

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3662  
**COMPANY NAME** : MALAYAN FLOUR MILLS BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## 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 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 Board of Directors of the Company ("the Board") plays a role in providing stewardship and control of the Group's business and affairs on behalf of shareholders with due consideration on the impact of the Group's activities on its stakeholders.</p> <p>The Board is responsible for the oversight and overall management of the Group by providing guidance and direction to the management with regards to the sustainability, strategic planning, risk management, succession planning, financial and operations to meet the expectations and obligations to the shareholders and various stakeholders.</p> <p>Amongst the key responsibilities of the Board are as follows:</p> <ul style="list-style-type: none"><li>• Review and approve short and medium terms strategic plans</li><li>• Monitor the progress of the Group's business to evaluate whether the businesses are properly managed to achieve its targeted returns and sustainability</li><li>• Establish goals for management and monitor the achievement of these goals</li><li>• Identify principal business risks faced by the Group and ensure the implementation of appropriate internal controls and mitigating measures to address the risks</li><li>• Review the adequacy of the internal control systems</li><li>• Review succession and human resource plans</li><li>• Consider management's recommendations on key issues including investments, acquisitions, funding and significant capital expenditure</li></ul>

	<p>The Board delegates the day-to-day management of the Group to the Executive Deputy Chairman cum Managing Director who further cascades the delegation to the management team. Both the Executive Deputy Chairman cum Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the general business environment, financial performance, operational progress, business outlook and action plans of the Company, the operating subsidiaries and joint ventures of the Company on a quarterly basis.</p> <p>As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and key management positions. The Executive Deputy Chairman cum Managing Director updates the Board annually and from time to time on the details of the programmes for management development such as coaching, leadership and technical training. The Board also reviews the remuneration of the Directors and key Senior Management to ensure that their remuneration packages are sufficiently attractive to attract and retain the talents.</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>Datuk Oh Chong Peng, who is a Non-Independent Non-Executive Director, is the Chairman of the Board. He is responsible for leading and ensuring the Board effectiveness and compliance with corporate governance. He acts as a facilitator at Board meetings and general meetings to ensure that the meetings are carried out smoothly according to their agenda.</p> <p>The roles and responsibilities of the Chairman are as follows:-</p> <ul style="list-style-type: none"><li>• The Chairman is responsible for representing the Board to the shareholders and indirectly to the general public for performance.</li><li>• The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.</li><li>• The Chairman must ensure that the content and order of the agenda are appropriate and that the members of the Board have the relevant papers in good time. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings and that all available information on an issue is tabled before the Board.</li><li>• The Chairman is responsible for maintaining regular dialogue with the Executive Deputy Chairman cum Managing Director over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.</li><li>• The Chairman will act as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.</li><li>• Between Board meetings the Chairman shall maintain an informal link between the Board and the Executive Deputy Chairman cum Managing Director, expect to be kept informed by the Executive Deputy Chairman cum Managing Director on all</li></ul>

	important matters, and is available to the Executive Deputy Chairman cum Managing Director to provide counsel and advice where appropriate.	
<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 Charter provides clear division of responsibility between the Chairman and the Executive Deputy Chairman cum Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The positions of the Chairman and Executive Deputy Chairman cum Managing Director of the Company are held by two different individuals.</p> <p>Datuk Oh Chong Peng, who is a Non-Independent Non-Executive Director, is the Chairman of the Board.</p> <p>Mr Teh Wee Chye is the Executive Deputy Chairman cum Managing Director of the Company and leads the day-to-day management 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>	: Datuk Oh Chong Peng, who is the Chairman of the Board ("the Chairman"), is a member of the Audit & Risk Management Committee and Remuneration Committee of the Company.
	The current composition of the Board provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making. Hence, having the Chairman as member of the Board Committees has not impaired the objectivity of the Board when deliberating on the observations and recommendations put forth by the Board Committees.  In addition, with the Chairman's active participation and extensive board & corporate experience, the discussions and decisions made at the Board Committees have greatly benefitted from his input.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As a holder of the Practising Certificate issued by the Companies Commission of Malaysia, the Company Secretary of the Company, Ms Mah Wai Mun, satisfied the qualifications as prescribed under Sections 235(2) and 241 of the Companies Act 2016 to act as a company secretary. She is also an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has more than 30 years of experience in corporate secretarial practice. She is also the Secretary for all the Board Committees.</p> <p>The Company Secretary always keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training to update and enhance her knowledge and standard of professionalism.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meeting procedures are adhered to and that applicable laws, rules and regulations are complied with. The Board is updated and advised by the Company Secretary from time to time on new statutes and directives issued by the regulatory authorities.</p> <p>The Company Secretary organises and attends all the Board and Board Committees meetings as well as the General Meetings and ensures accurate records of the proceedings and decisions of the meetings are made and properly kept.</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 1.6**

