

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7164
COMPANY NAME : KNM GROUP BERHAD
FINANCIAL YEAR : 30 JUNE 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is headed by the Board who leads and plays a key role in driving the overall performance of the Group by setting up the strategic objectives and direction of the Group, reviewing the adequacy and integrity of the Group's risk management and internal control systems, observing and developing the Group's businesses in a sustainable and responsible manner, ensuring a management succession plan, investor relations programme and shareholders' communication policy are in place. The Board maintains a close and effective working partnership with the management in achieving the Company's vision and mission and is guided by the Board Charter in the performance of its duties.</p> <p>The roles and responsibilities of the Executive Chairman ("EC") and Group Chief Executive Officer/Executive Director ("GCEO/ED") are clearly divided to ensure a balance of power and authority. In addition, the roles and responsibilities of the EC and GCEO/ED are well defined whereby, the Board is led by the EC who encourages constructive and healthy deliberation to ensure Board effectiveness and that resolutions are circulated and deliberated so that all Board decisions reflect the collective view of the Board and not the views of an individual or small group of individuals. The EC also responsible to ensure the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the GCEO/ED 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.</p> <p>The management is led by the GCEO/ED who is responsible in formulating the business plan to enhance the Company's business growth towards achieving the mission and vision set by the Board, creating shareholders' value; and implementing the Board's policies, strategies and decisions as well as managing the day to day business operations. The GCEO/ED also foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfil social</p>

	<p>responsibility, maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of employees at all levels.</p> <p>However, certain key matters are reserved to be determined by the Board. These stewardship responsibilities include, determining overall corporate strategy and business direction; approving funding needs, capital expenditure and annual budgets; evaluate financial performance of the Group; ensuring sufficient financial and other resources allocated to the management to facilitate successful strategy implementation; and undertaking of corporate exercises involving mergers and acquisitions, new issues of securities, fund raising activities and so on. The Board empowers the management to operate within the defined limits of authority as approved by the Board to ensure efficiency in carrying out day-to-day operations of the Company and/or the Group.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>The Board is led by the Executive Chairman who encourages constructive and healthy deliberation to ensure Board effectiveness and that resolutions are circulated and deliberated so that all Board decisions reflect the collective view of the Board and not the views of an individual or small group of individuals. The Executive Chairman also responsible to ensure the integrity and effectiveness of the governance process of the Board and maintaining regular dialogue with the Group Chief Executive Officer/Executive Director 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.</p> <p>The current Chairman of the Board, Tan Sri (Dr) Zulhasnan Bin Rafique is well-verse in corporate governance and in providing strategic direction to Management together with other Board members.</p> <p>Tan Sri (Dr) Zulhasnan Rafique is an entrepreneur who was also a former Fighter Pilot, Member of Parliament, Cabinet Member and Diplomat.</p> <p>Tan Sri (Dr) Zulhasnan Rafique completed his education in Kuala Lumpur prior to joining the Royal Malaysian Air Force (RMAF) in 1973. He began his career as a Commissioned Officer and Fighter Pilot and retired in 1985 as a Qualified Fighter Instructor (QFI) and Fighter Weapons Instructor (FWI) with the rank of Major (Air).</p> <p>Tan Sri (Dr) Zulhasnan Rafique ventured into Business in 1986 through the Seri Meraga Group of companies. Throughout his more than 25 years of business experience, Tan Sri (Dr) Zulhasnan Rafique has been involved in various industries including Aviation (AIROD), Civil / Building Construction, Industrial Petroleum Trading; and Property Investment and Development. He has also served on the board of Malaysian public listed companies, including Island & Peninsular (I&P) Berhad (property development).</p> <p>Tan Sri (Dr) Zulhasnan Rafique's Political career commenced in 1999, where he contested and was elected as Member of Parliament in Wangsa Maju in the Federal Territory of Kuala Lumpur. He was elected for another two terms in 2004 and 2008 as the Member of Parliament for Setiawangsa Parliamentary constituency; also in the Federal Territory of Kuala Lumpur. Tan Sri (Dr) Zulhasnan Rafique also served</p>

	<p>in the Malaysian Cabinet for 5 years; as Deputy Federal Territories (FT) Minister and then FT Minister (2004-2009).</p> <p>Tan Sri (Dr) Zulhasnan Rafique was also appointed as the Chancellor of the University of Geomatika Malaysia, where he served from 2014 to 2017, where he was conferred the Doctorate in Political Science by the University.</p> <p>Tan Sri (Dr) Zulhasnan Rafique was then appointed as the Malaysian Ambassador Extraordinary & Plenipotentiary with Ministerial status to the United States of America from 2017 to 2018.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is chaired by the Tan Sri (Dr) Zulhasnan Bin Rafique, the whilst the Management is helmed by Mr Tan Koon Ping, the Group Chief Executive Officer who is also an Executive Director ("GCEO/ED"). There is a separation in the functions, roles and positions of the Chairman and GCEO/ED to promote accountability and facilitate division of responsibilities between them.</p> <p>The functions of EC and GCEO/ED are stated in the Board Charter which published in the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman, Tan Sri Zulhasnan Bin Rafique is neither a member of Audit Committee ("AC"), nor member of Nomination Committee ("NC") and Remuneration Committee ("RC") and he did not participate in any meeting of AC, NC and RC by way of invitation.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Head of Corporate Services/Group Company Secretary possess legal and corporate governance qualifications, and is qualified to act as company secretary under Section 235(2) Companies Act 2016 (CA2016). She is registered with the Companies Commission of Malaysia (CCM) under Section 241 CA2016 and is issued with practising certificate by the Registrar of Companies. In December 2020, she has also pursued Certificate on Corporate Governance issued by Basel Institute on Governance, Switzerland. In August 2022, she was accepted as a member of Malaysian Alliance of Corporate Directors.</p> <p>She is assisted by an experienced Deputy Company Secretary with qualification that enshrined in Section 235(2) of Companies Act 2016 and possess valid practicing licenses issued by the Companies Commission of Malaysia (CCM) and certificate issued by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretary manages the logistics of all Board and Board Committee meetings. Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretary.</p> <ol style="list-style-type: none">1. The Company Secretary ensures that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management personnel for appropriate actions.2. The Company Secretary provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance ("CG") of the Group. In this respect, she plays an advisory role to the Board, particularly with regards to the Company's constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidelines and legislations. The Company Secretary also support the Board in managing the Group's Board Charter to ensure its relevance and effectiveness.3. The Company Secretary facilitate the induction programs for new Directors/Committee members. In these programs, the Company Secretary provide new Directors with background of

