

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0148  
**COMPANY NAME** : Sunzen Biotech Berhad  
**FINANCIAL YEAR** : December 31, 2021

### **OUTLINE:**

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

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

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

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

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

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

### **Intended Outcome**

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

### **Practice 1.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board is responsible for the leadership of the Company and its subsidiaries ("Group") and is collectively responsible for the achievement of its objectives and goals. It formulates and reviews the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with all the applicable laws, rules and regulations. In addition, it is also responsible to ensure good corporate governance culture is practised within the Group.</li><li>• The Board leads and has effective controls over the Group whereby collective decisions and close monitoring are exercised on issues relating to strategy, performance, resources, standard of conduct and financial matters.</li><li>• The Board has delegated day-to-day management of the Group to the Group Managing Director cum Group Chief Executive Officer and the key senior management and specific responsibilities to the Board Committees within their respective terms of reference as approved by the Board and who report to the Board of their recommendations. The ultimate responsibility for decision making, however, lies with the Board.</li><li>• The Board's principal responsibilities include reviewing and adopting a strategic plan, overseeing the conduct of business, reviewing the adequacy of internal control and risk management system, succession planning, ensuring effective communication with stakeholder, etc.</li></ul> <p>The roles and responsibilities of the Board are set out in the Board Charter and the Board Committees' roles and responsibilities in</p>

	discharging its functions which had been delegated by the Board are set out in the respective Board Committees' Terms of Reference.	
<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 Senior Independent Non-Executive Chairman, Tan Sri Haji Musa Bin Tan Sri Haji Hassan. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"> <li>i. leading the Board in setting the values and standard of the Company;</li> <li>ii. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li> <li>iii. ensuring the provision of accurate, timely and clear information to Directors;</li> <li>iv. ensuring effective communication with shareholders and relevant stakeholders;</li> <li>v. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;</li> <li>vi. facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations are maintained between Executive and Non-Executive Directors; and</li> <li>vii. facilitating the ongoing development of all Directors.</li> </ul>
<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 1.3**

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 positions of Chairman and Chief Executive Officer (“CEO”) are held by two different individuals. The roles of Chairman are distinguished from that of the CEO’s roles with clear division of responsibilities as outlined in the Company’s Board Charter to enhance and preserve a balance of authority and accountability to avoid unfettered powers of decision making.</p> <p>The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board. The Group Managing Director cum Group CEO is responsible for the effectiveness of implementation of the Board’s policies, making operational decisions and monitoring the day-to-day management of business operation to ensure effective running of the Group.</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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>As at 31 December 2021, the Company has a moderate board size comprising only three (3) independent directors. The Board Committees comprised solely independent non-executive directors, which include the chairman of the Board.</p> <p>The Chairman of the Board, Tan Sri Haji Musa bin Tan Sri Haji Hassan is a member of the Audit Committee, and the Chairman of the Nomination Committee and Remuneration Committee (collectively referred to as "Board Committee(s)").</p> <p>During the financial year, each Board Committee has reviewed the matters relevant to their roles and responsibilities and report to the Board of the observations and recommendation objectively and impartially. The decision and deliberation of the Board Committees are made unanimously or consensus.</p> <p>At each Board meeting, the Chairman of the respective Board Committees report to the Board on key issues deliberated at the respective Board Committees' meetings and make recommendation to the Board for decision, where necessary. The Board will deliberate the key issues and recommendation (if any) put forth by the Board Committees and believed that with the diverse skills and competencies of the individual directors, especially Independent Directors, who are appointed to form a competent and strong Board, it provides a reasonable check and balance within the Board, which sufficiently enables the Board to discharge its duties objectively.</p> <p>The Board acknowledges and takes cognisance of the recommendation of this Practice which requires the Chairman of the Board should not be a member of the Board Committees and will be looking into the Board size and composition to comply with the MCCG 2021 in the financial year 2022.</p>