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>For the Board to deliberate effectively on agenda of the meetings, relevant meeting papers are furnished to the Directors in advance of each meeting or a shorter time for emergency meeting. This allows the Directors sufficient time to peruse the papers and have productive discussion and make informed decision at the meeting.</p> <p>All deliberations and decisions made by the Board are properly recorded by the Company Secretary by way of minutes of the meeting. The minutes would be distributed to the Directors for review before confirmation at next meeting. The signed minutes are kept in the minutes book by the Company Secretary.</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 roles and functions of the Board, Board Committees and Executive Deputy Chairman cum Managing Director are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance.</p> <p>The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected from them.</p> <p>The Board Charter is subject to review as and when required. It was last revised in 2023 to reflect the changes in the composition of the Independent and Non-Independent Directors in the Board, changes in Board Committees and set a limit on the tenure of an Independent Director to not more than a cumulative period of 12 years.</p> <p>The Board Charter is available on the Company’s website.</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 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 Company's Code of Conduct ("the Code") is in force across the Group and all employees must comply with it. Disciplinary action may be taken against employees who are found guilty for non-compliance with the Code.</p> <p>The Code sets out the ethical standards of conduct that all employees are expected to comply with in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.</p> <p>Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values. The following Code of Conduct must be adhered to at all times by all employees within the Group:</p> <ul style="list-style-type: none"><li>a. Demonstrating commitment</li><li>b. Living the core values of the Group</li><li>c. Avoiding conflict of interest</li><li>d. Preventing bribery and corruption</li><li>e. Practising confidentiality and data protection</li><li>f. Communicating externally and internally with ethics and within authority</li><li>g. Protecting company assets and resources</li><li>h. Giving equal opportunity, non-discrimination and fair employment</li><li>i. Ensuring safety and protecting the environment</li><li>j. Prohibiting insider trading</li><li>k. Complying with Antitrust and Competition Laws</li></ul> <p>The Code is subject to change and review as and when it is deemed necessary by the Company. The Code was last revised in 2022 to enhance the policy with new clauses, definitions and disclosure form.</p> <p>As personal commitment to the Code, each employee of the Group is</p>

	<p>required to make a declaration that he/she has been furnished a copy of the Code, has read and understood the Code, accepted to comply with the Code and understood that any breach of the Code may result in disciplinary action being taken against him/her.</p> <p>In line with good practice of corporate governance in the conduct of business and affairs of the Group, the Code and as part of the measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”), the Group has adopted the Policy and Guidelines on Gifts and Entertainment (“Policy and Guidelines”) on 6 July 2020.</p> <p>The Policy and Guidelines apply to the Board of Directors, officers and employees, including contractual employees, consultants, agents and person associated with the Group (“Associated Persons”).</p> <p>The Group requires its Associated Persons to abide by the Policy and Guidelines to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealing between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group’s reputation or be in violation of anti-bribery and corruption laws.</p> <p>The Policy and Guidelines were published on the Internal Newsletter for the attention of all the existing employees as well as notified to the suppliers and customers via letter or email. All new recruits will also be briefed on the Policy and Guidelines during the orientation.</p> <p>For enhancement, the Policy and Guidelines were revised in 2022 with new clauses, definitions and declaration form.</p> <p>Both the Code and Policy and Guidelines are also published on the Company’s website.</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

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 Company has a Whistle Blowing Policy in place. The objectives of the Standard Operating Procedures &amp; Policy ("SOPP") on Whistle Blowing Policy are as follows:</p> <ul style="list-style-type: none"><li>a. To instill the highest level of corporate governance in the Group;</li><li>b. To encourage and enable all employees to raise genuine concerns within the Group rather than overlooking a problem. Employees are reminded to conduct the business at the highest ethical and legal standards; and</li><li>c. To set a procedure for all employees to give information on non-compliances to the Code of Conduct, regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions.</li></ul> <p>A Whistle Blowing Policy for external parties is published on the Company's website.</p> <p>All employees or any person who has dealings with the Group may report any suspected fraud, misconduct or any integrity concerns to Mr Quah Poh Keat, Senior Independent Non-Executive Director, via the email address at <a href="mailto:whistleblowing@mflour.com.my">whistleblowing@mflour.com.my</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 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.