	<p>the Group and the Directors' fiduciary duties, and other regulatory obligations.</p> <ol style="list-style-type: none"> 4. As the Board of Directors must on a continuous basis, evaluate and determine the training needs of its members [in accordance with Paragraph 15.08(2) of the MMLR of Bursa Securities, the Company Secretary recommend suitable training programmes as part of the Directors' continuing education programs. 5. The Company Secretary constantly keep abreast of the evolving capital market environment, regulatory changes and developments in CG by attending the relevant training programs for continuous professional development as required by the CCM and MAICSA. 6. The Company Secretary facilitates the conduct of the general meetings, ensures that the due processes and proceedings are in place and properly managed and that the minutes are properly recorded 7. The Company Secretary also monitor the developments in CG and assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations. The Company Secretary continues to facilitate the Board in ensuring compliance with all 36 practices as envisaged in the Malaysian Code on Corporate Governance (MCCG), CG Guide and Corporate Governance Monitor 2021. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board takes responsibility for ensuring that the members of the Board receive relevant, accurate, and clear information on a timely basis in respect of the Group's financial and operational performance to enable the Board to make sound decision and provide necessary advice. In this respect, the Group Company Secretary will assist the Chairman of the Board to ensure that the process of disseminating the information is effective and reliable. Furthermore, in order to provide for adequate and thorough discussion of the respective matters within a reasonable and sufficient time, the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance. Generally, the board pack or meeting materials are provided to directors at least 5 days in advance of the board meeting.</p> <p>Prior to each Board meeting, each Director will be provided with the draft minutes of the previous meeting and the agenda together with the respective reports/papers and other board meeting reference materials for each item to be discussed in order for them to be apprised of the topics and to be prepared accordingly. The Company Secretary is responsible to manage the logistics, record keeping as well as facilitating all Board and Board Committees communication.</p> <p>Board and Board Committee meetings proceedings are well-documented by the Company Secretary. The minutes reflect key deliberations and decisions, rationale for each decision as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are typically approved at the subsequent Board or Board Committee meetings.</p> <p>All discussions, decisions and conclusions are duly recorded in the minutes of meeting. Such minutes are subsequently circulated in a timely manner to ensure that all Directors are kept well informed of the Board's and Board Committees' activities and recommendations. These minutes are kept by the Company Secretary and are open to inspection by the Directors at any time.</p>

	<p>The Board is conscious of the importance of meeting materials to be disseminated in a timely manner to allow the Directors discharge their duties and responsibilities effectively.</p> <p>Prior to each meeting, members of the Board are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the meeting. As the Company encourages a paperless environment, Directors will access meeting documents in digital form via a secured web-based link.</p> <p>The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors/members of the Board Committees on a timely basis. Meeting minutes are typically approved at the subsequent Board or Board Committee meetings.</p> <p>In addition to the provision of meeting materials, Directors may seek independent professional advice if necessary, at the Company's expense in the furtherance of their legal duties (as stated in the Board Charter and paragraph 15.04 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad).</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board maintains a close and effective working partnership with the management in achieving the above mission and is guided by the Board Charter in the performance of its duties.</p> <p>The Board Charter is a source of reference to guide the Board members and senior management on their roles and responsibilities. It also details <i>inter alia</i>, the board responsibilities, the terms of reference of the Board Committees, and the standards of conduct and best practices to be observed by the Board and Board Committees.</p> <p>The Board Charter is reviewed periodically to ensure that all new regulations and legislative changes, and other relevant developments that has or may have an impact on the Group's businesses are taken into account when necessary.</p> <p>The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.</p> <p>The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remains consistent with the policies and procedures of the Board. It was last reviewed in August 2021.</p> <p>The Board Charter may be gleaned from the Company's website at www.knm-group.com.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in 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.</p> <p>The Code of Conduct and Code of Ethics is periodically reviewed and updated as and when necessary.</p> <p>The Board appreciates the value of developing and maintaining a corporate culture which promotes ethical conduct that permeates throughout the Group. To instil and promote appropriate standards of conduct and ethical practices, the Board has adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as a Code of Ethics. The Code of Conduct and Code of Ethics embody the principles contained in various policies adopted by the Group that commits Directors, Management and employees to high ethical values and expected standards of conduct.</p> <p>The Code of Conduct and Ethics together with the Standards of Conduct and Best Practices as formulated by the Board for the members' observance are as set out in the Board Charter. A copy of the Code of Conduct and Ethics is available under the Board Charter on the Company's corporate website at www.knm-group.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board establishes, reviews and implements policies and procedures on whistleblowing.</p> <p>In line with good corporate governance practices and all applicable laws and regulations in Malaysia, the KNM Group of Companies (“KNMG”) encourage its employees or external parties (the “Whistle Blower”) to report instances of unethical behaviour, actual or suspected fraud and/or abuse involving the resources of the Company.</p> <p>The objective of this policy is to encourage and facilitate the Whistle Blower to report instances of unethical behaviour, actual or suspected fraud and/or abuse and to ensure that all allegations are thoroughly investigated and suitable actions are taken where necessary.</p> <p>This policy applies to all employees or external parties of KNM Group Berhad and its subsidiaries. This policy will not apply to personal grievances concerning an individual’s term and conditions of employment, or other aspects of working relationship, complaints of bullying or harassment or disciplinary matters. Such complaints should be dealt under the existing Human Resource procedures in the Code of Conduct and Ethics adopted by the Company.</p> <p>The Whistle Blower’s role is of a reporting party with reliable information and to raise genuine concerns of any unethical behaviour, actual or suspected fraud and/or abuse. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action. Whistle Blowers should not conduct any investigative activities, nor do they have a right to participate in any investigative activities.</p> <p>It is the policy of the Company to allow the Whistle Blower to either identify themselves or if they prefer, to remain anonymous when reporting suspected and/or known instances of unethical behaviour, fraud and/or abuse.</p> <p>The identity and particulars of the Whistle Blower shall also be kept private and confidential and the Company shall treat all reports or</p>