*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

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

## Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by the Company Secretaries who are qualified to act pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• manage all Board and Board Committees meetings, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications;</li> <li>• advise the Board and Board Committees on their roles and responsibilities;</li> <li>• advise the Board on corporate disclosures and compliance with Listing Requirements, Company's Constitution, Companies Act 2016 and other relevant rules and regulations;</li> <li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and</li> <li>• undertake the statutory duties as prescribed under the Companies Act 2016.</li> </ul> <p>All Board members have unrestricted access to the advice and services of the Company Secretaries particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements.</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 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis for an effective discharge of the Board's responsibilities.</p> <p>Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by Directors and to deal with matters arising from such meetings. Senior Management of the Group and external advisers (if necessary) are invited to attend Board meetings to provide additional insights and professional views, advice, and explanations on specific items on the meeting agenda.</p> <p>Deliberations and decisions made at Board and Board Committee meetings are well documented in the minutes, including matters in which Directors have abstained from voting or deliberating. The minutes are then circulated to the Directors and Board Committee members for perusal. The minutes are confirmed as correct record by the Board and Board Committees at the following meeting.</p> <p>The Board and Board Committee meetings are held separately to enable impartial and independent discussion amongst the members.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter which clearly sets out the Board's roles and responsibilities in discharging its fiduciary and leadership functions.</p> <p>The Board Charter provides guidance for the Directors and Management regarding the responsibilities of the Board, Board Chairman, Board Committees, Managing Director/Chief Executive Officer, Independent Directors and Senior Independent Non-Executive Director as well as the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The Board Charter was last reviewed and approved by the Board on 28 February 2019 and is available on the Company's website at <a href="http://www.sunzen.com.my">www.sunzen.com.my</a>.</p> <p>The Board will continue to review the Board Charter to ensure that it is updated in accordance with the needs of the Company, the Malaysian Code on Corporate Governance 2021, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and any new regulations that may have impact on the discharge of the Board's responsibilities.</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 Group is committed to achieving and monitoring high standards pertaining to behaviour at work.</p> <p>The Board strictly adhered to the Company's Code of Conduct and Ethics in discharging its oversight role effectively. The Code of Conduct and Ethics require all Directors, Management and Employees of the Group to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and the shareholders.</p> <p>The Board has adopted an Anti-Corruption Policy which sets out the key guiding principles and procedures to address Bribery and Corruption risks within and outside the Group whilst taking into consideration the corporate liability provision under Section 17(A) of the Malaysian Anti-Corruption Commission Act 2009.</p> <p>The Code of Conduct and Ethics which is incorporated in the Company's Board Charter and the Anti-Corruption Policy are available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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 has adopted a whistleblowing policy for the Group as a measure to promote the highest standard of corporate governance and transparency. The whistleblowing policy outlines the avenues for the Group's employees and stakeholders to raise concerns or disclose in good faith any malpractices or improper conduct within the Group and to enable prompt corrective actions and measures to be taken to resolve them effectively.</p> <p>Any party who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Chairman of the Audit Committee, in writing. Management will ensure that the whistle-blower, who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.</p> <p>The Whistleblowing Policy is incorporated in the Board Charter published on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has yet to formalise a comprehensive and structured Sustainability Framework and Governance Structure of the Group.</p> <p>However, the Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society, and the environment towards sustainability of the Group's business. The Board with consultation from management, oversees and evaluates the economic, environmental, social and governance ("ESG") issues and any other external matters that may affect the development of the Group's business or interest of the shareholders, ensuring that the Company's strategies promote sustainability. The sustainability practices of the Group are disclosed in the Sustainability Statement of the Company's Annual Report, which is reviewed and approved by the Board.</p> <p>The Group Managing Director leads the Group's sustainability practices across management and operational fronts, with respective division heads driving the division's sustainability practices.</p> <p>The Group is fully committed to discharge its duty in curbing environmental concerns and has established an Environment Policy, which covers air, water and soil pollution, and the support of use of green energy, environmentally friendly materials and energy conservation practice in its daily operations and office environment.</p> <p>The Group adheres to the Occupational Safety and Health ("OSH") regulations, the standard operating procedures issued by the Ministry of Health and conducts mandatory Chemical Health Risk Assessment (CHRA) every five years. The OSH Committee ensures control measures are implemented at the workplace to ensure safety and health of the employees are looked after.</p>

