised ABAC policy and guidelines?			
6. Does the Company have any policy to govern gift, corporate hospitality and entertainment giving and acceptance?			

**Appendix B - Due Diligence Assessment Form (Cont'd)**

	<b>KNM Group Berhad Due Diligence Assessment Form</b>	Ref. No: KNM- DD-00
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<b>3.0 General checklist</b>			
Description	Yes	No	Remarks (if Yes)
7. Do any shareholders, directors or Senior Management of the Company have connections with government official / politician (including immediate family member)?			

**Attachments required:**

1. Form 49 equivalent or SSM search report
2. CTOS report
3. Company's code of conduct (if any)
4. Company's ABAC Policy & Guidelines (if any)
5. Any other background research / news

Assessed by:

Reviewed by:

\_\_\_\_\_  
Signature

Name:

Date:

\_\_\_\_\_  
Signature

Name:

Date:



## Appendix C - Employee Background Check Authorisation Form

### KNM GROUP BERHAD Employee Background Check Authorisation Form

I, \_\_\_\_\_, understand and agree to give consent to KNM Group Berhad to conduct a background check to confirm my personal information, and previous employment experience by contacting my references or previous employers to verify the details provided in the application form.

I hereby grant authority for the bearer of this letter to access or be provided with full details.

- Of my previous employment record held by any company or business for whom I previously worked. This information should include the dates of employment; the nature of the position held, [details of my salary upon departure] and an appraisal of my performance, capabilities and character. In addition, please provide any other pertinent information requested by the individual presenting this authority. I hereby release from liability all persons or entities requesting or supplying such information.
- I understand and authorize this research to include, but is not limited to, retrieving criminal records, educational records, employment history, credit/financial reports, motor vehicle/driving records, civil records, reference checks, sex offender status information, professional licenses verifications, and ID verifications including those records maintained by both public and private organizations law enforcement agencies, educational institutions (including public and private schools/universities), foreign and domestic corporations, employers, information service bureaus, record/data repositories, courts and police stations, within or outside the Malaysia and other countries to release such information. I agree that this Authorization form in original, facsimile, photocopy, or electronic (including electronically signed) formats, will be valid for KNM Group Berhad or any agent of KNM Group Berhad to conduct any research, order any reports or produce any reports that may be requested by, or on behalf of the Company.

I also understand that this is necessary if I wish to meet all of the criteria for the position

of \_\_\_\_\_ [job title] at KNM Group Berhad, and that a successful background check is not a guarantee of employment.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Appendix D - Employee Background Check Form



### KNM GROUP BERHAD Employee Background Check Form

REFERENCE DETAILS			
Reference Name		Contact No.:	
Company Name		Date/Time Called	
Designation			

BACKGROUND CHECK RATING				
No	Category	Questions	Points	Remark (if any)
1	<b>A</b>	How Long had the employee served the Company		
2		What was the reason for him / she leaving the previous Company		
3	<b>B</b>	Work Attitude		
4		Performance		
5		Punctuality		
6		Relationship with Superior		
7		Relationship with Peer		
8		Relationship with Subordinates		
9		Willing/unwilling to accept responsibility		
10		Relationship with Clients		
11		Leadership Skills		
12		Job Knowledge / Professional qualification related to position applied		
13	<b>C</b>	Are they any misconduct / disciplinary action taken against the employee (if yes, list each incident and the details)		
14		Would you consider to reemploy him		
15	<b>D</b>	Would you consider others to employ him		
<b>TOTAL POINTS</b>				

CHECK POINTS		
Category	Points	Remarks
<b>A</b>	<b>4</b>	Consistent information provided in Employment Form / Interview Session
	<b>0</b>	Inconsistency information provided in Employment Application Form/Interview Session
<b>B</b>	<b>1</b>	Poor
	<b>2</b>	Satisfactory
	<b>3</b>	Good
	<b>4</b>	Excellent
<b>C</b>	<b>4</b>	No Misconduct Case
	<b>0</b>	If Any Misconduct Case
<b>D</b>	<b>4</b>	Recommended
	<b>0</b>	Not Recommended
<b>TOTAL POINTS</b>	10 - 29	<b>POOR</b>
	30 - 40	<b>SATISFACTORY</b>
	41 - 50	<b>GOOD</b>
	51 - 60	<b>EXCELLENT</b>

<b>CHECKED BY</b>	Name	Signature / Date
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## Appendix E - Employee ABAC Declaration Form

### KNM GROUP BERHAD Employee ABAC Declaration Form

I, \_\_\_\_\_ (Employee Name),  
\_\_\_\_\_ (Nric /Pasport Number)  
From \_\_\_\_\_ (Subsidiary Name) of KNM Group  
Berhad hereby to confirm that :

- A. A copy of the ABAC Policy & Guidelines was provided and I have read and understand the policy. I undertake to abide by all the terms and condition of the ABAC Policy & Guidelines at all times.
- B. I have not been convicted nor am I subject of any investigation, inquiry or enforcement proceedings by the relevant authorities of any actual or suspected bribery and corruption activities.
- C. If I have reasonable grounds to suspect any actual or suspected breach to the ABAC Policy & Guidelines, I shall report such act to the Audit Committee Chairman of as soon as reasonably practicable.
- D. In the event that I am in breach of the ABAC Policy & Guidelines, KNM Group may immediately terminate my employment contract / agreement entered without any liability whatsoever on the part of the KNM Group to me. This is without prejudice to any other rights or remedies that the KNM Group may have or any other appropriate action which KNM Group may seek under the terms of the applicable employment contract / agreement or the applicable rules and regulations.

Yours sincerely,

\_\_\_\_\_  
Name :  
Date :



# KNM Group Berhad (521348-H)

## Whistleblowing Policy & Guidelines

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<b>Document Title:</b>	Whistleblowing Policy & Guidelines		
<b>Ref No:</b>	KNM/WB		
<b>Originator:</b>	Corporate Office	<b>Applicable To:</b>	KNM Group Berhad and its subsidiaries
<b>Revision No:</b>	1.1	<b>Effective Date:</b>	23 November 2021
<b>Approved by:</b>			

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## Abbreviations

In this Policy & Guidelines, the following abbreviations shall have the following meaning unless otherwise stated:

AC	Audit Committee		GCEO	Group Chief Executive Officer
BAC	Board Audit Committee		COO	Chief Operating Officer
BOD	Board of Directors		HR	Human Resource
CoC	Code of Conduct		KNM Group	KNM Group Berhad and all its subsidiaries

## 1.0 Whistleblowing Policy

In line with good corporate governance practices, the BOD and Management of KNM Group Berhad. (“KNM” or “the Company”) and its subsidiary companies (collectively known as the “KNM Group” or “the Group”) encourage its employees, directors and stakeholders to commit to the highest possible standards of integrity in the conduct of its business activities. Consistent with this commitment, the policy aims to support good management practices and sound corporate governance practices within the Group.

This policy aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to rise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

For the purpose of this policy, the wrongful activities or wrongdoings refers to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violations or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities which may affect the business and image of KNM.

The BOD of KNM has a stewardship responsibility to communicate the requirements of this policy and to guide the organisation in dealing with concerns arising from wrongful activities or wrongdoings.

The Policy of the BOD is:

### 1. To encourage active and moral obligation to report wrongdoings

All employees and others are required to report any ongoing or suspected wrongful activities or wrongdoings at the earliest possible stage through the proper channel of reporting so that immediate action can be taken.

### 2. To use internal disclosure to report wrongdoings

As far as reasonable, internal disclosure is encouraged and used to avoid public crisis.

### 3. To protect the whistleblower

Where the disclosure is made in good faith, the whistleblower shall be protected against victimisation or other adverse treatment.

### 4. To ensure appropriate and fair disciplinary actions

All actions taken against the alleged wrongdoers would be fair and without prejudice.

### 5. To require that an effective whistleblowing guideline be established and maintained by KNM

Whistleblowing guidelines shall be sufficient to:

- Prohibit legal sanctions for retaliatory action taken against the whistleblower;
- Establish timely, feedback, response and remedial and/or corrective action;
- Ensure that this policy is properly communicated to all employees;
- Establish procedures to maintain records confidentiality and retention; and
- Embed integrity, transparency and accountability within the business.

Board of KNM Group Berhad.

Dated: 23 November 2021

## **2.0 Whistleblowing Guidelines**

### **2.1 Definition**

The word whistleblowing in the context of this Whistleblowing Guidelines (“this Guidelines”) refers to a situation where a person (internal or external) raising or reporting concerns at an early stage about an ongoing or suspected wrongful activities or wrongdoing within the Group.

The person who raises or reports concern(s) of wrongful activities or wrongdoings within the Group is referred as “whistleblower”.

For the purpose of this Guidelines, the wrongful activities or wrongdoings refers to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violations or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities which shall affect the business and image of the Group.

### **2.2 Objective**

To provide an avenue and a structured mechanism for a person to raise or report concerns at an early stage about an ongoing or suspected wrongful activities or wrongdoing within the Group and, to protect the values of integrity, transparency and accountability in where the Group conducts its business and affairs.