	<p>disclosures as sensitive and will only reveal the information if required by law, court or authority.</p> <p>KNMG is committed to this policy and assures that the Whistle Blower will be protected against reprisals and/or retaliation, or will not suffer any form of retribution, victimization or detriment for raising allegations of suspected and/or known instances of unethical behaviour, fraud and/or abuse.</p> <p>All costs in relation to any legal liabilities or proceedings (whether criminal or civil) that may be brought against the Whistle Blower shall be borne by the Company and the selection of the lawyer defending the legal action shall be made by the Company.</p> <p>The Board also sets the tone from the top and endeavours to foster a corporate culture that provides a safe and candid environment of openness and honesty.</p> <p>The Board reviews the Whistle-Blowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous. In 2021, the Policy was amended to include the timeframe for a whistle blower to revert to the Company.</p> <p>The Whistle-Blowing Policy is published on Company's website at www.knm-group.com.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The sustainability governance practices of the Group are led by the Group General Counsel/Executive Director ("GGC/ED") who chairs the KNM Group Sustainability Committee ("KNMG SC") which comprises the Group's senior management team. Findings of the SC are reported to the Board of Directors who shall authorise and approve the Sustainability Report(s) (i.e. relating to the management of all economic, operational, governance and financial aspects of the Group).</p> <p>The KNMG SC undertakes periodic reviews to ensure various sustainability issues across the organisation are addressed. Any decision made by KNM Board shall then be cascaded downwards to the GGC/ED who together with the Group senior management team, will execute and implement the decisions of the Board.</p> <p>In addition to participating in the KNMG SC meetings, senior management members are also interacting among themselves via the quarterly Global Executive Committee meetings, participate in various international conferences and other internal business unit meetings. These meetings deal with the latest business development, practical experience, changes in laws and regulations, and other current topics. These meetings provide feedbacks to the Group in developing approaches to resolve business problems and encourage employees to share their experiences with one another in implementing the Group's sustainability initiatives.</p> <p>The Board has the overall responsibility for risk oversight, management and sustainability governance within the Group. The Group emphasizes creating sustainable business growth for its stakeholders. Accordingly, proper risk management is essential to business operations that constantly facing uncertainties and continual changes in our operating environment and enables the Group to accomplish its objectives. A proper risk management reduces losses, increases competitiveness and potentially creates new business opportunities to the Group.</p>

	<p>As the Group is operating in various geographical regions, it is important to consider differences in legislation, cultures, infrastructure as well as variations in climate conditions in each of the countries it's operating in. In view thereto, the Group sustainability approaches are country-specific and flexible. Subsidiaries are responsible for adapting the Group's sustainability aspirations in their operations, developing strategies appropriate to their business environments and in compliance with local legal requirements in their respective countries.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board strive to actively and regularly communicate with the stakeholders through multiple communication platforms in order to understand their perception of the EES aspects related to the Group's businesses, to better respond to stakeholders' needs and to deliver sustainable value to the shareholders. The stakeholder engagement process focus on identification and prioritisation of material issues and the periodic review of actions taken to deal with concerns. 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.</p> <p>The Group 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 KNM Group's manufacturing facilities to enable its stakeholders to better understand its business operations.</p> <p>Its employees particularly in sales, marketing and production functions are the interface to the customers and business partners along the Group's value chain. They make the Group unique and actively committed to ensuring that our brands and operations make significant positive contributions to our business, environmental and social challenges.</p> <p>The stakeholder engagements include both formal and informal dialogues. The summary of key engagements with the Group's customers, business partners, industries practitioners, investors and shareholders is set out in the Appendix A below.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Stake holders	Methods of Engagement	Frequency	Focus / Matters Discussed
Principal Partners & Suppliers	<ul style="list-style-type: none"> • Prequalification registrations, exhibitions, congress, seminars, conference • Project meetings and site visits • Product launches and roadshows 	As and when required	<ul style="list-style-type: none"> • Operational & business performance; product /service quality; health & safety • Sharing of best practices • Compliance with rules and regulations • Ethical and responsible conduct • Opportunities for business collaboration
Customers	<ul style="list-style-type: none"> • Exhibitions, Congress, Conference • Customer Satisfaction Survey • Customer feedback / complaints channel by emails, phone-in and face to face meetings. • Customer visit / audit to manufacturing facilities. • Face to face technical and commercial meeting 	Project by project	<ul style="list-style-type: none"> • Product & service quality and delivery • Qualification of manufacturing facilities • Commercial terms & conditions • Product and service quality • Customer experience • Health, safety and security
Industry Practitioners	Meeting of environmental experts hosted by Chamber of Commerce and Industry in Germany	3 times per annum	Environmental updates and sharing of industrial knowledge
Investors, financial institutions & shareholders	<ul style="list-style-type: none"> • Annual general meeting • Analysts meeting • Announcements to Bursa Malaysia Securities Berhad • KNM corporate website 	Annually / as and when required	Performance, future strategies and any important updates of the Group
Employees	<ul style="list-style-type: none"> • Performance appraisal • Newsletter & internal memorandum • Annual reports • KNM corporate website • Trainings 	Annually / as and when required	<ul style="list-style-type: none"> • Performance, future strategies and any important updates of the Group • Better working environment, career progression and employee welfare
Government & Regulators	<ul style="list-style-type: none"> • Official meetings and visits • Industry dialogues, events and seminars 	As and when required	<ul style="list-style-type: none"> • Workplace health and safety • Investment opportunities • Compliance with rules and regulations
Media	<ul style="list-style-type: none"> • Press releases • Official launches and corporate events • Website and social media 	As and when required	Performance, future strategies and any important updates of the Group

Communities	<ul style="list-style-type: none">• Community outreach programmes• Charitable contributions• Internship	As and when required	<ul style="list-style-type: none">• Local community supports including donations, fundraising and volunteering programmes• Project-based initiatives
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Intended Outcome

