

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7164  
**COMPANY NAME** : KNM GROUP BERHAD  
**FINANCIAL YEAR** : 31 DECEMBER 2020

## OUTLINE:

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

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

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

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

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

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

### **Intended Outcome**

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

### **Practice 1.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is headed by the Board who leads and plays a key role in driving the overall performance of its Group by setting up the strategic direction and objectives of the Group, reviewing the adequacy and integrity of the Group's risk management and internal control systems, ensuring a management succession plan as well as having a dedicated investor relations programme and shareholders' communication policy in place. 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 is chaired by a Non-Executive Director whilst the Group Chief Executive Officer position is helmed by an Executive Director. Their roles and responsibilities are clearly divided to ensure a balance of power and authority. In addition, the roles and responsibilities of the Chairman and Group Chief Executive Officer/Executive Director are well defined whereby, the Board is led by the Chairman to ensure its effective functioning whilst the management is led by the Group Chief Executive Officer/Executive Director in formulating the annual business plan to enhance the Company's business growth and create shareholders' value, and implementing the Board's policies, strategies and decisions as well as managing the business operations.</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, determining funding needs and capital expenditure, approving financial plans and budgets, reviewing financial statements and financial performance of the Company, ensuring necessary financial and other resources allocation to the management to facilitate successful strategy implementation as well as undertaking of corporate exercises involving mergers and acquisitions, new issues of securities, fund raising activities and so on. The Board empowers Management to operate within defined limits of authority as set by the Board to ensure efficiency in carrying out day-to-day operations of the Company.</p>

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

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is led by the Chairman to ensure its effective functioning whilst the management is led by the Group Chief Executive Officer/Executive Director in formulating the annual business plan to enhance the Company's business growth and create shareholders' value, and implementing the Board's policies, strategies and decisions as well as managing the business operations.</p> <p>The Chairman leads and encourages constructive and healthy debates 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.</p> <p>The current Chairman of the Board is Dato' Ab Halim Bin Mohyiddin who is well-verse in corporate governance and in providing strategic direction. He graduated with a Bachelor of Economics (Accounting) from University of Malaya in 1971 and thereafter joined Universiti Kebangsaan Malaysia as a Faculty Member of the Faculty of Economics. He obtained his Masters of Business Administration degree from University of Alberta, Edmonton, Alberta, Canada in 1973. He retired from KPMG/KPMG Desa Megat &amp; Co. on 1 October 2001, a firm he joined in 1977 and had his early accounting training in both Malaysia and United States of America. He was made Partner of the Firm in 1985. At the time of his retirement, he was Partner-in-Charge of the Assurance and Financial Advisory Services Divisions and was also looking after the Secured e-Commerce Practice of the Firm. He has extensive experience in tax, audit, corporate turnaround and financial restructuring of various companies and has also acted as Receiver and Manager and Liquidator for several companies during his tenure with KPMG.</p> <p>Dato' Ab Halim is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He is currently the Chairman of the Education and Training Committee of MICPA. He served as a member of the Education Committee of the International Federation of Accountants (IFAC) from 2001 to 2005. He was the President of MICPA from June 2004 to June 2007 and a Council Member of MIA from 2001 to 2007.</p> <p>Presently, he is also a Board member of MISC Berhad.</p>

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

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is chaired by a Non-Independent Non-Executive Chairman whilst the Management is helmed by the Group Chief Executive Officer who is also the Executive Director. There is a separation in the functions, roles and positions of the Chairman and Group Chief Executive Officer/Executive Director to promote accountability and facilitate division of responsibilities between them.</p> <p>The separation of power between the Chairman of the Board and the Group CEO are clearly stipulated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The function of Company Secretary is undertaken by the Head of Corporate Services of KNM Group Berhad, and she is assisted by an Assistant Company Secretary. Both of them have the requisite credential and fulfill the qualification requirements of a company secretary as enshrined in Section 235(2) of Companies Act 2016; they possess valid practicing licenses issued by the Companies Commission of Malaysia (CCM) and The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) respectively.</p> <p>The Company Secretary kept abreast with regulatory updated changes and developments in corporate governance in order to play an advisory role to the Board and Board Committees in relation to the Company's Constitution, Board policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. All Directors have full access to the advice and services of the Company Secretary who ensures that the Board procedures are adhered to at all times during meetings.</p> <p>The Company Secretary ensures all Board and Board Committee meetings are properly organised and convened in a timely manner. The Company Secretary also ensures that records of meeting deliberations, proceedings and resolutions passed are recorded, properly maintained and secured.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 Group Company Secretary and are open to inspection by the Directors at any time.</p>