### **2.3 Principles**

The Whistleblowing Policy is based on several key principles such as following:

- 2.3.1 To establish formal and written Guidelines to provide a transparent method of addressing issues relating to whistleblower, such as answering standard questions, providing information and offering explanations.
- 2.3.2 To apply as a control measure to alert the Management to take the necessary remedial and/or corrective actions before a problem became a serious crisis.
- 2.3.3 To communicate to all employees and others on what the Whistleblowing Policy and Guidelines is and the key processes.
- 2.3.4 To encourage and enable employees and others to be able to report irregularities in good faith within the Group prior to seeking resolution outside the Group and without having to fear that their action may have adverse consequences.
- 2.3.5 To provide timely feedback and response.
- 2.3.6 To verify the report incidents in the appropriate manner and, if the reports are confirmed, all necessary steps to identify appropriate remedies shall be taken promptly.
- 2.3.7 To ensure effective implementation of this Guidelines. This shall enhance KNM’s accountability in preserving its integrity and may be able to stand up to public scrutiny. This in turn enhances and builds credibility of our stakeholders.

## 2.4 Application

- 2.4.1 This Guideline is intended to complement the existing internal controls system and, channels of communication and reporting lines within the Group.
- 2.4.2 The Whistleblowing Policy and Guidelines applies to all employees and others who want to report any wrongful activities or wrongdoings in good faith. The policy aims to provide an avenue to raise concerns and receive feedback on any action taken.
- 2.4.3 This policy is intended to cover concerns which fall outside the scope of other KNM existing procedures which already are included in or covered by other policies e.g. retaliation, discrimination and victimisation.
- 2.4.4 This Guideline shall not apply to personal grievances. Such complaints shall be dealt by KNM's designated personnel as set out in **Appendix E: Complaints Categories Description**.

## 2.5 Administration

- 2.5.1 The BOD, through the BAC, shall exercise the oversight function over the administration of the policy and endorsed the policy.
- 2.5.2 The Management of KNM shall adopt this Guidelines.
- 2.5.3 The administration of the policy and guidelines shall be carried out by the CGEO of KNM.
- 2.5.4 The Group Chief Executive Officer ("GCEO") shall propose to the Management any necessary amendments to the Guidelines for adoption before the presentation to the BOD for endorsement.

## 2.6 Circulation and Annual Review

- 2.6.1 The Whistleblowing Policy shall be made available to public via the KNM's public website.
- 2.6.2 As for internal circulation within the Group, the Whistleblowing Policy and Guidelines shall be made available via circulation of memo/ email. It shall be deemed that all employees of the Group are aware, has read and understand the content of Whistleblowing Policy and Guidelines.
- 2.6.3 The Guideline shall be reviewed on annual basis by the BOD to ensure that the Guidelines are in accordance with KNM's business environment and the relevant standards, act and law.
- 2.6.4 The amendments shall be updated in KNM's public website and circulation of memo/ email accordingly.

## **2.7 Who can Whistleblow**

- 2.7.1 Once the Whistleblowing Policy and Guidelines are fully implemented, any of the following individuals can make a disclosure:
- a. Employees of the Group including, employees on contract terms, temporary or short-term employees and employees on secondment;
  - b. Board members and Management;
  - c. Ex-employees;
  - d. Financiers;
  - e. Customers;
  - f. Business partner;
  - g. Shareholders; and
  - h. Vendors for the Group which includes agents, contractors, suppliers, advisors, consultants, internal and external auditors.
- 2.7.2 No employee or Director may use their position to prevent an individual to report any ongoing and suspected wrongful activities or wrongdoings.
- 2.7.3 If an individual is unsure whether a particular act or omission constitutes a wrongful activity or wrongdoing under Whistleblowing Policy and Guidelines, he or she is encouraged to seek advice or guidance from the Audit Committee Chairman for more clarification.

## **2.8 What to Whistleblow**

- 2.8.1 A qualified disclosure shall be made if it relates to one or more of the following wrongful activities or wrongdoings by any KNM Group's employees or service providers in the conduct of KNM Group's business or affairs that is being, has been, or is likely to be, committed:
- a. Fraud, bribery, corruption/corrupt practices, forgery, cheating and malpractices;
  - b. Non-disclosure of conflict of interest situation;
  - c. Misappropriation of unauthorised use of the Group's funds or assets;
  - d. Sale of proprietary information and/or collusion with competitors;
  - e. Failure to comply with legal obligations or regulatory requirements;
  - f. Criminal breach of trust or offence;
  - g. Collusion and money laundering;
  - h. Misuse or abuse of the Group's funds or assets or assets misappropriation;
  - i. Financial irregularity or financial fraudulent within KNM Group;
  - j. Breach of the Group's Standard Operating Procedures or Financial Authority Limit;
  - k. Repeated ill treatment of a client/customer/supplier despite a complaint being made;

- l. Activities, which otherwise amount to serious misconduct or transgression, including CoC of KNM, Company policies and Human Resource (“HR”) Policies;
- m. Actions which endanger the health or safety of employees or the public and the environment;
- n. Actions which endanger National and public interest;
- o. Gross mismanagement within the Group;
- p. Illegal or unlawful conduct or failure to comply with the provisions of the Government Laws and Regulations where the wrongdoer, knowingly, disregards or does not comply with such provisions;
- q. Sexual harassment;
- r. Knowingly directing or advising a person to commit any of the above wrongdoings; and
- s. Any action which is intended to conceal any of the above.

The above list is not exhaustive and there may be instances where whistleblower(s) would need to exercise judgement.

2.8.2 A whistleblower shall not be expected to prove the truth of an allegation but he or she should be able to demonstrate that there are sufficient grounds to have a reasonable belief that something is wrong, and the report is not for personal gain. Malicious allegation shall be treated as gross misconduct and if proven may lead to dismissal of employment.

2.8.3 If an individual is unsure whether a particular act or omission constitutes a wrongful activity or wrongdoing under Whistleblowing Policy and Guidelines, he or she is encouraged to seek advice or guidance from the GCEO or the Audit Committee Chairman for more clarification.

## **2.9 When to Whistleblow**

2.9.1 A whistleblower shall immediately come forward with any information that he or she, in good faith, reasonably believes discloses a wrongful activity or wrongdoing is likely to happen, is being committed or has been committed.

2.9.2 However, he or she is not expected to first obtain substantial evidence of proof beyond reasonable doubt when making a disclosure. If he or she knows as a matter of fact that there are serious risks that a wrongful activity or wrongdoing is going to take place, such bona fide concerns shall be raised immediately i.e. the whistleblower is able to show the reasons for concern.

## **2.10 Education Process**

2.10.1 Training and awareness on whistleblowing key processes and updates shall be communicated via continuous training and awareness programmes and, via circulation of memo/ email.

## **2.11 Confidentiality**

- 2.11.1 The Whistleblowing Policy and Guidelines is intended to safeguard the safety of the whistleblower's identity, and therefore undertakes to treat all whistleblowing reports as confidential.
- 2.11.2 All reports of violation or suspected violation shall be kept as confidential to the extent possible, consistent with the need to conduct adequate investigation, unless otherwise required by law. Every effort shall be made to protect the whistleblower's identity.
- 2.11.3 The Guidelines provides assurances that the reporting mechanism for whistleblowing is set up in a structured and systematic manner to safeguard the information and the identity of the whistleblower. By setting up the necessary system to safeguard the confidentiality, the interests of the whistleblower shall be protected from possible harm through retribution by those who stand to benefit the reported misconduct.
- 2.11.4 The perception and the reality of safety of the information and the whistleblower identify are crucial to provide courage and confidence for individuals to speak up or report any sensitive issues that they believe in good faith that could have negative repercussion to the Group.
- 2.11.5 Approaches for confidential advice to outside parties, such as lawyers, enforcement agencies or other external safe channels are acceptable, but that the Whistleblowing Policy and Guidelines Document is designed to prevent any unnecessary public disclosure of concerns.

## **2.12 Whistleblower Protection**

- 2.12.1 Upon making a disclosure in good faith, based on reasonable grounds and in accordance with the procedures pursuant to this Guidelines, the whistleblower's identity shall be protected i.e. kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Group.

However, the Company shall honour the request of the whistleblower if he or she request to maintain his or her identify confidential.

If situation arises where the report launched by the whistleblower cannot be preceded without revealing the identity of the whistleblower, the Audit Committee Chairman shall discuss with the whistleblower to determine the best available options taking into consideration the request of the whistleblower and to safeguard the interest of the Group.

- 2.12.2 Where a whistleblower makes a report under this policy in good faith, reasonably believed to be true; the whistleblower shall be protected from harassment or victimisation within the Group, dismissal, disciplinary procedures or any other form of retaliatory action should the disclosure turn out to be inaccurate or false. Retaliation includes harassment and adverse employment consequence.