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

Practice 4.3

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

Application	: Applied
Explanation on application of the practice	<p>The Board has instituted a KNM Group Sustainability Committee (“KNMG SC”) chaired by the Group General Counsel/Executive Director (“GGC/ED”) for the implementation and monitoring of our sustainability agenda. KNM SC’s members consists of senior management team of the Group and assisted by the business and group functional support units worldwide.</p> <p>Findings of the KNMG SC are reported to the Board who shall authorise and approve the Sustainability Report(s) (i.e. relating to the management of all economic, operational, governance and financial aspects of the Group).</p> <p>The Board has the overall responsibility for risk oversight, management and sustainability governance within the Group. The Group emphasizes creating sustainable business growth for its stakeholders. Accordingly, proper risk management is essential to business operations that constantly facing uncertainties and continual changes in our operating environment and enables the Group to accomplish its objectives. A proper risk management reduces losses, increases competitiveness and potentially creates new business opportunities to the Group.</p> <p>The Group creates sustainable value and grow its businesses by balancing between economic, environmental and social wellbeing of the community. These purposes are integrated into our corporate values, unites our employees and guide our decision making and actions.</p> <p>To stay abreast with the new development of sustainability issues which are relevant to the Group, the Company Secretary recommended Directors to attend the trainings in relation thereto.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	On the performance evaluation of the Board and senior management, the Nomination Committee will evaluate the Board and senior management with a prepared list of questionnaires called Board Effectiveness Evaluation which is customised from the Corporate Disclosure Guide. Such evaluation has covered the performance of the Board and senior management in addressing the Company’s material sustainability risks and opportunities in general.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledge the importance of refreshing the Board composition periodically.</p> <p>As stated in the Board Charter, 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.</p> <p>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-tie voting process.</p> <p>Further, the Nomination Committee ("NC") will conduct assessment and evaluation on the performance, contribution and the tenure of each director once every year as well as the independency of each Independent Non-Executive Director. The results of the assessment and evaluation that conducted will be reported to the Board with proper recording in the minutes of meeting.</p> <p>Based on the results of assessment and evaluation conducted by NC, the Board will consider when propose the retiring director to be re-elected in the forthcoming annual general meeting and to adjust the tenure of each director accordingly when necessary.</p> <p>As the Company has changed it financial year end to 30 June 2022, NC has conducted twice on the assessment and evaluation of each director.</p> <p>The Nomination Committee reviews the broader composition and balance of the Board and its Committees, their alignment with the Company's strategic objectives, and the need for progressive refreshing of the Board.</p> <p>On an annual basis, the Nomination Committee reviews the tenure of each Director and carries out a Board Effectiveness Evaluation ("BEE") to ensure that the Board as a whole and the Board Committees have been effective and fulfilling its roles and responsibilities. The</p>

	<p>performance and contribution of each individual Director are also assessed as part of the BEE process.</p> <p>In addition, the independence of all Non-Executive Directors is reviewed by the Nomination Committee annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist which could affect their judgement.</p> <p>For those Directors who are retiring and eligible for re-election, the Nomination Committee would only make recommendations for their re-election upon their satisfactory evaluation of their performance and contribution to the Board and the Board Committees, together with the overall balance of knowledge, skills, experience and diversity.</p> <p>The Nomination Committee also considers the time commitment of each Director and whether each re-election would be in the best interest of the Company.</p> <p>The Nomination Committee after taking into account the satisfactory performance and contributions of directors as stated in the Notice of AGM, resolved to recommend their re-election at the 20th Annual General Meeting of the Company to be held in December 2022.</p> <p>In view that the Directors are just new appointed thus the NC will look into the tenure of Directors in due course.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently, the Independent Non-Executive Directors (“INED”) only made up of one-third (1/3) of the Board which comprises:</p> <ul style="list-style-type: none">• 1 Non-Independent Non-Executive Chairman• 2 Executive Directors• 4 Independent Non-Executive Directors• 5 Non-Independent Non-Executive Directors <p>The Board is of the view that the current composition provides the diverse skills, knowledge and industry experience required to lead and oversee the Group.</p> <p>The Board takes cognizance of this departure from the recommended practice and will take into consideration when appointing new director(s) and/or restructure the board composition in future.</p> <p>The Board, through the Nomination Committee (NC”) assess Independent Directors annually to ascertain if they display a strong element of objectivity, both in appearance (“perceived independence”) as well as of mind (“independence in thought and action”). All the Independent Directors have provided their undertaking to Bursa Malaysia Securities Berhad (“Bursa Securities”) since their appointment, confirming and declaring that they are “independent directors” as defined under Paragraph 1.01 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities.</p> <p>Based on the latest results of the assessments/evaluation that had been conducted previously, the Board is satisfied that all INEDs have met the independence criteria.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	As the Board has adopted the recommendation of the Malaysian Code on Corporate Governance that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years or the subject Independent Director shall be re-designated as Non-Independent Director. In the event that the Board wishes to retain the said Director as Independent Director beyond 9 years, an approval from the shareholders shall be obtained via two-tier voting process at the annual general meeting. As at 30 June 2022, none of the Independent Directors in the Company has exceeded a cumulative term limit of nine (9) years.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Standard of Conduct and Best Practices adopted by the Company stated that 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, direct or indirect, with the interest of the business and will not detrimentally affect the performance as a member of the Board.</p> <p>All appointments to the Board and its various Board Committees together with senior management are assessed and considered by the Nomination Committee. In making its recommendations, due consideration is given to the required mix of skills, knowledge, expertise, experience, professionalism and integrity that the proposed candidate(s) shall bring to complement the Board and/or Board Committees.</p> <p>The Board is committed to provide fair and equal opportunities and to nurture diversity within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	: Applied
Explanation on application of the practice	<p>The candidates for the appointment of Independent Directors will always rely on external source to ensure that appointed Directors are independent and have no relationship with the Executive Director and major shareholders.</p> <p>The candidates for the appointment of executive directors are usually promoted or re-designated from existing board members or management as the candidates must be someone that are familiar and well verse with the Group's operations.</p> <p>The candidates for the appointment of Non-Independent Directors are usually recommended by the major shareholders as these candidates are associated with the major shareholders.</p> <p>All appointments to the Board are assessed and considered by the Nomination Committee. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise, experience, professionalism and integrity that the proposed candidate(s) shall bring to complement the existing Board.</p> <p>The Board may identify candidates for appointment as new directors through the business network of the Board members, external independent professional advisors and institutions and independent talent search. All Directors are expected to be individuals with integrity, professional ethics, sound business judgement as well as devotion of time and efforts to the Group's business and affairs.</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>Nomination Committee (“NC”) will evaluate each director that opt for re-election and/or re-appointment as a Director of the Company at an Annual General Meeting (“AGM”). Upon the NC satisfactory evaluation on the prescribed Directors’ performance and contribution, recommendation on the re-election and/or re-appointment of such Directors will be brought for the further endorsement of the Board for further approval of shareholders at an AGM.</p> <p>In respect thereto, pursuant to Main Market Listing Requirements, a detailed particulars of such re-election and/or re-appointment of directors will be incorporated into the Annual Report of the Company for shareholders’ information and decision making. Shareholders may download such information from the Company’s website for reference.</p> <p>There are two (2) Directors who retire pursuant to Clauses 113 and ten (10) Directors who retire pursuant to Clause 112 of the Company’s Constitution, have opted for re-election at the forthcoming AGM of the Company.</p> <p>The Board provides its statement of recommendation for the re-election of directors in the Explanatory Notes in the Notice of 20th AGM of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Nomination Committee, Mr Lim Mun Kee is an Independent Non-Executive Director. He was appointed as Chairman of the Nomination Committee on 27 August 2021. His profile is stated in the Director Profile under the Company's Annual Report 2022. The Board has not identified any Independent Non-Executive Director as Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Following the resignations of Madam Gan Siew Liat and Madam Soh Yoke Yan, the Board has appointed only a woman Director, which constitutes only 8% out of twelve (12) Directors in the Board.	
		The Board will comply with the recommendation of Practice 5.9 when appointing new directors in future and or restructuring the Board composition in future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>Currently, the Board has not established an official policy on gender diversification for the Board and senior management but it is the practice of the Nomination Committee to evaluate the Board and senior management on gender diversification and give proper recommendation to the Board.</p> <p>As stated in Practice 5.9, the Board takes cognizance of the shortfall of the woman director in the Board and will take into consideration when appointing new directors and/or restructure the Board composition in the future.</p> <p>The Board is committed to ensure that the appointments made to the Board are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender.</p> <p>The criteria for the evaluation and assessment of the Board and senior management are disclosed in the Corporate Governance Overview Statement of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board of Directors Effectiveness Evaluation (BEE) for the 18-month financial period ended 30 June 2022 ("FP2022") had been carried out internally by the Nomination Committee("NC"), with the facilitation of the Group Company Secretary. The BEE FP2022 aimed to assist the Board to further enhance its overall performance moving forward, by focusing on the following :</p> <ol style="list-style-type: none">1. Discharging the Board's principal roles and responsibilities effectively;2. Improving Board infrastructure and supporting processes;3. Examining Board dynamics and relationships;4. Identifying key areas for improvement; and5. Continuing to build upon strengths. <p>To achieve the abovementioned objectives, the effectiveness of the Board and Board Committees for FP2022 was assessed via the following key areas :</p> <ol style="list-style-type: none">1. Overall Board effectiveness2. Key Priorities and Areas of Focus of the Board3. Board Responsibilities4. Board Composition5. Board Committees6. Board Conduct7. Board Interaction and Communication8. Board Chair9. Board Administration & Process <p>For Individual Director Evaluation, a questionnaire was specifically designed to evaluate the effectiveness of performance, personality and quality aspects of individual directors in the following areas :</p> <ol style="list-style-type: none">1. Board dynamics and participation2. Leadership, integrity and objectivity