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

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 may be gleaned from the Company’s corporate website at <a href="http://www.knm-group.com">www.knm-group.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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 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 <a href="http://www.knm-group.com">www.knm-group.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<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 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 would 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>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The establishment of an active and independent Board of Directors is paramount in improving corporate governance practices. During the financial year under review, the Board composition was restructured from five (5) Directors to six (6) Directors in order to ensure the effectiveness of the Board. The change of Board composition was due to the appointment of a new director in replacement of the retirement of its Group Chief Executive Officer/Executive Director and the appointment of additional Non-Independent Non-Executive Director. Of the six (6) Directors, two (2) are Executive Directors, two (2) are Non-Independent No Executive Director and the remaining are Independent Non-Executive Directors. The Independent Directors made up of one-third (1/3) of the Board.</p> <p>In view of the need to ensure independent and objective judgement in Board deliberation, the Nomination Committee believes all Independent Directors demonstrate the essential characteristics of independence and bring independent challenge and deliberation to the Board.</p> <p>In addition, any Director who considers that he/she has or might have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Directors' decision in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting in the specific matter.</p> <p>The Board takes cognizance of the best corporate governance to have half of the Board to be an Independent Directors and will work towards the requirement accordingly. Nevertheless, the Board is of the view that the current Board composition is suffice to ensure the effectiveness of the Board as a whole.</p> <p>Dato' Dr Khalid Bin Ngah acts as the Senior Independent Director to provide a sounding board to the Chairman and acts as an intermediary for other Directors when necessary. The presence of the Senior Independent Director provides an additional channel for the Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to rise in open forum.</p> <p>Moreover, the Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decision is made by the Board.</p>

	The Nomination Committee had conducted the performance assessment for the year 2020 and concluded that the Board as a whole had discharged their roles and responsibilities in a commendable manner.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the Nomination Committee assesses 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"). The Independent Directors have each provided an 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>For the financial year ended 31 December 2020, each of the Independent Non-Executive Directors had provided their annual confirmations of independence to the Board based on the Company's criteria of assessing independence in line with the definition of "independent directors" prescribed by the MMLR.</p> <p>The Board, supported by the Nomination Committee evaluates the contribution of the Independent Non-Executive Directors annually so as to be watchful of indicators that may exhibit entrenchment or complacency. Having assessed the said Independent Non-Executive Directors, the Board is of the view that they are able to provide professional views without fear or favour and give their best efforts to contribute towards the stewardship of the Company in attaining greater heights. In addition, they remain objective and independent in expressing their views during the deliberations and decision making of the Board and Board Committees.</p> <p>Currently, Dato' Ab Halim Bin Mohyiddin ("Dato' Ab Halim") who has a cumulative term of more than 12 years' tenure, had been redesignated as Non-Independent Non-Executive Director on 18 June 2020.</p> <p>Another Independent Director, Dato' Dr Khalid Bin Ngah has reached more than 9 years cumulative term as an Independent Non-Executive Director. As such, the Company will seek shareholders' approval at the forthcoming 19<sup>th</sup> Annual General Meeting for Dato' Dr Khalid continuance as an Independent Non-Executive Director with the justifications as set out hereunder, alternatively, to redesignate him as</p>



	<p>Non-Independent Non-Executive Director.</p> <p>Dato' Dr Khalid Bin Ngah ("Dato' Dr Khalid") was appointed as an Independent Non-Executive Director on 19 August 2011 and was subsequently designated as a Senior Independent Non-Executive Director on 29 April 2013.</p> <p>Although he has exceeded the cumulative term limit of nine (9) years as an Independent Director as prescribed by the Malaysian Code on Corporate Governance 2017, the Nomination Committee and the Board of Directors ("the Board"), after having assessed the independence of Dato' Dr Khalid, considers him to be independent based on the following justifications and recommends that Dato' Dr Khalid be retained as an Independent Director of the Company:-</p> <p>(a) He has confirmed and declared that he is an Independent Non-Executive Director as defined under Paragraph 1.01 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements;</p> <p>(b) He is not related to any of the Company's directors or major shareholders;</p> <p>(c) He does not have any conflict of interest with the Company and has not entered/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;</p> <p>(d) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and</p> <p>(e) His experience and knowledge of the Company and KNM Group's activities and corporate history is invaluable to the Board. The Board is also of the view that his impartial opinion and advice in his role as the Chairman of Remuneration Committee and ESOS Committee will also be beneficial to the Board and the Company.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### **Intended Outcome**