- 2.12.3 The Group shall not tolerate punishment or unfair treatment when concerns are raised in good faith. A whistleblower who reports a contravention or a concern shall be given protection and shall in no way be put at a disadvantage as a result of his or her report.
- 2.12.4 Any employee who shows the act of retaliation against the whistleblower who has reported a violation in good faith shall be subjected to disciplinary action by the Group in accordance with the CoC of KNM and lodge report to relevant authorities.

### **2.13 Safeguard against Abuse of Policy**

- 2.13.1 Reporting under this policy, however, would not immunise or shield a whistleblowing against action following from his or her intentional misconduct, which includes wilfully making allegations through the whistleblowing mechanism that the whistleblower knows to be false or makes with the intent to misinform or tarnish the reputation or others or due to personal gain.
- 2.13.2 Where a whistleblower makes a report not in good faith or reasonably believed not to be true, the whistleblower may not be protected and shall be subjected to Disciplinary Action by the Company in accordance with the CoC of KNM. The Company will not hesitate to refer the false or fraudulent case to the relevant authorities should it involves external reporting or outside parties in the process, as the case maybe.
- 2.13.3 Malicious rising of unfounded allegations is a disciplinary offence and shall be subjected to disciplinary action by the Company in accordance with the CoC of KNM.

## **3.0 Reporting Process and Procedures**

### **3.1 Procedures for Raising a Complaint**

- 3.1.1 When an individual is of the opinion that a specific concern falls within the scope of this Guidelines and cannot be solved through the Group's existing internal written procedures / control systems, he or she can choose to make a report orally or in writing and submit it to Audit Committee Chairman. If he or she decides to raise a matter orally, the respective employee shall be requested to make a written statement subsequently. The example format of the report to be used by the whistleblower is provided in **Appendix A**.
- 3.1.2 In deciding whether or not an employee has acted reasonably, all circumstances shall be taken into consideration but in particular:
  - a. The identity of the person to whom the disclosure is made;
  - b. The seriousness of the relevant "wrongful activity" or "wrongdoing" and the impact to the Group, e.g. reputation and financial;

- c. whether the “wrongful activity” or “wrongdoing” is continuing or is likely to occur in the future;
  - d. whether the disclosure is made in breach of a duty of confidentiality owed by the employer to any other person;
  - e. any action the employee or other person might be reasonably be expected due to previous unfavourable disclosure; and
  - f. whether the complaints rose has taken into consideration the existing internal controls.
- 3.1.3 Disclosure which include those relating to financial reporting, unethical or illegal conduct, shall be reported directly to the Audit Committee Chairman. Employment related concerns can be reported to the respective subsidiary Human Resources.
- 3.1.4 When the whistleblower choose to put in writing in the event he or she feels the issues or concerns are sufficiently serious, the whistleblower can either
- Submitting an online report via this URL link <https://forms.office.com/r/wYhfxrpkZa> or scan the following QR code
- 
- Email to [whistleblowing@knm-group.com](mailto:whistleblowing@knm-group.com)
  - Send a letter marked “**Private and Confidential**” attention to “**Audit Committee Chairman**” to the following address :-  
KNM Group Berhad  
15, Jalan Dagang SB 4/1  
Taman Sungai Besi Indah  
43300 Seri Kembangan
- 3.1.5 The envelope and email shall only be opened by the Audit Committee Chairman and the whistleblower shall be responded in accordance with the respond timing as included in **Appendix F**, to confirm receipt of the complaint letter. A respond letter shall be sent to the address as specified by the whistleblower in the complaint letter or, his or her email.
- 3.1.6 The whistleblowing reporting structure is provided in **Appendix B**.
- 3.1.7 The whistleblower is encouraged to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified.
- 3.1.8 The whistleblower is encouraged to disclose his or her particulars including, name, designation, current address and contact numbers to speed up the follow-up and investigation process.
- 3.1.9 The whistleblower shall inform the Audit Committee Chairman of all details of his or her concerns as reasonably possible, including other details deemed to be

useful to facilitate screening and action to be carried out under paragraph 3.2 and 3.3 below, if required.

- 3.1.10 The whistleblower shall refer to **Appendix A: Example Format of Report to Be Used by Whistleblower**, as a guideline for reporting.
- 3.1.11 The whistleblower may be asked to provide further clarifications and information from time to time, for example, if an investigation is conducted.
- 3.1.12 In respect of the whistleblower who reports a suspected violation in good faith and is not engaged in questionable conduct, KNM shall attempt to keep its discussions and actions confidential to the greatest extent possible.
- 3.1.13 However, there may be circumstances where the whistleblower may be needed as a witness. Should this be the case, the Audit Committee Chairman shall discuss the matter with the whistleblower at the earliest opportunity as specified in paragraph 2.12.1. In addition, in the course of investigation, Audit Committee Chairman may need to share information with others on a “need to know” basis subject to the approval from the Management/ BOD of KNM.

## 3.2 Screening

- 3.2.1 The Audit Committee Chairman may delegate the complaints received to an independent investigator, Head of Internal Audit / Compliance Officer to screen and assess the whistleblower’s disclosure to determine whether it is related to a wrongful activities or wrongdoings specified in paragraph 2.8.1 or excluded from the scope of the Whistleblowing Policy and Guidelines.
- 3.2.2 Initial enquiries shall be made via telephone communication or emails with the whistleblower to decide on how to deal with any concerns raised and determine whether further interview is required, and the form that it should take. Some concerns may be resolved without the need of an interview process.
- 3.2.3 If an interview is required, the Audit Committee Chairman shall meet with the whistleblower to obtain further information, clarification and documents which may be useful to support the alleged wrongdoings.
- 3.2.4 Upon completion of the initial enquiry and interview process, the complaints shall be categorised into the following four (4) categories:

Category A	Extreme rated cases
Category B	High rated cases
Category C	Medium rated cases
Category D	Personal grievances cases
- 3.2.5 Upon completion of the screening process, Audit Committee Chairman shall prepare a report for complaints under category A, B, C and D which shall include general recommendations to the BAC.

3.2.6 The following table shows the frequency of whistleblowing reporting to the BAC:

Reporting	Contents
Communication within 7 days	Category A & B rated cases
Communication within 12 days	Category C rated cases

3.2.7 In the event there is an urgent attention required due to the seriousness of the allegation i.e. for Category A type of complaints, the BAC or the board members shall be updated through verbal communication by the Audit Committee Chairman to determine the appropriate action. The screening process shall be completed on an urgent basis if the complaint on the alleged wrongful activities or wrongdoings is capable of causing irreparable harm to the Group's reputation or its financial position.

3.2.8 For complaints which are specified not specified under paragraph 2.8.1 i.e. Category D types of complaints, a separate report stating the nature of complaints, name, current address and contact numbers, the personnel alleged and additional information as required shall be provided to the designated personnel as set out in the **Appendix E** for follow-up.

3.2.9 The individuals complaining under the Category D types of complaints shall be directed by the designated personnel as set out in the **Appendix E**.

3.2.10 If the whistleblower's disclosure implicates any board members, the Audit Committee Chairman shall prepare a report which includes general recommendations for the BOD for consideration. (Refer to **Appendix B: Whistleblowing Reporting Structure** for further details).

### 3.3 Preliminary action

3.3.1 The BAC shall make decisions including but not limited to any of the following:

- a. Rejection of the whistleblower's disclosure; or
- b. Directing investigation by the internal expertise, Audit Committee Chairman or any subject matter experts;
- c. Suspending the alleged wrongdoer or any other implicated persons from work in accordance with the CoC of KNM to facilitate any fact-finding or to avoid any whistleblower's exposure to a threat or harm; or
- d. Referral to the police or any other appropriate enforcement authority.
- e. Referral to the BOD for decision.

3.3.2 All decisions made by the BAC and reasons of action thereof shall be properly documented.

- 3.3.3 If the case is referred to the BOD for decision, the BOD, together with the general recommendations made by the BAC, shall make a decision including but not limited to any of the following:
- a. Directing investigation by the internal expertise, the Senior Independent Chairman or any subject matter experts; or
  - b. Suspending the alleged wrongdoer or any other implicated persons from work in accordance with the CoC of KNM to facilitate any fact-finding or to avoid any whistleblower's exposure to a threat or harm, or
  - c. Referral to the police or any other appropriate enforcement authority.

All decisions made by the BAC / BOD and reasons of action thereof shall be recorded in the minutes of meetings of the BAC/ BOD.

- 3.3.4 Subject to legal constraints, the whistleblower shall be notified of the status of his or her whistleblower's disclosure based on the preliminary action taken by the BAC/BOD as far as reasonably practicable, in good time.

The status shall be updated by the Audit Committee Chairman upon approval from the BOD.