<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>: The Board together with the Management team are committed and responsible towards the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets.</p> <p>The Sustainability Governance Structure of the Group is as follow:</p> <div style="text-align: center;"> <pre> graph BT     A[Board of Directors]     B[Audit &amp; Risk Management Committee]     C["Sustainability Steering Committee • Executive Deputy Chairman cum Managing Director • Heads of Business Units and Business Functions"]     D[Sustainability Reporting Working Group]     D --&gt; C     C --&gt; B     B --&gt; A             </pre> </div> <p>The Board of the Company is committed and responsible in setting the sustainability direction for the Group. The Audit &amp; Risk Management Committee assists the Board to review the effectiveness of the Group’s strategies, policies, principles, and practices relating to sustainability.</p> <p>The Sustainability Steering Committee (“SSC”) comprising the Executive Deputy Chairman cum Managing Director, and the Heads of Business Units and Business Functions supports the Board in formulating strategies, policies, practices and targets for sustainability. Based on the strategies, priorities and targets set, the Heads of Business Units and Business Functions implement and manage sustainability initiatives within their businesses.</p>



	Sustainability Reporting Working Group guides and assists the SSC on the sustainability reporting requirements and preparing the sustainability report.	
<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 has continually engaged with both the internal and external stakeholders through various platforms on the sustainability strategies, priorities and targets as well as performance against the targets.</p> <p>For internal stakeholder, the sustainability matters are communicated to the employees in townhalls, learning &amp; development programmes, internal newsletter and corporate events.</p> <p>For external stakeholders, the strategies, priorities, targets and progress are reported in the Sustainability Report which is disclosed in the Annual Report and also published in the Company’s website. In addition, the Group also communicates its activities through platforms like announcements, press releases, analyst briefings, corporate events and media briefings.</p> <p>Detailed information on the engagement platforms with the key stakeholders to address their concerns and the related outcomes from each engagement are disclosed in the Sustainability Report.</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 materiality matrix, which was derived based on the opinions from the respective business leaders within the Group in a materiality assessment on the material matters of the Group, was reviewed and endorsed by the Board for adoption and disclosure in the Sustainability Report. This has enabled the Board to have sufficient understanding and knowledge of sustainability issues that are relevant to the Group and its business and hence, able to discharge its role effectively.</p> <p>The Board receives regular briefings and updates from the management on the Group’s businesses, operations, risk management, internal controls, corporate governance and finance which enable it to stay abreast with and understand the sustainability issues relevant to the Group and its businesses.</p> <p>The Directors also continuously attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.</p> <p>In addition, the Board is supported by the management team who manages the sustainability issues relevant to the businesses of the Group, including climate related risks and opportunities. The management team is also supported by subject-matter experts such as joint venture partners, advisers and consultants.</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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As the Board and the Management team are responsible towards the governance of sustainability in the Group, the criteria of addressing the Group’s material sustainability risks and opportunities is included in the performance evaluation of the Board.</p> <p>This also applies to the Management team, where sustainability key performance indicators are included in their performance evaluation and remuneration incentive.</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 4.5- 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>	:	<p>The size and composition of the Board are reviewed annually by the Nomination Committee via the Performance Evaluation. The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.</p> <p>A Director who is due for re-election at the AGM will first be assessed by the Nomination Committee on his performance and contribution, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election.</p> <p>Having been satisfied with the results of the assessments, the Nomination Committee and the Board recommended that shareholders' approval be sought at the forthcoming AGM for the re-election of Mr Quah Poh Keat, Datin Paduka Setia Dato' Dr Aini binti Ideris and Mr Lim Pang Boon who are retiring by rotation and being eligible, have offered themselves for re-election.</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 5.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently there are 9 Directors on the Board comprising 2 Executive Directors and 7 Non-Executive Directors of whom 3 are Independent Directors.	
		The Directors of the Company are persons of high integrity and calibre who come from diverse backgrounds, expertise and skills.  Hence, the size and composition of the Board provides for a diversity of views and the desired level of objectivity in Board deliberations and decision-making.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	In line with the amended Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Board Charter provides that the tenure of an Independent Director shall not be more than a cumulative period of 12 years. Upon completion of the twelve years period, an Independent Director shall be redesignated as Non-Independent Director.	
	:	Currently, the tenure of the three Independent Non-Executive Directors of the Company does not exceed a cumulative period of nine years.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