3. Knowledge and expertise

The results of the BEE FP2022 are generally positive, with majority of the areas evaluated either rated as “Adequate” or “Consistently Good” or “Strong”.

Pursuant to the analysis on the results of BEE FP2022 including feedback obtained from the individual Directors, the **Key Strengths of the Board** are visible in the following areas :

1. Positive Board culture and dynamic where there is active debate, questioning and participation.
2. Highly and broadly diverse and knowledgeable Directors due to current 12 board composition having a diverse mix of experience and expertise.
3. Effective demonstration of leadership by Board Chair, particularly when managing discussions and encouraging contributions and insights from Directors.
4. Board Committees have provided strong support to the Board, and the respective Chairs have been effective in encouraging active debate.
5. Effective oversight in key areas of responsibilities, notably in the areas of risk management, governance, compliance, crisis management and communication with regulators and stakeholders.

In order to further elevate the Board and Board Committees’ effectiveness and performance, the Nomination Committee had focused on some feedbacks raised by the Directors and Management during the course of the BEE FP2022 exercise, to identify key areas for improvements moving forward.

The results of BEE FY2022 together with these **Key Areas for Improvements** were tabled to the Nomination Committee and subsequently to the Board, whereby the Board agreed with NC that the following areas are to be addressed during the financial year ending 30 June 2023 (“FY2023”) :

1. Risks assessment and management – to improve and be more proactive in managing the risks, control issues on all relevant features of the Company’s activities.
2. To include sustainability, Environmental, Social and Governance (ESG) considerations in the business strategies.

The individual results of the Directors’ Self and Peer Assessment were provided to the NC Chairman and subsequently Chairman of the Board for their further action, where necessary.

Thereafter the overall action plans on the above focus areas were developed and tabled to the Board for consideration and inclusion in the Board’s Actionable Improvement Program to be undertaken during FY2023 onwards.

	Independent expert may be engaged to facilitate the assessment of the Board when necessary.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") is responsible for recommending to the Board, inter alia, the remuneration of the Executive Directors and senior management, in all its forms, drawing from outside advice when necessary. With the availability of Directors remuneration policy and market survey information from external sources or human resources consultants, the RC ensures that the remuneration packages recommended are appropriate and competitive. All recommendations of the RC in respect of remuneration packages of the Executive Directors and senior management are referred to the Board for approval.</p> <p>The Company's remuneration scheme is linked to performance, service seniority, experience and scope of responsibilities. The RC ascertains and recommends the remuneration packages of the Executive Directors, including the Group Chief Executive Officer/Executive Director and senior management in accordance with the Company's policy guidelines that strongly link remuneration to performance and benchmark the remuneration against that of the market surveys conducted by external sources or human resource consultants periodically.</p> <p>The Board acknowledges that remuneration is key in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business. In this regard, the Board has formalised a remuneration policy with respect to the remuneration of Directors and Senior Management.</p> <p>The remuneration of Non-Executive Directors is determined by the Board and is set via a market benchmark through the RC which recommends the remuneration to the Board. The remuneration</p>