- 3.3.5 The alleged wrongdoer shall also be informed of the allegations and given an opportunity to answer the allegations at the upcoming investigation or appeal his or her case. The rights of person are specified under ***Paragraph 4.0 – Rights of Person Implicated.***

### **3.4 Investigation**

- 3.4.1 The investigation would be carried out under the terms of strict confidentiality, by not informing the subject of the whistleblower's disclosure complaint until (or if) it becomes necessary to do so.
- 3.4.2 The whistleblower and the alleged wrongdoer are expected to give his or her full cooperation in any investigation or any other process carried out pursuant to this Guidelines and/ or the disciplinary action in accordance with the CoC of KNM. The amount of contact between the whistleblower, the alleged wrongdoer and the investigating party shall depend on the nature of the issue and the clarity of the information provided. Further information may be sought from or provided to whistleblower and the alleged wrongdoer.
- 3.4.3 The investigation shall be carried out internally and/ or by outside party and the directive of the investigation could be from the BAC / BOD.
- 3.4.4 As far as possible, all investigations shall be completed within one (1) month. However, complex investigation that requires longer period shall be notified to the BAC / BOD.
- 3.4.5 In the event the whistleblower is implicated or discovered to be or have been involved in any wrongful activities or wrongdoing, he or she may also be investigated so as to complete the fact-finding process in accordance with this Guidelines and/or the disciplinary action of CoC of KNM.

3.4.6 If the alleged wrongdoer or any other implicated persons has/have, or is/are found to have:

- committed a wrongdoing; or
- taken serious risks which would likely cause a wrongdoing to be committed

Based on the investigation directed by the BAC / BOD, the action to be taken against that alleged wrongdoer or any other implicated persons shall be subjected to disciplinary action in accordance with the CoC of KNM, which may include formal warning or reprimand, demotion, suspension or termination of employment or services with the Group.

3.4.7 The BOD, with the recommendation from the BAC, shall have the final decision on the appropriate measures to be taken including, on whether to pursue any legal actions against alleged wrongdoer or any other implicated persons. The BAC / BOD of KNM shall seek guidance from legal expert when considered necessary.

3.4.8 In circumstances where immediate decision is required, any BAC member, with the recommendation of the Audit Committee Chairman, shall make the decision on the appropriate measures to be taken, on whether to pursue any legal actions against alleged wrongdoer or any other implicated persons. The report shall be presented subsequently to the BAC / BOD for approval and final decision.

3.4.9 In the event the implicated personnel are the BAC/BOD members, the non-implicated members of the BAC/BOD, based on the investigation report, shall have the final decision on the appropriate measures to be taken including, on whether to pursue any legal actions against alleged wrongdoer or any other implicated persons.

3.4.10 All decisions made by the BOD and reasons of action thereof shall be recorded in the Board minutes of meetings.

### **3.5 Reporting of Outcome**

3.5.1 Subject to any legal constraint, the whistleblower and, if applicable, the alleged wrongdoer shall be notified in writing of the decision of the BAC / BOD, on whether any wrongful activities or wrongdoings specified under paragraph 2.8.1 have occurred or not and the alleged wrongdoer is guilty or not, in good time, and the basis thereof.

3.5.2 The notification letter would be signed by the Audit Committee Chairman of KNM.

3.5.3 If the whistleblower is unhappy / dissatisfied with the outcome of the investigation, the whistleblower may submit another detailed report to the BOD explaining why this is the case and the whistleblower's concern shall be investigated again if BOD finds it there is good reason to do so.

3.5.4 A summary of case reported by Whistleblower shall be prepared by the appointed secretary of BAC upon receiving of necessary documents or evidences, stating

the nature of complaints received the results thereof, action taken and recommendation for reporting to the BAC. The follow-up action on opened cases and the unresolved complaints shall be updated to the BAC on a monthly basis.

- 3.5.5 Board Executive Summary Report shall be provided to the BAC/BOD on a quarterly reporting basis.
- 3.5.6 The procedures listed above in Paragraph 3.0 have been briefly summarised in a procedures flowchart for whistleblowing and provided in **Appendix C**. The respond timing has been indicated in **Appendix F**.

#### **4.0 Rights of Person Implicated**

- 4.1 Employees of the Group or other persons who are implicated of wrong doings/ alleged wrongdoers shall be notified in good time of the allegation made against them provided that this notification does not impede the progress of the procedures for establishing the circumstances of the case.
- 4.2 All alleged wrongdoers shall be given the opportunity to put forward their comments during the investigation in keeping with the principle respect for the “right to have a fair hearing”, as interpreted by the law.
- 4.3 All alleged wrongdoers have the duty to attend and assist the investigation process.

#### **5.0 External Disclosure**

- 5.1 If the procedures under the Whistleblowing Policy and Guidelines have been exhausted, or the whistleblower is still not satisfied with the response/outcome and reasonably believes that the information disclosed, and any allegation contained in it, are substantially true, he or she is at liberty to take the matter further by raising it with the relevant governmental, regulatory authorities and enforcement agencies in Malaysia or in the country concerned. External disclosure may further be made in case of an important and urgent public interest or required by the law.
- 5.2 Whilst the whistleblower is able to report issues externally, the whistleblower shall be aware that there is a difference between reporting internally through the letter or email, and externally. To report internally, the whistleblower may be suspicious that there is malpractice whereas to report externally, the whistleblower should have reasonable belief that malpractice has or is taking place and some evidence to support the report and, he or she believes that the framework shall not adequately dealt with the matter. External disclosures shall be made in good faith, in the belief that allegations are substantially true and there shall be no motive for personal gain.
- 5.3 The instrument of external reporting shall in reasonable opinion of the whistleblower is in balance with the relevant matter and there shall not be a less potentially damaging option available.
- 5.4 The whistleblower shall minimise the possible impact of his or her actions to the Group and to the people involved. The external party one considers disclosing information to, shall be a party which shall be able to effectively organise action against the alleged contravention.
- 5.5 An employee who makes an external complaint in good faith to any the relevant governmental, regulatory authorities and enforcement agencies in Malaysia or in the country concerned after exhausting the Group’s existing internal procedure shall be protected against victimisation or other adverse treatment.

## **6.0 Time Limits and Retention of Records**

- 6.1 Time limits shall be allocated for each stage of the procedure. If the time limits pass without any satisfactory action being taken, the concerns shall be raised at the next level. (Please refer **Appendix F: Respond Timing** for further details).
- 6.2 All records relating to any whistleblower case(s) and its related investigation report, if any shall be retained for a minimum period of seven (7) years.
- 6.3 All records shall be maintained in good condition to protect evidence and avoid legal repercussions at dedicated place as allocated by the Audit Committee Chairman.
- 6.4 All records shall be treated as confidential and only designated personnel as assigned by the Audit Committee Chairman shall have the accessibility of the records.

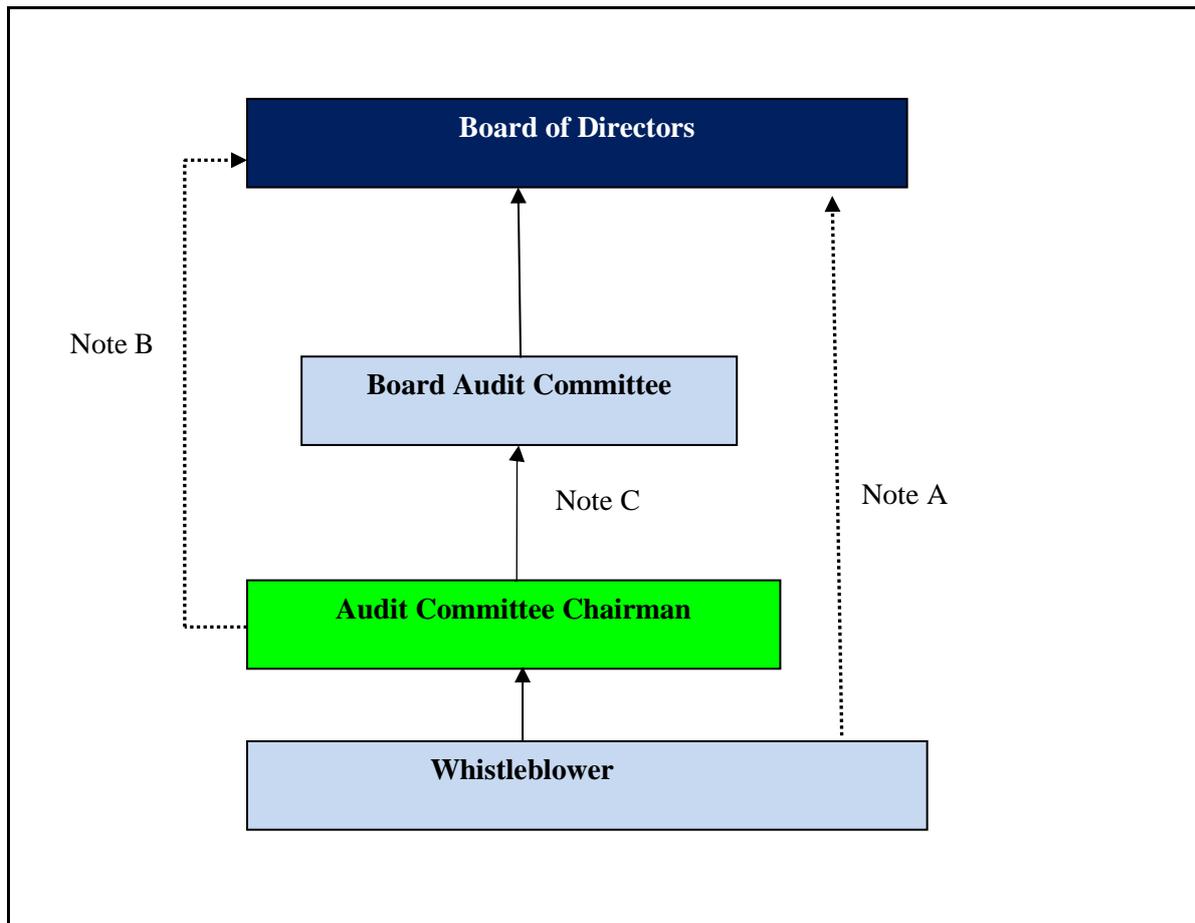
## **7.0 Privacy**

- 7.1 KNM is committed to protect the privacy of the persons involved to the fullest extent possible and in accordance with applicable laws. Any personal data obtained through or as part of this Guidelines, shall only be used for the purposes explained in this Guidelines and shall only be provided to those who have a need to know these data for these purposes or to comply with the law or an important public interest.