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

**Practice 5.4 - 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>As the Company practises equal opportunity, non-discrimination and fair employment as set out in the Company's Code of Conduct, the selection criteria for appointment of Director is based on the Directors' Fit and Proper Policy and Senior Management is mainly based on merit, calibre, skill and experience and with due regard for diversity in gender, ethnicity and age in order to maximise the effectiveness of the Board and Senior Management and have the best available talent.</p> <p>The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their duties and responsibilities as Directors of the Company. This is reflected by their full attendances at the Board and various Board Committees meetings held during the year.</p> <p>In addition, all the Directors of the Company do not hold directorships at more than five public listed companies as prescribed in paragraph 15.06 of Bursa Malaysia Securities Berhad Main Market Listing Requirements and thus, able to commit sufficient time to the Company. For notification to the Companies Commission of Malaysia as well as monitoring purpose, the Directors are required to notify the Company on any changes in his other directorship of public companies or subsidiaries of public 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**

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>	:	<p>The candidates identified by the Nomination Committee for appointment of directors were based on recommendations from existing Board members and promotion of Senior Management in ensuring the suitability and contribution of the candidates as Board members of the Company and maximise the effectiveness of the Board.</p> <p>From time to time, the Board also utilises independent sources to identify suitably qualified candidates.</p> <p>There was no appointment of new director in 2023 for 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

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>	:	Information of the Director standing for re-election such as his personal profile, attendance of meetings and shareholdings are disclosed in the Annual Report for the shareholders to make an informed decision.  The Board has also provided statements to support the re-election of the Directors and the reasons in the Corporate Governance Overview Statement which is published in the Annual Report and the Notice of 64th Annual General Meeting to be held on 16 May 2024.
<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 is chaired by Datin Paduka Setia Dato' Dr Aini binti Ideris who is an Independent Non-Executive Director.	
<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>	:	Currently the Board comprises 2 women Directors which represent 20% of the Board.	
		The selection criteria for appointment of Director is mainly based on the criteria spelt out in the Directors' Fit and Proper Policy with due regard for diversity in gender, ethnicity and age in order to maximise the effectiveness of the Board.	
		The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not have specific policy on gender diversity for the Board and Senior Management.	
		The Company practises equal opportunity, non-discrimination and fair employment as set out in the Company's Code of Conduct. The selection criteria for appointment of Director and Senior Management are mainly based on the Directors' Fit and Proper Policy and merit, calibre, skill and experience respectively with due regard for diversity in gender, ethnicity and age in order to maximise the effectiveness of the Board and Senior Management and have the best available talent.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



## 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 had conducted the annual Performance Evaluation of the Board, Board Committees and Individual Director for year 2023 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised a Board and Board Committees Performance Evaluation, an Individual Director Self/Peer Evaluation and an Independent Director's Self-Assessment for Annual Declaration of Independence. The effectiveness of the Board was assessed in the areas of composition, operations, roles and responsibilities, addressing the Company's material sustainability risks and opportunities and performance of the Chairman.</p> <p>In the evaluation of each Board Committee, its effectiveness was assessed in terms of its composition, level of assistance to the Board, fulfilment of the roles by each member of the Committee and effectiveness of its Chairman.</p> <p>Meanwhile, the individual Director was assessed based on his/her contribution to interaction, quality of input, understanding of his/her role and fit &amp; proper criteria to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.</p> <p>Results of the assessments and areas which required improvement were compiled and reviewed by the Nomination Committee. For the overall results of the assessments, the Board and Board Committees have achieved the strong ratings.</p> <p>Having been satisfied with the results of the assessments, the Nomination Committee had recommended to the Board that:</p> <ul style="list-style-type: none"><li>• The Board and Board Committees had been able to discharge</li></ul>