	Aside from environmental and social sustainability practices, the Group has adopted Code of Conduct and Ethics, Whistle-blowing Policy, Anti-Corruption Policy and to uphold high standards of governance practice across the Group and exercises zero tolerance against all forms of bribery and corruption.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group reckons the importance of establishing close relationships with both internal and external stakeholders, where all the businesses and functional units are empowered by the Group to regularly engage with their respective stakeholders to ensure that material issues impacting stakeholders’ interest are addressed in the practices and business strategies.</p> <p>The ESG priorities, targets and progress are reported in the Sustainability Statement of the annual report to the internal and external stakeholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the importance for its members to have an adequate understanding of the industry issues that may pose a threat to the sustainability of the Group’s business, and that they should possess the appropriate skills and experience to manage those risks.</p> <p>The Board, with the assistance from the Nomination Committee, reviews the training needs of the Directors and the composition of the Board to ensure the Directors are ESG competent, kept abreast with market trends, changes in regulatory climate, and to ensure the Board has a mix of financial, legal, management, sustainability and other backgrounds which could provide the Company with considerable experience in various aspects when working in synergy.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The annual assessment of the Board for the financial year 2021 did not include the review on the Board’s performance in addressing sustainability risks and opportunities.	
		The Board will amend the Board assessment form to include the same in the financial year 2022.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee reviews the composition of the Board, Board Committees, performance of each individual directors and considers the tenure of directors on an annual basis before recommending the directors who shall retire by rotation for re-election at the Annual General Meeting to the Board for consideration.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consist of six (6) members. Out of the six (6) Directors, three (3) of them are Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	There are no independent directors serving beyond nine (9) years.  The Board has adopted a policy which limits the tenure of its independent directors up to nine (9) years. An independent director should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the re-designation of the director as a non-independent director. If the Board intends to retain the independent director after 9 years, the Board will provide justification and seek shareholders' approval at the Annual General Meeting through a two-tier voting process.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - 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.*

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group adhered strictly to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the Group, which includes the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity, and other qualities in meeting the future needs of the Company.</p> <p>The Nomination Committee (“NC”) is responsible for reviewing, considering, and recommending candidates for the Board and Senior Management. It assists the Board in reviewing the required mix of expertise, skills and experience of the Board and Senior Management whilst considering the current and future needs of the Company and Boardroom diversity.</p> <p>The NC evaluates and matches the criteria of the candidates based on the “Fit and Proper” standards as detailed in the Board Charter, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. Consideration will be given to those individuals possessing the identified skill, talent, and experience. The ultimate decision will be based on merit and contributions that the selected candidates will bring to the Board and Management.</p> <p>To ensure the Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies.</p> <p>The appointment procedures and requirements are set out 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

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board takes cognisance of the recommendation of the Malaysian Code on Corporate Governance to utilise independent sources to identify suitable candidates, which may include sourcing from a directors' registry, open advertisements or using independent search firms. The Nomination Committee and the Board will ensure that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.  There were no new appointments during the financial year 2021.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There were no individuals standing for election as director at the Sixteenth Annual General Meeting held on 29 June 2021.  The Board will ensure that the notice of general meeting at which an individual is standing for election as director be accompanied by a statement containing the details of the individual including his/her name, age, gender, working experience and any conflict of interest as well as directorship in other companies.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee consists exclusively of Independent Non-Executive Directors and is chaired by Tan Sri Haji Musa Bin Tan Sri Haji Hassan, the Senior Independent Non-Executive Director of the Company	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board acknowledges the importance of Boardroom diversity and will endeavour to achieve 30% female directors. The Company shall at any point of time have at least one female representation on the Board.	
		Currently, the Board does not have a female director and will endeavour in achieving at least 1 woman director on Board by 1 June 2023.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Diversity Policy and will through the Nomination Committee consider gender diversity as part of its future selection of candidates for Board and Senior Management positions and look into increasing female representation on the Board and Senior Management, where and when appropriate.</p> <p>The Diversity Policy, which is incorporated in the Board Charter is made available on the corporate website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Nomination Committee (“NC”) carries out the annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director.</p> <p>The evaluation was conducted using the Evaluation Forms which set out the assessment criteria as approved by the Board which covered areas such as the Board structure, Board operation, roles and responsibilities of the Board, the Board Committees and the Chairman’s roles and responsibilities. For Individual Director Assessment, the assessment criteria include contribution in respect of interaction, quality of input, and understanding of role and independence of Independent Non-Executive Directors.</p> <p>The NC will complete the performance evaluation forms regarding the effectiveness of the Board as a whole, the Board Committees and performance of each individual Director. The assessment and comments by the NC will then be summarised and discussed at the NC meeting and subsequently be reported to the Board at the Board meeting held thereafter.</p> <p>Based on the results of the assessment for the financial year 2021, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review and recommended to the Board the re-election of the retiring Directors at the Company’s Annual General Meeting. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.</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 level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee (“RC”) is entrusted by the Board to review and recommend the policies and procedures matters relating to remuneration of the Board and Senior Management, to the Board for approval.</p> <p>The Board has formalised a Remuneration Policy for Directors and Senior Management and the said Policy is incorporated in the Board Charter of the Company which is available on the Company’s website.</p> <p>The RC reviews the remuneration of Directors and Senior Management annually and recommends to the Board for approval. The remuneration package for the Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors’ remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors. The fees and benefits payable to the Non-Executive Directors of the Company are subject to the shareholders’ approval at the Company’s Annual General Meeting.</p> <p>In determining the remuneration of the Senior Management, the RC considers the role, skills, competency and the performance of the individual and corporate.</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 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") which comprised exclusively of Independent Non-Executive Directors.</p> <p>The RC reviews and recommends to the Board annually the remuneration package of the Board and Senior Management that reflect their respective contributions for the year, and which depend on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>The terms of reference of the RC which deals with the RC's authority and duties is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration breakdown paid to the Directors of the Company during the financial year 2021 on a named basis is detailed in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Teo Yek Ming	Executive Director	-	-	120,000	10,888	-	16,631	147,519	-	-	155,000	10,888	-	21,720	187,608
2	Ching Chee Pun	Executive Director	-	-	60,000	5,888	-	9,431	75,319	-	-	95,000	5,888	-	14,520	115,408
3	Tan Sri Haji Musa Bin Tan Sri Haji Hassan	Independent Director	60,000	1,000	-	-	-	-	61,000	60,000	1,000	-	-	-	-	61,000
4	Khoo Kien Hoe	Independent Director	26,000	1,000	-	-	-	-	27,000	26,000	1,000	-	-	-	-	27,000
5	Dr. Fong Chan Seng	Independent Director	26,000	1,400	-	-	-	-	27,400	26,000	1,400	-	-	-	-	27,400
6	Lee Yew Weng	Non-Executive Non-Independent Director	60,000	1,400	-	-	-	-	61,400	60,000	1,400	-	-	-	-	61,400