**APPENDIX A: EXAMPLE FORMAT OF REPORT TO BE USED BY WHISTLEBLOWER**

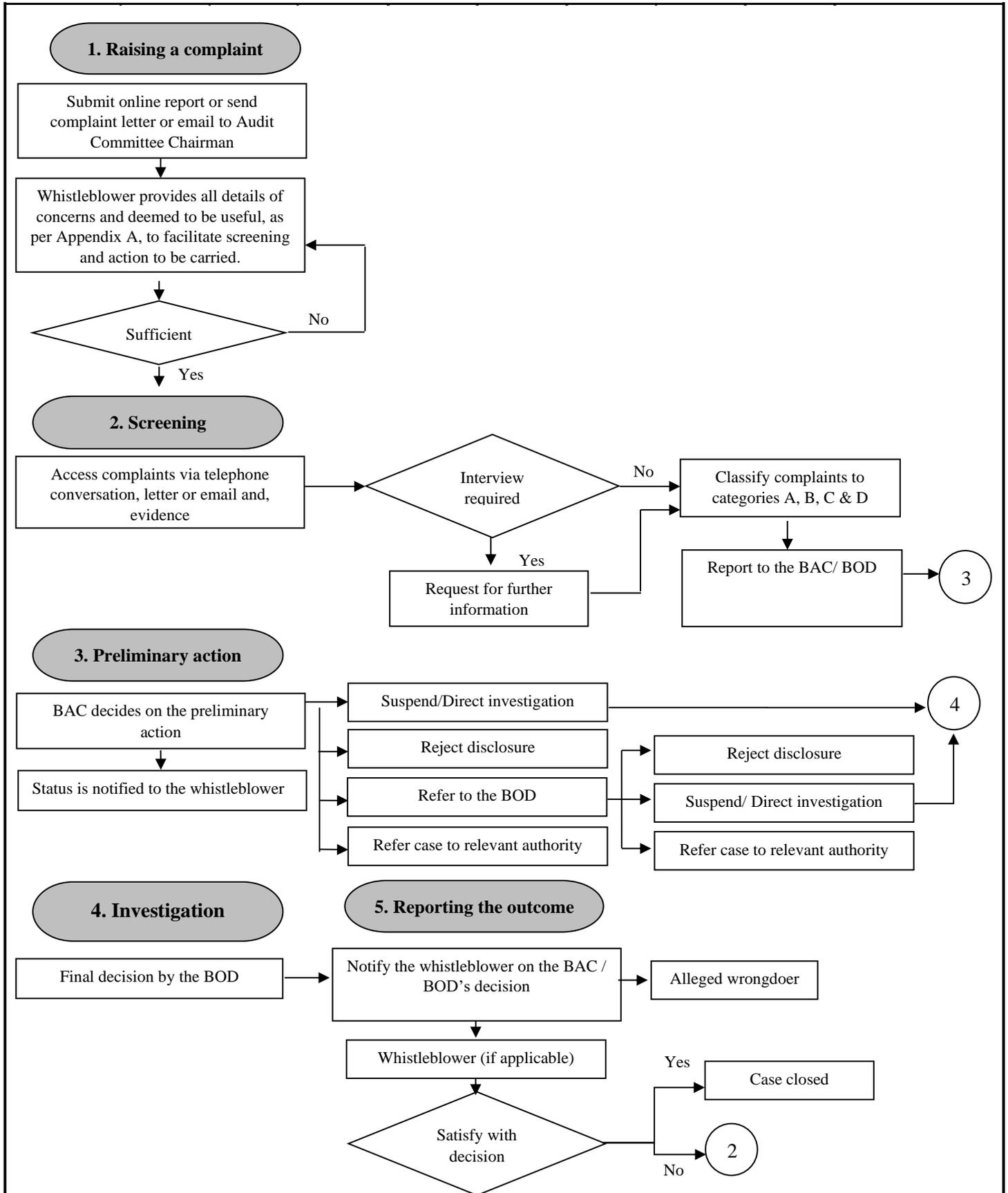
No.	Questionnaires	Remark
<b>1.</b>	<b>General</b>	
a)	Do you wish to remain anonymous within KNM Group	: Yes / No
<b>2.</b>	<b>Personal information</b>	
a)	Your name	:
b)	Your preferred phone number	:
c)	Your preferred e-mail address	:
d)	Best time and method for communication with you	: Time: Method: Phone / E-mail / Physical
<b>3.</b>	<b>Report of contravention</b>	
a)	What is the concern you want to report / nature of the wrong doing	:
b)	Do you have a serious suspicion or are you sure	: Serious suspicion / I am sure
c)	Date of the wrongdoing occur or may occur	:
d)	Where did it occur / time and place of its occurrence	:
e)	Who is, in your opinion, the person involved / the identity of the alleged wrongdoer	:
f)	What is, in your opinion, the potential damage (financially or otherwise) to KNM Group or other interested parties	:
g)	Do you think it may happen again	: Yes, when and why / No, why
<b>4.</b>	<b>Personal action</b>	
a)	How did you become aware of the situation	:
b)	Do you know of any other person(s) who are aware of the situation, not being personally involved	: Yes / No
c)	Do you have any evidence, which can be handed over e.g. documentary evidence?	: Yes / No
<b>5.</b>	<b>Additional information</b>	:

## APPENDIX B: WHISTLEBLOWING REPORTING STRUCTURE



- Note A :** The whistleblower can also directly write to the Board Chairman when he or she has a reasonable belief that there is serious malpractice relating to any of the wrongful activities or wrongdoings specified in paragraph 2.8.1 and it may not be adequately dealt with by reporting to the BAC.
- Note B :** If the whistleblower's disclosure implicates the Executive Board members and/ or Management, the Audit Committee Chairman shall report directly to the Board Chairman.
- Note C :** If the Board Chairman is implicated, the whistleblower's disclosure shall be restricted to the Audit Committee Chairman and BAC.

## APPENDIX C: REPORTING PROCESS AND PROCEDURES FLOWCHART FOR WHISTLEBLOWING



## APPENDIX D: ROLE AND RESPONSIBILITIES

Role	Responsibilities
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>▪ Issue policy and communicating the requirements of the policy;</li> <li>▪ Maintain oversight of any major issue arising from the policy and or other enquires into the conduct of this guideline; and</li> <li>▪ Review preliminary reports and establish whether there are any grounds for further action.</li> <li>▪ Final decision on the investigation matters.</li> </ul> <p><i>(The BOD may delegate some of the above responsibilities to any Board committees as deemed appropriate).</i></p>
<b>BAC</b>	<ul style="list-style-type: none"> <li>▪ Act as a support to the BOD;</li> <li>▪ Review preliminary reports and establish whether there are any grounds for further action;</li> <li>▪ For issues that require immediate attention, make decision on the corrective or remedial actions, or (as the case may be) disciplinary actions or to pursue any legal actions, to be taken; when required;</li> <li>▪ Provide recommendation of matters to be investigation when required;</li> <li>▪ Be accessible to persons who wish to discuss any matter raised in or in connection with a report;</li> <li>▪ Review and report to the BOD on the results of the investigations and recommendations for corrective or remedial actions, or (as the case may be) disciplinary actions or to pursue any legal actions, to be taken; and</li> <li>▪ Timely submission of Board Executive Summary reports on a quarterly basis to the BOD.</li> </ul>
<b>Compliance Officer</b>	<ul style="list-style-type: none"> <li>▪ Administer and monitor the implementation and compliance of the policy and guidelines; and</li> <li>▪ Ensure that the corrective or remedial actions recommended by the BAC/ BOD are promptly executed.</li> </ul>