	<p>package for Executive Directors are currently being structured to link rewards to corporate and individual performance.</p> <p>The RC is responsible for recommending to the Board, inter alia, the remuneration of the Executive Directors, in all its forms, drawing from outside advice as necessary. With the availability of Directors remuneration policy and market survey information from external sources or human resources consultants, the RC ensures that the remuneration packages recommended are appropriate and competitive.</p> <p>As a matter of best practice of corporate governance, upon the advice by Company Secretary, the interested Executive Directors are prohibited and have abstained themselves from participating in deliberations and decisions regarding their individual remuneration. And this is properly recorded in the minutes of meetings.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") comprises four (4) members, of which three (3) are Independent Non-Executive Directors and one (1) is Executive Director. It is chaired by an Independent Non-Executive Director. The RC is responsible for recommending to the Board, inter alia, the remuneration of the Executive Directors and senior management, in all its forms, drawing from external advice as and when necessary.</p> <p>The RC is regulated by its own written Terms of Reference which deals with the Committees' authorities and duties and are disclosed under the Board Charter in the Company's corporate website at www.knm-group.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements over the years. The detailed remuneration comprising of directors' fees and other emoluments/salary for the year under review payable and/or paid respectively to the Directors are disclosed in aggregated detail as listed out in the table below.</p> <p>In accordance with Section 230 Companies Act 2016, the remuneration is tabled to shareholders for approval at the Annual General Meeting.</p> <p>The remuneration received by each director, including both Executive Directors and Non-Executive Directors is set out in the tables below.</p> <p>The disclosure is made on a group level and listed issuer level, in accordance with Paragraph 11, Part A, Appendix 9C of Bursa Securities Main Market Listing Requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments (EPF)	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato Idera Naresh Mohan	Non-Executive Non-Independent Director	75,831.00	7,000.00					82,831.00							
2	Datuk Mohd Irwan Bin Mohd Mubarak	Non-Executive Non-Independent Director	123,705.87	66,539.35					190,245.22							
3	Datuk Uwe Ahrens	Non-Executive Non-Independent Director	90,507.57	10,000					100,507.97							
4	Flavio Porro	Executive Director	132,621.00	15,000.00	268,043.03		12,250.00		427914.03			934,179.97			164,486.17	1,098,666.14
5	Ho Soo Woon	Non-Executive Non-Independent Director	102,191.30	11,000.00			113,191.30									
6	James Beltran	Non-Executive Non-Independent Director	75,831.00	7,000.00					82,831.00							

7	Lim Mun Kee	Non-Executive Non-Independent Director	123,705.87	82,699.08					206,404.95							
8	Ravindrasingham A/L Balasingham	Non-Executive Non-Independent Director	75,931.00	7,000.00					82,831.00							
9	Safia Binti Ahmad Jahidi	Non-Executive Non-Independent Director	116,367.39	52,982.58					169,349.97							
10	Tan Koon Ping	Executive Director	208,746.00	39,093.06	1,584,000.00		26,100.00	190,080.00	2,048,019.06							
11	Tan Sri (Dr) Zulhasnan Bin Rafique	Executive Director	117,916.67	11,000.00					128,916.67							
12	Tunku Dato' Yaacob Khyra	Non-Executive Non-Independent Director	86,664.00	10,000.00					96,664.00							
13	Dato' AB Halim Bin Mohyiddin	Non-Executive Non-Independent Director	89,222.20	36,577.85					125,800.05							
14	Dato' Dr Khalid Bin Ngah	Non-Executive Non-Independent Director	77,000.00	25,911.20					102,911.20							
15	Gan Siew Liat	Executive Director	77,000.00	24,822.26	976,923.08			117,231.00	1,195,976.34							

16	Soh Yoke Yan	Non-Executive Non-Independent Director	77,875.00	45,227.71					123,102.71							
17	Mohd Rizal Bahari Bin Md Noor	Non-Executive Non-Independent Director	65,625.00	17,666.70					83,291.70							
18	Lee Swee Eng	Executive Director			1,933,769.21			77,354.00	2,011,123.21							

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:	The two (2) Executive Directors on the Board also occupy the offices of the Senior Management of the KNM Group. By virtue of the application of Practice 8.1, KNM Group has simultaneously applied Practice 8.2 on the disclosure of the Executive Directors' remuneration. The detailed remuneration of the Executive Directors is disclosed under the explanation of Practice 8.1 above. The Board has taken the reporting approach of a no named basis for senior management as the Board is of the opinion that such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the oil and gas industry where sourcing and poaching of executives is rampant.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr Lim Mun Kee, who is an Independent Director, serves as the Chairman of the Audit Committee ("AC") whilst Tan Sri (Dr) Zulhasnan Bin Rafique serves as the Chairman of the Board. Having the positions of the Chairman of the Board and Chairman of the AC assumed by different individuals allows the Board to review the AC's findings and recommendations with unfettered objectivity. The Chairman of the AC functions as the Company's independent watchdog to ensure the integrity of finance controls and combined assurance.</p> <p>Mr Lim obtained his professional qualification from the Malaysian Institute of Certified Public Accountant (MICPA) and has been a member of the association since 1996. Mr Lim is also a member of the Malaysia Institute of Accountant (MIA).</p> <p>Mr Lim has over 30 years of experience spanning the profession, management strategies, governance, corporate and taxes. Throughout his professional experience, he was exposed to various industries including Hotel, Oil & Gas, manufacturing and trading. He was appointed as Accountant, Financial Controller and Head of Internal Audit in a few listed companies and subsequently managing a few private companies mainly in trading and manufacturing of building materials, lighting and industrial products.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee ("AC") maintains formal and transparent measures to govern its relationship with the external auditor of the Company. The Terms of Reference of the AC has included a cooling-off period of at least three years before a former key audit partner could be appointed as member of the AC to safeguard the integrity and independence of the audit process.</p> <p>To date, KNM has not appointed any former key audit partner either as a director or as an employee.</p> <p>The Terms of Reference of the AC is available at the Company's website at www.knm-group.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") 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. Such policies and procedures are contained in the Audit Committee Terms of Reference.</p> <p>The AC is responsible for assessing the capabilities and independence of the external auditors in ensuring the integrity in reporting and reliability of audit quality in assisting the investors to make informed decision and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>In safeguarding and supporting external auditors' independence and objectivity, the Company has outlined the selection process of new external auditors, criteria for the annual assessment on the performance of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services in the Terms of Reference of the AC.</p> <p>The Board has determined that the provision of non-audit service contracts that cannot be entered into with the External Auditors include strategic decision, internal audit and policy and standard operating procedures documentation. The Board was of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.</p> <p>The following criteria will be undertaken by the AC during the annual assessment on the performance, suitability and independence of the external auditors:</p> <ul style="list-style-type: none">• Calibre of the external auditors• Quality Processes and Performance• Audit Team• Independence, Objectivity and Professionalism