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure												
<b>Explanation on application of the practice</b>	:													
<b>Explanation for departure</b>	:	<p>The Board has considered this recommendation and is of the opinion that the disclosure of the Senior Management's remuneration on a named basis would not be in the best interest of the Group.</p> <p>The Board considered the remuneration of Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and the Company's effort in retaining executive talents.</p> <p>The Board is of the view that the interest of the shareholders would not be prejudiced as a result of such non-disclosure of the Company's top five senior management personnel who are not Directors on named basis.</p> <p>The Company has three (3) Senior Management and their remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2021 has been disclosed on an unnamed basis in bands of RM50,000 as follows:</p> <table border="1"> <thead> <tr> <th>Remuneration Band</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM50,001 to RM100,000</td> <td>-</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>1</td> </tr> <tr> <td>RM150,001 to RM200,000</td> <td>1</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>1</td> </tr> <tr> <td>RM250,001 to RM300,000</td> <td>-</td> </tr> </tbody> </table>	Remuneration Band	Number of Senior Management	RM50,001 to RM100,000	-	RM100,001 to RM150,000	1	RM150,001 to RM200,000	1	RM200,001 to RM250,000	1	RM250,001 to RM300,000	-
Remuneration Band	Number of Senior Management													
RM50,001 to RM100,000	-													
RM100,001 to RM150,000	1													
RM150,001 to RM200,000	1													
RM200,001 to RM250,000	1													
RM250,001 to RM300,000	-													
<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>	:		
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No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") consists of three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The AC is chaired by Mr Khoo Kien Hoe who is not the Chairman of the Board. This ensures the objectivity of the Board in respect of the AC's findings and recommendations are not impaired.</p> <p>The profile of Mr Khoo is set out of page 4 of the Annual Report 2021.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Terms of Reference ("TOR") of the Audit Committee ("AC") requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The Terms of Reference of the AC is available on the Company's website.</p> <p>Currently, no former key audit partner of the external auditors of the Company is appointed as a member of the Board and AC.</p> <p>The AC together with the Board will review and update the TOR of the AC to provide for a cooling-off period of at least three (3) years as recommended by the Malaysian Code on Corporate Governance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>An annual assessment of the competency and independence of the external auditors was conducted by the Audit Committee ("AC") through a set of assessment questionnaire. In assessing the external auditors' performance and suitability, the AC considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors.</p> <p>The AC received assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accounts.</p> <p>Based on the annual assessment conducted in February 2022 on the external auditors' performance, technical competence and professional independence, the AC recommended to the Board for the re-appointment of Messrs. Grant Thornton Malaysia PLT as the external auditors of the Company for the financial year ending 31 December 2022, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All the members of the Audit Committee are Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All members of the Audit Committee ("AC") are financially literate and assist the Board in reviewing and ensuring the quarterly reports and annual audited financial statements are prepared in compliance with applicable financial reporting standards. The AC assists the Board to oversee and scrutinise the process of financial reporting and ensure accuracy, adequacy and completeness of financial reports.  The Company is committed to ensure that all members of the AC undertake continuous professional development and have annual discussion with the external auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices, and rules.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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 Audit Committee ("AC") oversees the risk management of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The AC also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks. The Group has established a formal risk management framework to oversee the risks management of the Company and engaged an external consultant to assist the Company in identifying, assessing, and managing the risks in areas that are applicable to the Company's business and ensure that the risk management process in place and functioning effectively.</p> <p>The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.</p> <p>The Company has outsourced its internal audit function to a professional service firm, namely GovernanceAdvisory.com Sdn. Bhd. to assist the AC in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.</p> <p>The AC reviews, deliberates and evaluates the effectiveness and efficiency of the internal control systems in the organisation which are designed to manage and mitigate rather than eliminate risks in achieving the company's corporate objectives, safeguarding the company's assets as well as investors interest.</p> <p>The Group will continue to focus on the key risks and corresponding controls to ensure that they are able to respond effectively to the changing business and competitive environment.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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