## APPENDIX D: ROLE AND RESPONSIBILITIES (cont'd)

Role	Responsibilities
<b>Management</b>	<ul style="list-style-type: none"> <li>▪ Maintain awareness on the latest development and trends of whistleblowing policy and guidelines; and</li> <li>▪ Provide continuous education process.</li> </ul>
Compliance Officer	<ul style="list-style-type: none"> <li>▪ Promptly receive, record (if the disclosure is made orally), and refer to the BAC, a report and any matter arising there from or in connection therewith;</li> <li>▪ Ensure that documents related to reports are retained in a safe, secure and proper manner;</li> <li>▪ Attend, in confidence, to inquiries about this policy and provide informal advice to persons who are considering making a disclosure under this policy; and</li> <li>▪ Timely submission of whistleblowing report with a summary of cases received from whistleblower upon obtaining necessary documents &amp; evidences.</li> <li>▪ Timely update to the BAC/ BOD on the status of follow-up action and unresolved complaints.</li> </ul>
Whistleblower	<ul style="list-style-type: none"> <li>▪ The make a report orally or in writing and submit it to the Audit Committee Chairman, if necessary;</li> <li>▪ To assist in the information/ evidence gathering stage;</li> <li>▪ To assist in the investigation/ domestic inquiry stage if required; and</li> <li>▪ To appear as a witness if required.</li> </ul>

## APPENDIX E: COMPLAINTS CATEGORIES DESCRIPTION

Category	Complaints rating	Description
<b>A</b>	<b>Extreme</b>	<ul style="list-style-type: none"> <li>▪ The complaints if not addressed immediately, could result in (but not limited to):               <ul style="list-style-type: none"> <li>– material financial losses to the Group;</li> <li>– negative public image that could disrupt the business operations for a long period of time or result in long term/ permanent damage to the business reputation;</li> <li>– adverse local and/or international media coverage;</li> <li>– closure of business operations;</li> <li>– adverse impact to the share price; and</li> <li>– issues could result in serious reprimand and/or material penalty from authority.</li> </ul> </li> <li>▪ Sustained significant adverse impact that would require <u>hard work</u> from Management to manage the issue.</li> <li>▪ Complaints against Directors.</li> </ul>
<b>B</b>	<b>High</b>	<ul style="list-style-type: none"> <li>▪ The complaints if not addressed within the reasonable period of time, could result in (but not limited to):               <ul style="list-style-type: none"> <li>– material financial losses to individual Company within the Group;</li> <li>– negative public image that could disrupt the business operations for a certain period of time or result in temporary damage to the business's reputation;</li> <li>– negative local media coverage;</li> <li>– temporary closure of business operations; and</li> <li>– issues could result in issuances of warning letters from the authority.</li> </ul> </li> <li>▪ Sustained negative impact that would require <u>some work / planning</u> from Management to manage the issue.</li> <li>▪ The issue is ongoing.</li> </ul>
<b>C</b>	<b>Medium</b>	<ul style="list-style-type: none"> <li>▪ The complaints if not addressed within the reasonable period of time, could result in (but not limited to):               <ul style="list-style-type: none"> <li>– minimal financial losses;</li> <li>– unfavourable information that could disrupt the business routine;</li> <li>– intra-industry knowledge; and</li> <li>– issues could result in issuances of verbal warning from the authority.</li> </ul> </li> <li>▪ Impact can be absorbed / managed with <u>minimum management effort</u>.</li> <li>▪ Issues can be resolved without the need to have an investigation.</li> </ul>
<b>D</b>	<b>Personal grievances</b>	<ul style="list-style-type: none"> <li>▪ Personal grievances concerning an individual's terms and conditions of employment, or other aspects of the working relationship, complaints of bullying, or disciplinary matters.</li> </ul>

Category	Complaints rating	Description
		<ul style="list-style-type: none"><li data-bbox="568 315 1414 383">▪ The complainant shall be advised to direct the abovementioned issues to the Director of HR &amp; Administration.</li></ul>

The above list is not conclusive and may require the Audit Committee Chairman together with the BAC / BOD to exercise judgement to decide on the seriousness of the complaints.

## APPENDIX F: RESPOND TIMING

Reporting process and procedures		Respond timing		
		Category A	Category B	Category C
<b>1</b>	<b>Raising a complaint</b>  Acknowledgement of receipt of complaint via letter or email	Within 3 working days	Within 5 working days	Within 5 working days
<b>2</b>	<b>Screening</b>	Completed within 10 working days after completion of process 1	Completed within 10 working days after completion of process 1	Completed within 20 working days after completion of process 1
<b>3</b>	<b>Preliminary action</b>	Decision made by the BOD within 10 working days after completion of process 2	Decision made by the BOD within 10 working days after completion of process 2	Decision made by the BOD within 15 working days after completion of process 2
	Status update to the whistleblower	Within 5 working days after decision made by the Audit Committee Chairman	Within 5 working days after decision made by the Audit Committee Chairman	Within 5 working days after decision made by the Audit Committee Chairman
<b>4</b>	<b>Investigation</b>	Completed within 1 month after completion of process 3. However, complex investigation that requires longer period shall be notified to the BOD.	Completed within 2 months after completion of process 3. However, complex investigation that requires longer period shall be notified to the BOD.	Completed within 2 months after completion of process 3. However, complex investigation that requires longer period shall be notified to the BOD.
	Obtain feedback from the whistleblower	Within 7 to 14 days after the attempt to contact the whistleblower was made.	Within 7 to 14 days after the attempt to contact the whistleblower was made.	Within 7 to 14 days after the attempt to contact the whistleblower was made.

## APPENDIX V

### AUDIT COMMITTEE – TERMS OF REFERENCE

#### (I) COMPOSITION & SIZE

- (1) The Board of Directors (“Board”) of KNM Group Berhad (Company No: 521348-H) (“Company”) must appoint an Audit Committee (“Committee”) from amongst its directors which fulfills the following Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”): -
  - (a) the Committee must comprise of at least 3 members;
  - (b) all the Committee members must be non-executive directors, with a majority of them being independent directors, of whom shall not be: -
    - \* executive directors of the Company or any related corporations;
    - \* a spouse, parent, brother, sister, child (including adopted or step child and the spouse of such brother, sister or child) of an executive director of the Company, or any of the Company’s related corporation; or
    - \* any person having a relationship which, in the opinion of the Board, would interfere with the exercise of the independent judgment in carrying out the functions of the Committee.
  - (c) at least one member of the Committee: -
    - (i) must be a member of the Malaysian Institute of Accountants; or
    - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and: -
      - (aa) he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
    - (iii) fulfills such other Listing Requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- (2) The Company must ensure that no alternate director is appointed as a member of the Committee.
- (3) The members shall elect a Chairman from amongst their number who shall be an Independent director.
- (4) A key audit partner(s) (including engagement partner, individual responsible on the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion) responsible for the external audit of the Company and its group of companies may be appointed as a member of the Committee provided he/she has observed a three (3) years cooling-off period prior to his/her appointment as member of the Committee.

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- (5) The Committee members must have the required skills to engage with the Management and auditors and be prepared to ask key and probing questions about the Group's financial and operational risks, compliance with approved financial reporting standards and other relevant regulatory requirements.
- (6) If a member ceases to be a member which result in the non-compliance of the composition, the Board shall, within 3 months of that event appoint such number of new member or members as may be required to make up the minimum number of 3 members.
- (7) The Nominating Committee of the Company must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of references.

### **(II) OBJECTIVES**

The objectives of the Committee are to: -

- (1) provide assistance to the Board in fulfilling the Board's fiduciary responsibilities on financial, accounting, management controls, financial reporting and business ethics practices of the Company, and to ensure that such practices conform to the highest possible standards of corporate governance; and
- (2) provide greater emphasis on the audit functions by serving as the focal point for communication between other Directors, the external auditors, internal auditors and the management in all matters relating to financial accounting, reporting and controls and providing a forum for discussion that is independent of the management. It is the Board's principal agent in ensuring the independence of the Company's external auditors, the objectivity of the Company's internal auditors, the integrity of management and management policies and the adequacy of disclosures to shareholders.

### **(III) FUNCTIONS**

Without limiting the generally of this written terms of reference, the Company must ensure the Committee shall, amongst others, discharge the following functions: -

- (1) review the following and report the same to the Board of the Company: -
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by employees of the Company to the external auditor;
  - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out his work;
  - (f) the internal audit program, processes, the results of the internal audit program, processes of investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on: -
    - (i) changes in or implementation of major accounting policy changes;

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- (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the Company;
  - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
  - (k) any allocation of options during the year under the Company's Employee Share Option Scheme ("ESOS") to ensure compliance in accordance with Company's ESOS By-Laws.
- (2) evaluate, assess and recommend the nomination and appointment or re-appointment of person(s) or firm(s) as external auditors.
  - (3) carry out such other responsibilities, functions or assignments as may be assigned by the Board.
  - (4) Where the Committee is of the view that a matter reported by it to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Bursa Securities.

### **(IV) AUDIT COMMITTEE REPORT**

- (1) The Company must ensure that its Board prepare an Audit Committee Report at the end of each financial year that compiles with (2) and (3) below :
- (2) The Audit Committee Report must be clearly set out in the annual report of the company.
- (3) The Audit Committee Report shall include the following: -
  - (a) the composition of the Committee, including the name, designation (indicating the chairman) and the directorship of members, (indicating whether the directors are independent or otherwise);
  - (b) the number of Committee meetings held during the financial year and details of attendance of each Committee member;
  - (c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
  - (d) a summary of the work of the internal audit function.