	<ul style="list-style-type: none"> • Audit Scope and Planning • Audit Fees • Audit Communications <p>During the financial year under review, the AC has also met with the external auditors twice in the absence of Management and Non-Independent Directors to discuss all financial developments of the Company.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Applied
Explanation on adoption of the practice	:	<p>The Audit Committee ("AC") of the Company comprises three members, all of whom are Independent Non-Executive Director.</p> <p>The composition of the AC is as follows:</p> <p>Mr Lim Mun Kee - Chairman Datuk Mohd Irwan Bin Mohd Mubarak - Member Pn Safia Binti Ahmad Jahidi - Member</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") is chaired by an Independent Director who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. In addition, all AC members are able to read, analyse and interpret the quarterly results and year-end financial statements from the external auditors in order to effectively discharge their functions.</p> <p>The Company is committed to ensure that its Directors and Board Committees receive continuous education and further training updates from time to time. The Board shall, on a continuous basis, evaluate and determine the training needs of its members and subject matters of training that aid the Directors in the discharge of their duties.</p> <p>The Audit Committee comprises members with diverse qualifications, expertise and experience ranging from accounting, finance and banking, and legal. The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibilities for the Group's system of internal controls and risk management practices to safeguard the shareholders investment and the Group's assets. The Board also believes that the Group's system of internal controls and risk management practices are vital to good corporate governance. The Group has established an in-house Internal Audit Department which provides the internal audit function to the Group. The in-house internal audit function is additionally supported by outsourced internal auditors, namely Tricor Axcelasia Sdn Bhd, a subsidiary of Tricor Group. The Group Internal Audit, which reports directly to the Audit Committee, reviews the effectiveness and efficiency of internal control framework.</p> <p>The findings arising from the internal audit process are presented to the Management along with the recommendations and considerations for improvements and are subsequently escalated to the Audit Committee ("AC"). Any significant changes to existing risks or emerging risks of the business units in the Group, together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Chairman of the AC. The Board has also developed a risk management framework and has put in place an Enterprise-Wide Risk Management framework to identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level. Such a system is designed to identify, evaluate and manage the significant risks faced by the Group to achieve its objectives and strategies. A process has been put in place for the year under review and up to the date of this statement. On-going reviews are carried out quarterly by the Risk Management Committee ("RMC"). The RMC, chaired by the Group Chief Financial Officer, is to assist the facilitation of the continuous monitoring and evaluating of the Group's risk management system and reports to AC and the Board to achieve the Group's business objective and to ensure that the Group is always vigilant to any situation that might affect its assets, income and profits.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and</p>

	internal control framework to ensure they continue to be resilient and reliable.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control in the Company’s Annual Report 2022.</p> <p>The Statement also outlines the differentiated roles and functions of those entrusted with maintaining risk management and internal control systems. Measures being put in place to manage and mitigate risks are also articulated in the Statement.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	: Applied
Explanation on application of the practice	<p>Internal Audit (“IA”) function is established by the Board for the Group on outsource basis to Tricor Axcelaxia, an independent professional firm with assistance of an IA Coordinator to review the adequacy of operational controls system, and in identifying, evaluating, monitoring and managing risks to provide reasonable assurance that such system will continue to operate satisfactorily and effectively in the Group.</p> <p>The IA function adds value and improves the Group’s operations and assists the Audit Committee (“AC”) to effectively discharge its duties by providing independent and objective assurance. The IA function reports directly to the AC and operates in accordance with the framework set out by the Internal Audit Charter as approved by the AC. It is independently positioned to assist the Board and AC in obtaining the assurance they require in relation to the effectiveness of the Group’s system of internal controls. The IA team regularly reviews and appraises the systems of risk management, internal controls and governance processes within the Company and/or the Group.</p> <p>The AC performed the following to ensure the effectiveness and independence of the internal audit function :</p> <ul style="list-style-type: none">• reviewed and approved the Internal Audit Plan to determine the key entities to be audited and the scope of works of the Internal Auditors.• performed annual assessment on the IA functions including the competency and experience, independence of the Internal Auditors as well as the adequacy of resources to carry out their work effectively. <p>The IA Coordinator performed follow-up audits and visits subsequently to ensure that management’s action plans and corrective actions being matters highlighted in the internal audit reports have been adequately addressed and implemented.</p> <p>The risk-based IA plan outlines the audit timetable for auditable business processes and follow up visit are tabled for AC’s review and approval. The AC would consider the level of the risks to determine the priority of the auditable areas. The AC may authorise changes on the Audit Plan from time to time if the need arises. The comprehensive report on the approaches of IA reviews, findings and the recommendation action plans are tabled for AC’s review and</p>

	<p>endorsement. The status of implementation of the action plans are highlighted to the AC after Internal Auditors' follow-up reviews.</p> <p>During the financial year under review, the outsourced IA function carried out audits in accordance with the risk-based internal audit plan reviewed and approved by the AC. The results of their review presented in the Internal Audit Report, which include a summary of internal audit findings and management's responses, were discussed with Senior Management and subsequently presented to the AC.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit (“IA”) function reports directly to the Audit Committee (“AC”) and all the personnel were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work. It operates in accordance with the frameworks set out by the IA Charter as approved by the AC. It is independently positioned to assist the Board and AC in obtaining the assurance they require in relation to the effectiveness of the Group system of internal controls.</p> <p>The resources available (internal and external) and qualification of the persons responsible for internal audit are disclosed in the ACe Report section of the Annual Report 2022.</p> <p>The IA function is carried out in accordance with the International Professional Practices Framework for Internal Auditing promulgated by the Institute of Internal Auditors. The IA function is independent, objective, sufficiently resourced to undertake its functions, and is carried out in accordance with a recognised framework.</p> <p>The IA function reports directly to the AC and operates in accordance with the frameworks set out by the IA Charter as approved by the AC. It is independently positioned to assist the Board and AC in obtaining the assurance they require in relation to the effectiveness of the Group system of internal controls. The resources available (internal and external) and qualification of the persons responsible for IA are disclosed in the AC Report section of the Annual Report 2022.</p> <p>Disclosures on the IA function are made available in the Statement on Risk Management and Internal Control and AC Report as contained in the Company’s Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company provides an open channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of inter alia, providing timely, clear and complete information of the Group's operations, updates, performance and new development based on permissible disclosures. The Company values feedbacks and dialogues with its investors, and believes that a constructive and effective investor relationship is essential to enhance shareholders' value.</p> <p>Communication with shareholders is also maintained by way of immediate announcements made in connection with material developments in the Company's business and operations in addition to the timely issuance of quarterly and annual reports. Whilst the Company is endeavour to provide as much information as possible to its shareholders and other stakeholders, it is mindful of the legal and regulatory framework governing the release and disclosure of material and/or price-sensitive information. Information which is price sensitive or those which may be regarded as undisclosed material information about the Group will not be disclosed until after the prescribed announcement has been released to Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>The Board endeavours to ensure that communication with the Group's stakeholders is conducted in a continuous and forthcoming manner. In a demonstration of this commitment, the Board has adhered to Corporate Disclosure Policy published by Bursa Malaysia which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial plans and prospects to investors, financial community and other stakeholders. Investor relations, corporate governance and other corporate information are made available from the Company's website at www.knm-group.com.</p> <p>The Board is aware of its accountability to its stakeholders, and that constant communication with stakeholders enables the Company to understand stakeholders' concerns and to take these concerns into account when making decision. The Corporate Disclosure Policy</p>