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

### **Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

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

## Intended Outcome

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

### Practice 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 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 Board and/or Board Committees. The Board may also consider and exercise judgment in determining the appropriate number and size of the Board relative to the level of investment by the shareholders in the Company.</p> <p>Together, the Board members with their different age, financial, commercial, technical and operational expertise as well as business acumen and skills, bring with them a wide and diverse range of experience essential in the management and direction of the Company. In view of the composition of the Board and having regard to the calibre of the Directors and their diverse range of skills, expertise and experience; the interest of investors, including the Company's minority shareholders, are adequately protected and advanced.</p> <p>The aspects of diversity are considered by the Board in identifying candidates for board and senior management positions. The criteria for board diversity including selection and evaluation of candidates is formalised in the Board Charter such as diverse ethnic, race, religion and gender.</p> <p>The Board upon the recommendation of the Nomination Committee, evaluates and decides on the appointment of the proposed candidate to the Board.</p> <p>The appointment of Senior Management personnel is closely scrutinised and decisions are made based on predetermined criteria that includes skill sets, integrity and leadership qualities, driven by their respective job descriptions.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	At the end of the financial year under review, the Board comprised of six (6) Directors, two (2) of whom are female Directors. In view thereof, 33.33% of the Board composition is represented by the feminine gender, well surpassed the minimum recommended requirement of 30%.  The two (2) female Directors are Madam Gan Siew Liat and Madam Soh Yoke Yan.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All appointments to the Board and its various Board Committees 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 Board and/or Board Committees. The Board may also consider and exercise judgment in determining the appropriate number and size of the Board relative to the level of investment by the shareholders in the Company.</p> <p>The Nomination Committee may identify candidates for appointment as new directors through the business network of board members, through external independent professional advisors or independent search firms to assist in the search for suitable candidates for directorships. 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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Nomination Committee comprises three (3) members, two (2) of whom are exclusively Independent Non-Executive Directors, the remaining are Non-Independent Non-Executive Director.
		Currently, the Nomination Committee is chaired by a Non-Independent Non-Executive Director who is also the Chairman of the Board. The Board take cognizance of Practice 4.7 and it will be restructured in due course.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The responsibility for annual evaluation to determine the effectiveness of the Board, its committees and each individual director falls on the Nomination Committee which assesses on an annual basis the effectiveness of the Board as a whole and the Board Committees as well as the respective individual Directors' performance and contribution. All assessments and evaluations are duly discussed and recorded in the minutes of meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