### **(V) RIGHTS**

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company :

- (a) have authority to investigate any matter within its terms of reference;

## **APPENDIX V**

- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the internal auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and management or employees of the Company, whenever deemed necessary.

### **(VI) APPOINTMENT OF EXTERNAL AUDITORS**

- (a) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.
- (b) To consider the nomination of a person or persons as external auditors and the audit fees; and
- (c) To consider any questions of redesignation or dismissal of external auditors.

### **(VII) INTERNAL AUDIT**

- (1) The Company must establish an internal audit function which is independent of the activities it audits.
- (2) The Company must ensure its internal audit function reports directly to the Committee.

### **(VIII) PROCEDURE AND MEETINGS**

- 1 The Committee may regulate its own procedure, in particular: -
  - (a) the calling of meetings;
  - (b) the notice to be given of such meetings;
  - (c) the voting and proceedings of such meetings;
  - (d) the keeping of minutes; and
  - (e) the custody, production and inspection of such minutes.
- 2. The Committee must have not less than 4 meetings in a financial year, and such additional meetings as the Chairman may decide in order to fulfill its duties;
- 3. The Chairman shall also convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope of responsibilities of the Committee.
- 4. A quorum must comprise a majority of independent directors and must not have less than 2 members.

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5. The Group Chief Executive Officer, Group Finance Director, Head of Internal Audit, and if required, the external auditors, shall normally attend meetings but may be excused at the discretion of the Committee. However, the Audit Committee should meet with the external auditors without any executive director or executives present at least twice a year.
6. The Company must ensure that other directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
7. Pursuant to Clause 148 of the Company's Constitution, members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
8. The Audit Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Clause 159 of the Company's Constitution; which shall be valid and effectual as if it is passed at a meeting of the Nomination Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.
9. The Company Secretary or, if more than 1 of them, shall be the Secretary of the Committee. In the event any of the Company Secretary is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.
10. The Secretary [which expression includes the assistant or deputy secretary appointed under Item VII(9)] must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

### **(IX) VARIATION**

The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

## APPENDIX VI

### NOMINATION COMMITTEE – TERMS OF REFERENCE

#### 1.0 DEFINITIONS

1.1 In this Nomination Committee's Terms of Reference: -

Board	Means the Board of Directors of the Company
Chairman	Means the Chairman of the Committee
Committee	Means the Nomination Committee of the Company
Company	Means KNM Group Berhad (Company No: 521348-H)
Executive Directors	Means the executive directors of the Company
Managing Director	Means the managing director of the Company
Members	Means the members of the Committee

#### 2.0 MEMBERSHIP AND COMPOSITION

- 2.1 The Nomination Committee shall comprise of at least 3 members, which comprises exclusively of non-executive directors, a majority of whom must be independent.
- 2.2 All members of the Committee must be members of the Board.
- 2.3 Membership of the Committee should appear in the Annual Report.

#### 3.0 CHAIRMAN

- 3.1 Members of the Committee shall elect a non-executive Chairman from amongst themselves to carry out the required functions and it is recommended that the chair of the Nominating Committee should be the senior independent director identified by the Board.

#### 4.0 MEETINGS

- 4.1 The Committee shall meet at least once every financial year or whenever required to fulfill its role and functions set out in Item 5 herein.
- 4.2 The quorum for any meeting shall not be less than 2 members.
- 4.3 Pursuant to Clause 148 of the Company's Constitution, members of the Nomination Committee may participate in a meeting of the Nomination Committee by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.4 The Nomination Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Clause 159 of the Company's Constitution; which shall be valid and effectual as if it is passed at a meeting of the Nomination Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.

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- 4.5 The Company Secretary of the Company or, if more than one, any one of them, shall be the Secretary of the Committee. In the event any of the Company Secretaries is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.
- 4.6 The Secretary (which expression includes the assistant or deputy secretary appointed under Item 4.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

### **5.0 ROLE & FUNCTIONS**

- 5.1 The primary role and functions of the Committee are: -
- 5.1.1 Recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the candidates' :-
- skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- 5.1.2 Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicality, by any other senior executive or any director or shareholder;
- 5.1.3 Recommend to the Board:-
- a. for succession planning and for continuation or discontinuation in service of directors as an Executive Director or Non-Executive Director.
  - b. the re-appointment of directors of the Company who are due for retirement by rotation.
  - c. the directors to fill the seats of the Board Committees.
- 5.1.6 Assist the Board to implement a process to be carried out by the Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.
- 5.1.7 Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities.
- 5.1.8 To furnish a report to the Board of any findings of the Committee, wherever applicable.
- 5.1.9 Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

### **6.0 SELECTION/APPOINTMENT PROCEDURE & FACTORS CONSIDERED**

- 6.1 Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment.

## **APPENDIX VI**

- 6.2 The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of board's succession plans and training programmes for the board.
- 6.3 In assessing suitability of candidates,
- a. consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of:
    - the Business, the Markets and the Industry in which KNM Group operates; and
    - the accounting, finance and legal matters;
  - b. where a need has been identified, the Committee shall entask the Company's Chairman or CEO:-
    - to search/recommend for potential candidates from within the Company; or
    - engage its HR Department to advertise (whether locally or internationally); or
    - appoint recruitment advisers; or
    - draw references and recommendations from the fellow directors of the Company.
  - c. The Company's Chairman or CEO:-
    - i. shall develop short list of all potential candidates taking into account, amongst other things, the particular skills, experience and contribution to diversity of each individual candidate and their fit with the existing Board; whereby women candidates would be encouraged to join.
    - ii. recommend to the Nomination Committee the candidate from the short list who best matches the needs of the Board.
- 6.4 The Nomination Committee will assess, review and deliberate and thereafter, present their recommendations to the Board.
- 6.5 Once appointed, the Company's CEO and team of Senior Management will assist the Nomination Committee to induct the appointed candidate.
- 6.6 The Company's Executive Directors, CEO, HR and the Company Secretary will also assist the Nomination Committee to identify and inform the Board of such available training courses to attend.

### **7.0 POLICY FOR APPOINTMENT OF DIRECTORS**

- 7.1 Factors considered by the Nomination Committee when recommending a person for appointment as a director include:
- the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
  - the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
  - the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.
- 7.2 Subject to the Company's Constitution, at every Annual General Meeting, one-third (or number nearest to one-third) of the directors shall retire and all directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

### **8.0 POLICY FOR GENDER DIVERSITY**

- 8.1 The Company is generally supportive of the need to diversify its board and recognizes the value of having gender equality and contributions based on merits rather than on gender diversity alone.

## APPENDIX VI

8.2 The Nomination Committee will assist the Board to review, assess and recommend such suitable women candidates to make up its Board in line with the Malaysian Code on Corporate Governance 2017, that women must comprise at least 30% of those in decision-making positions in the corporate sector.

### 9.0 EVALUATION & ASSESSMENT

9.1 The directors, the Board and Board Committees will be subject to an annual evaluation and assessment and the Board will be assisted by the Nomination Committee in the evaluation and assessment of its members.

### 10.0 NOMINATION COMMITTEE REPORT

10.1 The Company must ensure that its Board prepares a Nomination Committee Report at the end of each financial year that compiles with 10.2 and 10.3 below: -

10.2 The Nomination Committee Report must be clearly set out in the annual report of the Company.

10.3 The Nomination Committee Report shall *inter alia* include the following: -

- (a) a statement about the activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and
- (b) Such statement must include:-
  - i. how the requirements set out in paragraph 2.20A of the Listing Requirements are met whereby :

**2.20A Qualification of directors and other key officers**

Every listed corporation must ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role as a director, chief executive or chief financial officer, as the case may be, of the listed corporation.

- ii. contain the following information:-
  - the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
  - the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
  - the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.

### 11.0 VARIATION

11.1 The above Terms of Reference and Policies may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

## APPENDIX VII

### REMUNERATION COMMITTEE – TERMS OF REFERENCE

#### 1.0 DEFINITIONS

1.1 In this Remuneration Committee's terms of reference: -

Board	Means the Board of Directors of the Company
Chairman	Means the Chairman of the Committee
Committee	Means the Remuneration Committee of the Company
Company	Means KNM Group Berhad (Company No: 521348-H)
Executive Directors	Means the executive directors of the Company
Managing Director	Means the managing director of the Company
Members	Means the members of the Committee

#### 2.0 MEMBERSHIP AND COMPOSITION

- 2.1 The Remuneration Committee shall comprise of at least 3 members, the majority of whom shall be non-executive directors.
- 2.2 All members of the Committee must be members of the Board.
- 2.3 Membership of the Committee should appear in the Annual Report.

#### 3.0 CHAIRMAN

- 3.1 Members of the Committee shall elect a non-executive Chairman from amongst themselves to carry out the required functions.