	<p>provides guidance to the Board and Management on providing accurate, timely and balanced disclosure to the Group's stakeholders whilst simultaneously encouraging a two-way dialogue between the Company and its stakeholders.</p> <p>The Board, as part of its efforts to foster and cultivate a closer association with its stakeholders, also ensures that the Company's website contains all material information for the benefit of the shareholders and other stakeholders. The Board endeavours to ensure that corporate announcements, press releases and quarterly financial results on group financials and operation reviews are published on the website as soon as practicable.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The practice is inapplicable to the Company in view that the Company does not currently fall within the “Large Companies” definition.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board considers the Annual General Meeting (“AGM”) as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>In line with the recommendations of the Malaysian Code on Corporate Governance, the Notice of AGM of the Company has always been given to the shareholders not less than 28 days prior to the meeting.</p> <p>Additional time was given to the shareholders to enable them to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>The Notice of AGM with the detailed Agenda is announced on Bursa Malaysia Securities Berhad (“Bursa Securities”), published on the Company’s website and in a nationally circulated news paper so that shareholders are informed on the AGM to be conducted by the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The general meetings of the Company are usually attended by all Directors. Explanations are provided during shareholders' meetings in relation to the queries that are posted by shareholders and Minority Shareholders Watch Group, and clarification are made to the proposed resolutions on key corporate proposals to enable shareholders to make informed decisions.</p> <p>The Board normally appointed the Chairman and Group Chief Executive Officer/Executive Director as its representatives to address queries raised by shareholders, stakeholders and analysts. The Chairman of Board Committees supplemented the discussions on matters that fall under the purview of the respective Committees. The Company's external auditors and the relevant advisers of the Company and the key management will also attend such general meetings and be available to answer questions raised where appropriate.</p> <p>Since 2019, the General Meetings of the Company are conducted via an online meeting platform at https://meeting.boardroomlimited.my provided by the Company's Share Registrars, Boardroom Share Registrars Sdn Bhd.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board always ensure the general meetings be held at an easily accessible venue to facilitate high shareholders' attendance.</p> <p>Since to the outbreak of the COVID-19 pandemic, the Company has conducted its General Meetings via remote shareholders' participation and electronic voting. Electronic voting devices had been utilised to provide a more efficient and accurate outcome of the voting results.</p> <p>The voting procedures were conducted by poll administrator and an independent scrutineer was appointed to validate the votes casted.</p> <p>A step-by-step Administrative Notes was issued to assist shareholders on the registration, participation and voting using the Remote Participation and Electronic Voting Facilities. The Administrative Notes were also published in the Company's website prior to the Extraordinary General Meeting and Annual General Meeting in addition to the announcement on Bursa Malaysia Securities Berhad to encourage shareholders' participation.</p> <p>As an alternative to present in person, shareholders are also allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting. As for voting in absentia and remote shareholders' participation, the existing proxy form authorising proxies or Chairman of meeting as an alternative measure adopted by the Company.</p> <p>The meetings were conducted in accordance with Section 327 Companies Act, 2016 and Clause 67 of the Company's Constitution, as well as with reference to the Guidance on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: All Directors and relevant senior management were attended previous general meetings of the Company. The Share Registrar advised the shareholders on the process of the proceedings of the AGM while the Chairman of the AGM informed the shareholders on the resolutions to be carried in the AGM. Shareholders are invited to post their questions via email to the Company Secretary and Share Registrars before the meeting is held or use the messaging tool provided in the Remote Participation and Electronic Voting Facilities to submit their questions provided by the Company's Share Registrars during the general meeting. The Chairman of the general meeting will assign the relevant person, usually the Group Chief Executive Officer/Executive Director to answer the shareholders questions. Due to the high volume of the questions posted by shareholders, the Board will endeavour to answer those questions which are relevant and provide a good response to the shareholders. A report on the current main business activities of the Group will be presented to the shareholders at an Annual General Meeting for their information. Videos on the business activities of the Group will also be played for the information of shareholders during vote casting session.
Explanation for departure	:

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>Since year 2020, the Board has adopted to conduct the entire general meeting virtually through the Remote Participation and Electronic Voting Facilities provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd ("Boardroom") at https://meeting.boardroomlimited.my, which allows shareholders to post their questions to the Board using the messaging tool provided in the RPC Facility.</p> <p>A detailed Administrative Notes was issue to shareholders to guide them on the registration for the general meetings until successfully login to the RPV Facility to participate in the general meetings.</p> <p>A dedicated Office Helpdesk was provided by Boardroom to allow shareholders to make any enquiries prior to the meeting or to seek any technical assistance to participate at the general meetings.</p> <p>Due to the high volume of the questions posted by shareholders, only the selected relevant questions will be answered by the Board and made visible to shareholders.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	

Timeframe	:		
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Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: It is the practice of the Company to publish the minutes of the general meetings at the Company’s website within 30 business days for the inspection of shareholders. The minutes of general meetings had recorded all questions posted by shareholders and answered by the Board, the poll results and other proceedings matters of the general meetings accurately and precisely.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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