The 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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee is responsible for recommending to the Board, <i>inter alia</i>, 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 Remuneration Committee ensures that the remuneration packages recommended are appropriate and competitive. All recommendations of the Remuneration Committee in respect of remuneration packages of the Executive Directors 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 Remuneration Committee ascertains and recommends the remuneration packages of the Executive Directors, including the Group Chief Executive Officer/Executive Director 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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee comprises five (5) members, amongst others are two (2) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and the Executive Vice Chairman. It is chaired by the Senior Independent Non-Executive Director. The Remuneration Committee is responsible for recommending to the Board, <i>inter alia</i>, the remuneration of the Executive Directors, in all its forms, drawing from outside advice as necessary.</p> <p>The Remuneration Committee 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 <a href="http://www.knm-group.com">www.knm-group.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	: Applied																																																				
<b>Explanation on application of the practice</b>	<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. In accordance with Section 230 of the Companies Act 2016, the remuneration is tabled to shareholders for approval at the Annual General Meeting.</p> <p><b>Company</b></p> <table border="1"><thead><tr><th>Category of</th><th>Fee</th><th>Other emoluments*/ Salary**</th><th>Total</th></tr><tr><th>Directors</th><th>(RM'000)</th><th>(RM'000)</th><th>(RM'000)</th></tr></thead><tbody><tr><td colspan="4"><b>Executive Directors</b></td></tr><tr><td>Ir Lee Swee Eng (Retired on 09.07.2020)</td><td>82.56</td><td>1,450.79</td><td>1,533.35</td></tr><tr><td>Gan Siew Liat</td><td>157.50</td><td>1,320.13</td><td>1,477.63</td></tr><tr><td>Tan Koon Ping (Appointed on 09.07.2020)</td><td>75.36</td><td>568.93</td><td>644.29</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td colspan="4"><b>Non-Executive Directors</b></td></tr><tr><td>Dato' Ab Halim bin Mohyiddin</td><td>157.50</td><td>91.64</td><td>249.14</td></tr><tr><td>Dato' Dr Khalid bin Ngah</td><td>157.50</td><td>82.00</td><td>239.50</td></tr><tr><td>Soh Yoke Yan</td><td>157.50</td><td>73.36</td><td>230.86</td></tr><tr><td>Mohd Rizal Bahari bin Md Noor (Appointed on 25.11.2020)</td><td>15.75</td><td>3.60</td><td>19.35</td></tr><tr><td><b>Total</b></td><td><b>803.67</b></td><td><b>3,590.45</b></td><td><b>4,394.12</b></td></tr></tbody></table>	Category of	Fee	Other emoluments*/ Salary**	Total	Directors	(RM'000)	(RM'000)	(RM'000)	<b>Executive Directors</b>				Ir Lee Swee Eng (Retired on 09.07.2020)	82.56	1,450.79	1,533.35	Gan Siew Liat	157.50	1,320.13	1,477.63	Tan Koon Ping (Appointed on 09.07.2020)	75.36	568.93	644.29					<b>Non-Executive Directors</b>				Dato' Ab Halim bin Mohyiddin	157.50	91.64	249.14	Dato' Dr Khalid bin Ngah	157.50	82.00	239.50	Soh Yoke Yan	157.50	73.36	230.86	Mohd Rizal Bahari bin Md Noor (Appointed on 25.11.2020)	15.75	3.60	19.35	<b>Total</b>	<b>803.67</b>	<b>3,590.45</b>	<b>4,394.12</b>
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<b>Group</b>			
<b>Category of</b>	<b>Fee</b>	<b>Other emoluments*/ Salary**</b>	<b>Total</b>
<b>Directors</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b><u>Executive Directors</u></b>			
Ir Lee Swee Eng (Retired on 09.07.2020)	82.56	1,468.50	1,551.06
Gan Siew Liat	157.50	1,320.13	1,477.33
Tan Koon Ping (Appointed on 09.07.2020)	75.36	588.42	663.78
<b><u>Non-Executive Directors</u></b>			
Dato' Ab Halim bin Mohyiddin	157.50	91.64	249.14
Dato' Dr Khalid bin Ngah	157.50	82.00	239.50
Soh Yoke Yan	157.50	73.36	230.86
Mohd Rizal Bahari bin Md Noor (Appointed on 25.11.2020)	15.75	3.60	19.35
<b>Total</b>	<b>803.67</b>	<b>3,627.65</b>	<b>4,431.32</b>
<b>Notes:-</b>			
* Other emoluments include board committee fees, bonuses, allowances, provision of handphones and company cars.			
** The salary is inclusive of employer's statutory contribution to Employees Provident Fund.			
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

## Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 7.1, KNM Group has simultaneously applied Practice 7.2. The detailed remuneration of the Executive Directors is disclosed under the explanation of Practice 7.1 above.</p> <p>Meanwhile, as for Senior Management, the Board has taken the reporting approach of a no named basis for other senior management due to the fact that 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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not adopted, as explained in 7.2.
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Madam Soh Yoke Yan, who is an Independent Director, serves as the Chairman of the Audit Committee whilst Dato' Ab Halim bin Mohyiddin serves as the Chairman of the Board. Having the positions of the Chairman of the Board and Chairman of the Audit Committee assumed by different individuals allows the Board to review the Audit Committee's findings and recommendations with unfettered objectivity. The Chairman of the Audit Committee functions as the Company's independent watchdog to ensure the integrity of finance controls and combined assurance.</p> <p>Madam Soh is a qualified accountant with a professional degree from the Chartered Institute of Management Accountant (CIMA, UK) and holds a Diploma in Management Accounting with Tunku Abdul Rahman College. She is also a member of Malaysian Institute of Accountants (CA, MAL) and Associate Member of Chartered Management Accountant (ACMA, UK). She was engaged with public listed companies of different industries and has more than 20 years of corporate and commercial accounting experiences. Madam Soh joined Isyoda Corporation Berhad as a Financial Controller in 2003 prior to her appointment as an Executive Director of Isyoda Corporation Berhad in 2006. She also sits on the boards of several other private limited companies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The existing Terms of Reference ("TOR") of the Audit Committee is yet to contain a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board takes cognizance of the importance in terms of governance to modify the Audit Committees' TOR to include the above new policy.
<b>Timeframe</b>	:	



## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit Committee 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 TOR.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Departure
<b>Explanation on adoption of the practice</b>	:	The current Audit Committee members comprise of two (2) Independent Directors and a Non-Independent Director. The Board is of the view that the Non-Independent Director, namely Dato' Ab Halim Bin Mohyiddin who was previously an Independent Director is the best to be placed in Audit Committee due to his vast and extensive experience in the areas of accounting, finance and audit which will bring benefits to the Group.