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

## Practice 10.2

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>	:	<p>The Board recognises that identification, evaluation, and management of significant risks that may affect the achievement of business objectives is an ongoing process.</p> <p>The Group has engaged a consulting firm, GovernanceAdvisory.com Sdn. Bhd. to assist the Board and Management in identifying major risks and mitigating controls in the form of a risk register relating to the Group's major operating entities. Updates to risk register was formally tabled to the Board on an annual basis.</p> <p>Continuous reviews are carried out by the internal audit function and Management to identify, evaluate, monitor, and manage significant risks affecting the business and ensure that adequate and effective controls are in place.</p> <p>The findings of the internal audit function are reported to the AC. The Board has received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of the Statement on Risk Management and Internal Control.</p> <p>Based on the assurance from the Group Chief Executive Officer and Chief Financial Officer and the input from the relevant assurance providers, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2021 provides an overview on the state of internal controls and risk management within the Group.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board always place significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment.</p> <p>During the financial year 2021, the Board outsourced its internal audit function to GovernanceAdvisory.com Sdn. Bhd., an independent professional consulting firm, which provides support to the Audit Committee ("AC") in monitoring and managing risks, controls and governance processes of the Group. The main role of the internal audit function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures. The Internal Auditors has direct access and report all matters of internal control to the AC.</p> <p>During the financial year under review, the internal auditors have conducted review on the Group in accordance with the Internal Audit Plan, which have been approved by the AC.</p> <p>In February 2022, the AC had conducted annual assessment on the competency and independence of the outsourced internal auditors for the financial year under review. After having assessed the capability and adequacy of resources of the outsourced Internal Auditors, the AC was satisfied that the internal audit function was effective and able to function independently.</p> <p>Details of the Internal Audit Function is set out in the AC report in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its Internal Audit Function to an independent professional internal audit service provider namely GovernanceAdvisory.com Sdn. Bhd. The Internal Auditors conducted their assessment and provided an independent and objective assurance to the Audit Committee and the Board on adequacy and effectiveness of the risk management and internal control systems of the Group during the financial year 2021.</p> <p>The number of staff deployed for the Internal Audit reviews ranges from 1 to 3 staff per visit including the engagement partner. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia. The Internal Audit staff on the engagement and the engagement partner are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and was guided by the International Professional Practice Framework.</p> <p>The information on the Internal Audit Function is available in the Statement on Risk Management and Internal Control in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large.</p> <p>The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.</p> <p>The Board, in its best efforts, keeps the shareholders and stakeholders informed of the Company's business and corporate developments and ensures that the Company's communication with them is informative and timely. The supply of information to stakeholders are made via various disclosures and announcements including quarterly and annual financial results, which provides investors with up-to-date financial information of the Group.</p> <p>The Company maintains a website at <a href="http://www.sunzen.com.my">www.sunzen.com.my</a> to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers, and general public. Announcements, news, and all relevant updates are posted on the Company's website regularly.</p> <p>Another key avenue of communication with shareholders is the Company's Annual General Meeting, which serves as the principal forum for dialogue with shareholders where shareholders may raise questions or seek clarification on any issues pertaining to the Group and to have better understanding of the business activities and performance of the Group from the Chairman and Board members. Shareholders are encouraged to communicate with the Board at the AGM and to vote on all resolutions set out in the notice.