#### 4.0 MEETINGS

- 4.1 The Committee may meet at least once every financial year or whenever required to fulfill its functions set out in item 5 herein.
- 4.2 The quorum for any meeting shall not be less than 2 members.
- 4.3 Pursuant to Clause 148 of the Company's Constitution, members of the Remuneration Committee may participate in a meeting of the Remuneration Committee by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.4. The Remuneration Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Clause 159 of the Company's Constitution; which shall be valid and effectual as if it is passed at a meeting of the Remuneration Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.

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- 4.5 The Company Secretary of the Company or, if more than one, any one of them, shall be the Secretary of the Committee. In the event any of the Company Secretaries is unable to attend, an assistant or deputy secretary(s) may be appointed for that specific meeting.
- 4.6 The Secretary (which expression includes the assistant or deputy secretary appointed under item 4.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

### **5.0 ROLE & FUNCTIONS**

- 5.1 The primary role and functions of the Committee are: -
- 5.1.1 Recommend to the Board the remuneration structure for executive directors and senior management in all its forms, taking into consideration their individual performance against their targets and responsibilities, and drawing from outside advice as necessary.
  - 5.1.2 Recommend any benefits, emoluments pension or incentive scheme entitlement, other bonuses, fees and expenses of executive directors and senior management, and any compensation payable on the termination of such employment or service by the Company and to review changes in policy, where necessary; and
  - 5.1.3 Where required, review with the the Executive Directors, their goals and objectives in assessing performance.
  - 5.1.4 To structure the component parts of the Executive Directors and senior management's remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned.
  - 5.1.5 Conduct continued assessment of individual Executive Directors and senior management to ensure that remuneration is directly related to performance over time. In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries.
  - 5.1.6 Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;
  - 5.1.7 To furnish a report to the Board of any findings of the Committee, wherever applicable.
  - 5.1.8 Engage or appoint such other competent and professional advisers/consultants as may be deemed fit to assist the Remuneration Committee in the smooth discharge of its duties herein; and
  - 5.1.9 Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.
- 5.2 The determination of remuneration packages for non-executive directors, including the, shall be a matter for the Board as a whole. The individuals concerned shall abstain from discussing their own remuneration.
- 5.3 The Executive Directors shall play no part in decisions on their own remuneration.

### **6.0 VARIATION**

- 6.1 The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

## APPENDIX VIII

### ESOS COMMITTEE – TERMS OF REFERENCE

#### 1.0 DEFINITIONS

1.1 In this ESOS Committee's terms of reference: -

Board	Means the Board of Directors of the Company.
Bursa Securities	Means Bursa Malaysia Securities Berhad.
By Laws	Means the by laws of the ESOS.
Company	Means KNM Group Berhad (Company No: 521348-H)
Chairman	Means the Chairman of the Committee.
Committee	Means the ESOS Committee of the Company.
Company	Means KNM Group Berhad (Company No: 521348-H)
Company Secretary	Means the Company Secretary appointed per item 5.5 hereof, or if more than one, any one of them.
Director	Means a director of the Company.
Eligible Person	Means a director or employee of KNM or an Eligible Subsidiary who is eligible to participate in the ESOS in accordance with the provisions of the By Laws.
Eligible Subsidiary	Means a Subsidiary which is not dormant and that is at any time and from time to time nominated by the Committee to be corporations participating in the ESOS in accordance with the provisions of By Laws.
Grantees	Means a Selected Employee who has accepted the Offer made by the Committee in accordance with the provisions of the By Laws [which may include his or her legal or personal representative(s) and heir(s), if the By Laws so permits].
Offer	Means an offer made in writing by the Committee to a Selected Employee in the manner set out in By Laws.
Option	Means the right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance in the manner indicated in By Laws of any Offer made in accordance with the terms of the ESOS and where the context so requires, means any part(s) of the Option(s) as shall remain unexercised.
Members	Means the members of the Committee.
Selected Employee	Means an Eligible Person who has been selected by the Committee to participate in the ESOS and to whom an Offer has been made in writing by the ESOS Committee in accordance with By Laws.
Shares	Means the ordinary shares of the Company.

## **APPENDIX VIII**

### **2.0 MEMBERSHIP AND COMPOSITION**

- 2.1 The Committee shall comprise of at least 3 members, the majority of whom shall be independent or non-executive directors.
- 2.2 Membership of the Committee should appear in the Annual Report.

### **3.0 VACANCIES**

- 3.1 In the event of a vacancy in the Committee, the Board must appoint new Member or Members to make up the minimum number, within 3 months of such vacancy or vacancies.

### **4.0 CHAIRMAN**

- 4.1 The Members must elect the Chairman from amongst themselves who must be an Independent Director to carry out the required functions.

### **5.0 MEETINGS**

- 5.1 The Committee may meet whenever required to fulfill its functions set out in item 6 herein.
- 5.2 The quorum for any meeting shall not be less than 2 members.
- 5.3 Pursuant to Clause 148 of the Company's Constitution, members of the Committee may participate in a meeting of the Committee by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 5.4. The Committee may pass circular resolutions in writing, signed by a majority of the members pursuant to Clause 149 of the Company's Constitution; which shall be valid and effectual as if it is passed at a meeting of the Committee duly convened and held and may consist of several documents in the like form each signed by one or more members.
- 5.5 Any designated person(s) as approved by the Committee may be appointed as Secretary of the Committee.
- 5.6 The Secretary (as appointed under item 5.5) must give notice of all meetings, record minutes and maintain a record of minutes of all meetings held by the Committee and circulate the minutes of each meeting of the Committee to all members of the Board of Directors as a reporting procedure. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

## APPENDIX VIII

### 6.0 ROLE & FUNCTIONS

6.1 The primary role and functions of the Committee are as follows: -

- 6.1.1 Recommend to the Board, the criteria and allocation of any ESOS Options to be granted to Eligible Employees and Directors of the Company and its subsidiaries and ensuring that all exercises of ESOS Options are in compliance with the Bursa Securities' Listing Requirements and in accordance with the ESOS By-Laws and Company's Constitution for the time being in force (collectively "the Rules"). However, the determination and granting of options to the Directors shall be a matter of the Board as a whole. The Directors concerned shall abstain from determining and discussing their own options.
- 6.1.2 Consider and set internal policies, procedures, guidelines and framework to administer the ESOS justly and orderly and implement the ESOS in accordance with the Rules.
- 6.1.3 Administer the ESOS in accordance with the Rules and in such manner as the Committee shall in its discretion deem fit in the best interest of the Grantees and the Company and within such powers and duties as are conferred upon it by the Board, including but not limited to the powers to:-
  - (a) subject to the provisions of the ESOS, construe and interpret the ESOS and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration. The Committee, in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESOS or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the ESOS fully effective; and
  - (b) determine all questions of policy and expediency that may arise in the administration of the ESOS and generally exercise such powers and perform such acts and things and enter into any transactions, agreements, deeds, documents or arrangements as are deemed necessary or expedient to promote the best interest of the Grantees and the Company for giving full effect to the ESOS.
- 6.1.4 At any time and from time to time recommend to the Board any addition or amendment to or deletion of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation provided that no additions or amendments to or deletions of these By-Laws shall be made which will –
  - (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) prejudice any rights of the shareholders of the Company without the prior written approval of the Company's shareholders in general meeting; or
  - (c) alter to the benefit of the Eligible Persons with respect to By-Laws without the prior approval of the Company's shareholders in a general meeting; or
  - (d) increase the number of Shares available under the ESOS as provided under By-Laws.

## **APPENDIX VIII**

- 6.1.5 To furnish a report to the Board of any findings of the Committee, wherever applicable;  
and
- 6.1.6 Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

### **7.0 VARIATION**

- 7.1 The above Terms of Reference may be determined and/or varied by the Company's Board of Directors at any time and from time to time.

## **CHRONOLOGY OF CHANGES TO THE BOARD CHARTER**

<b>No.</b>	<b>Date</b>	<b>Event</b>
1.	29.04.2013	The First Board Charter was adopted by the Board at its Board Meeting ("BODM") or via a board circular resolution in writing on 29 April 2013.
2.	26.02.2014	The Second Board Charter was adopted by the Board at its Board Meeting ("BODM") or via a board circular resolution in writing on 26 February 2014.
3.	23.04.2015	The Third Board Charter was adopted by the Board at its Board Meeting ("BODM") and/or via a board circular resolution in writing on 23 April 2015.
4.	30.03.2017	The Fourth Board Charter was adopted by the Board at its Board Meeting ("BODM") and/or via a board circular resolution in writing on 30 March 2017.
5.	24.08.2017	The Fifth Board Charter was adopted by the Board at its Board Meeting ("BODM") and/or via a board circular resolution in writing on 24 August 2017.
6.	29.08.2019	The Sixth Board Charter was adopted by the Board at its Board Meeting ("BODM") and/or via a board circular resolution in writing on 29 August 2019.
7.	27.08.2021	The Seventh Board Charter was adopted by the Board at its Board Meeting ("BODM") held on 27 August 2021.
8.	27.10.2022	The Eighth Board Charter was adopted by the Board at its Board Meeting ("BODM") held on 27 October 2022.