## 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 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is chaired by an Independent Director who is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.</p> <p>In addition, all Audit Committee 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 and its Committees 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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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.</p> <p>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.</p> <p>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. 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 Audit Committee.</p> <p>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 Executive Officer/Executive Director, is to assist the facilitation of the continuous monitoring and evaluating of the Group's risk management system and reports to Audit Committee 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</p>

	effectiveness and adequacy of the Group's risk management and internal control framework to ensure they continue to be resilient and reliable.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The 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 2020.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	The Risk Management Committee is solely consists of Management whom reports to Audit Committee. Audit Committee monitors the progress of Risk Management Committee by reviewing reports of Risk Management Committee on the risks level of the Group and provide the constructive advices on handling the risks encountered by the Group.

## 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Internal Audit function is established by the Board for the Group 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. The Internal Audit function adds value and improves the Group's operations and assist the Audit Committee to effectively discharge its duties by providing independent and objective assurance.</p> <p>The Internal Audit function reports directly to the Audit Committee and operates in accordance with the framework set out by the Internal Audit Charter as approved by the Audit Committee. It is independently positioned to assist the Board and Audit Committee in obtaining the assurance they require in relation to the effectiveness of the Group's system of internal controls. The Head of Internal Audit regularly reviews and appraises the systems of risk management, internal controls and governance processes within the Company and/or the Group.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function reports directly to the Audit Committee and operates in accordance with the frameworks set out by the Internal Audit Charter as approved by the Audit Committee. It is independently positioned to assist the Board and Audit Committee 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 Audit Committee Report section of the Annual Report 2020. The Internal Audit function is carried out in accordance with the International Professional Practices Framework for Internal Auditing promulgated by the Institute of Internal Auditors.</p> <p>The internal audit function is independent, objective, sufficiently resourced to undertake its functions, and is carried out in accordance with a recognised framework.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company provides an open channel of communication with its shareholders, institutional investors and the investing public at large with the objectives of <i>inter alia</i>, 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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 11.2

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

<b>Application</b>	:	Not Applicable	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The practice is not applicable to the Company in view that the Company does not currently fall within the "Large Companies" definition. However, the Company aims to adopt integrated reporting in the future and will initiate its journey towards this.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board considers the 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>Thus, the AGM Notice of the Company is always given to the shareholders at least 28 days prior to the meeting. The notice of the forthcoming 19<sup>th</sup> AGM is dated 31 May 2021 whilst the meeting is scheduled to be held in June 2021, giving the shareholders 28 clear days' notice.</p> <p>The Notice of Annual General Meeting ("AGM") with the detailed Agenda, Annual Report and Circular to Shareholders are announced to Bursa Securities, published on the Company's website and issued at least 28 days before the Company's AGM. Printed copies are made available to shareholders who request for hardcopy Annual Report and Circular to Shareholders.</p> <p>In order to achieve the widest possible dissemination, the Company also publishes the notice of AGM in a nationally circulated newspaper in addition to the Company's website, and the announcement to Bursa Malaysia Securities Berhad.</p> <p>Furthermore, the Notice of the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The general meetings of the Company are normally attended by all Directors. Explanations are provided during shareholders' meetings in relation to the queries that are posted by shareholders and clarification made to proposed resolutions on key corporate proposals to enable shareholders to make informed decisions.</p> <p>During the previous AGM, all Directors were in full attendance to answer questions pertaining to the resolutions being proposed, financial performance, business operations, corporate governance matters and other matters that are of shareholders' concerns. The summary of key matters discussed during the previous AGMs were made available on the Company's website in accordance with paragraph 9.21(2)(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board appointed the Group CEO as its representative to address any queries raised by shareholders, stakeholders and analysts. The Chairmen of Board Committees supplemented the discussions on matters that fall under the purview of the respective Committees.</p> <p>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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board always ensure the general meetings be held at an easily accessible venue to facilitate high shareholders’ attendance.</p> <p>The Company had also adopted electronic polling system of voting for greater transparency. The voting procedures were conducted by poll administrator and an independent scrutineer was appointed to validate the votes casted.</p> <p>Alternatively, shareholders are also allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his 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>Due to the outbreak of the COVID-19 pandemic, the Company has conducted its 18<sup>th</sup> AGM 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. This fully virtual meeting had enabled remote shareholders’ participation and online remote voting by leveraging technology in accordance with Section 327 of the CA 2016 and Article 67 of the Constitution of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*

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