</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**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2021, the Notice of the Sixteenth Annual General Meeting (“16<sup>th</sup> AGM”) was sent to the shareholders at least 28 days before the AGM, in advance of the 21-days requirement under the Company’s Constitution, the Companies Act 2016 and the Listing Requirements, which provides additional time to the shareholders allowing them to make the necessary arrangements to attend and participate in person or by corporate representatives or proxies, and to consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Company also provide details of the AGM to the shareholders regarding the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM. In addition, there are explanatory notes providing detailed explanations for the resolutions to be tabled at the AGM to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>The Notice for the forthcoming Seventeenth Annual General Meeting was given to the shareholders 28 days before the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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>All Directors and Senior Management attended the Company's Sixteenth Annual General Meeting ("16<sup>th</sup> AGM") held on 29 June 2021.</p> <p>The Board, Senior Management and the external auditors were present at the 16<sup>th</sup> AGM to answer questions raised by shareholders.</p> <p>The presence of Directors presented opportunities for the shareholders to engage with each Director and allowed the shareholders to direct their questions and concerns to the respective Directors and Board Committee Chairman.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In consideration of the Covid-19 pandemic and movement control order restriction imposed by the Malaysian Government in 2021, the Sixteenth Annual General Meeting of the Company was held on a fully virtual basis via Remote Participation and Electronic Voting facilities which allowed shareholders to attend and participate remotely and vote in absentia.</p> <p>When physical general meetings are permitted to be held, the Company will ensure that the meeting venue is easily accessible to the public. The Company does not have physical general meetings in remote locations, nor does it have a large number of shareholders to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in physical general meetings. It is also not cost effective nor practical for the Company to do so.</p> <p>Shareholders are entitled to appoint proxy(ies) to vote on their behalf in their absence at physical general meetings.</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 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman ensures that the shareholders of the Company are allowed sufficient opportunity to participate and pose questions during the general meeting of the Company. Shareholders are allowed to submit their questions to the Board prior to the 16<sup>th</sup> Annual General Meeting ("16<sup>th</sup> AGM") at the designated email address.</p> <p>As active participation from the shareholders is greatly encouraged, the Board strives to answer as many questions as possible with concise answers during the annual general meeting. Questions that were raised prior to the meeting as well as the responses will be shared with all shareholders during the annual general meeting. If there are any questions which cannot be answered due to time constraint in the Meeting, the Chairman will undertake to provide a response via email.</p> <p>During the 16<sup>th</sup> AGM, a question-and-answer session was open to the shareholders to pose their questions during the live stream. All the questions raised by shareholders during the live stream and received prior to the meeting were responded by the Directors and Management during the 16<sup>th</sup> AGM.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



### Intended Outcome

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

### Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Sixteenth Annual General Meeting (“16<sup>th</sup> AGM”) of the Company was held on a fully virtual basis through live streaming and Remote Participation and Electronic Voting facilities (“RPV”) via the online portal of Dvote Services Sdn. Bhd.</p> <p>The administrative details of the 16<sup>th</sup> AGM as well as the detailed registration and voting procedures were shared with the shareholders and the same were also published on the corporate website. The Company had also allowed pre-meeting submission of questions to the Board at its designated email address prior to the 16<sup>th</sup> AGM.</p> <p>The RPV facilities enabled shareholders to attend, participate, pose questions (via real time submission of typed texts) and vote remotely without physically attending the meeting. Questions received pre-meeting and during live stream were both answered by the Directors and Management during the meeting.</p> <p>Voting procedures were explained at the meeting and an independent scrutineer was appointed to validate the votes. Votes cast, for or against and the respective percentages, on each resolution were displayed on the screen and subsequently announced to Bursa Malaysia Securities Berhad.</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**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the 16 <sup>th</sup> AGM as well as all questions and answers posed by the shareholders are made available on the corporate website within 30 business days of the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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