	<p>their duties and responsibilities professionally and effectively;</p> <ul style="list-style-type: none"> <li>• Each of the Directors continued to perform, contribute and devote sufficient time in fulfilling his role and responsibility towards an effective Board;</li> <li>• All the Independent Directors complied with the definition of Independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements; and</li> <li>• All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making.</li> </ul>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**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 Group has policies and procedures in place to determine the remuneration of the Directors and Senior Management.</p> <p>Their remuneration packages are periodically reviewed to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long term goals of the Group.</p> <p>The policy to determine the remuneration of Directors is provided in the Board Charter which 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

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 a Remuneration Committee to implement its policies and procedures on remuneration of the Directors and Senior Management.</p> <p>The Remuneration Committee reviews and recommends the remuneration of the Board and Senior Management annually based on the corporate and individual performance and with due regard to the need to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long term goals of the Group.</p> <p>The Terms of Reference of the Remuneration Committee 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 detailed disclosure on named basis for the remuneration paid or payable or otherwise made to the individual Directors of the Company in respect of financial year 2023 is set out 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	Datuk Oh Chong Peng	Non-Executive Non-Independent Director	264	46	-	-	-	-	310	264	112	-	-	-	-	376
2	Teh Wee Chye	Executive Director	-	127	2,715	2,500	69	640	6,051	-	145	2,715	2,507	69	640	6,076
3	Dato' Seri Zainal Abidin bin Mahamad Zain	Non-Executive Non-Independent Director	132	35	-	-	-	-	167	132	35	-	-	-	-	167
4	Prakash A/L K.V.P Menon	Non-Executive Non-Independent Director	132	36	-	-	-	-	168	132	61	-	-	-	-	193
5	Azhari Arshad	Executive Director	-	-	473	152	23	25	673	-	-	473	152	23	25	673
6	Quah Poh Keat	Independent Director	132	36	-	-	-	-	168	132	36	-	-	-	-	168
7	Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Director	132	36	-	-	-	-	168	132	36	-	-	-	-	168
8	Lim Pang Boon	Non-Executive Non-Independent Director	-	6	232	1,000	-	148	1,386	-	22	465	1,007	-	148	1,642
9	Dato' Maznah binti Abdul Jalil	Independent Director	132	35	-	-	-	-	167	132	35	-	-	-	-	167
10	Input info here	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	This is in line with the Company's policy and practice of ensuring the confidentiality of the remuneration package of all employees (except the executive directors) in view of the sensitivities associated with remuneration matters. This is to ensure stability and continuity of business operations with a competent and experienced Management team in place.	
		The Company is of the opinion that this information will not be significant in the evaluation of the Company's governance.  In addition, the Company has disclosed the detailed remuneration of the 2 Executive Directors of the Company who are the top 2 Senior Management of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit & Risk Management Committee is Mr Quah Poh Keat who is not the Chairman of the Board.	
<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit & Risk Management Committee of the Company has the policy that requires a former partner of the external audit firm and/or affiliate firm to observe a cooling-off period of at least three years before being appointed as a member of the Committee which is stated in its 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**

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>The Audit &amp; Risk Management Committee of the Company has policy and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>Besides the written assurance from the external auditors on their independence, input from the Company personnel, who had substantial contact with the external auditors throughout the year, on the quality of service provided, independence, objectivity and professional skepticism of the external auditors via questionnaires was obtained for the Committee's annual evaluation of the external auditors.</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> :	Not Adopted
<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 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>	:	The members of the Audit & Risk Management Committee of the Company possess the necessary skills to discharge their duties and all of them have relevant accounting or related experience.  Their qualification and experience are disclosed in the Directors' Profile in the Annual Report. They have also undertaken continuous professional development by attending seminar and trainings annually to keep themselves abreast of 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>	:	The Group has in place a formal risk management process and a sound system of internal control to identify, evaluate and manage significant risks faced by the Group.	
<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 10.2

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>	:	Detailed information on the features of the risk management and internal control framework is disclosed in the Statement on Risk Management and Internal Control which is published in the Annual Report of the Company.  Attestation has been made by the Board with regards to the adequacy and effectiveness of the framework.	
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit &amp; Risk Management Committee of the Company comprises a majority of independent directors.</p> <p>The Committee assists the Board in discharging its duties and responsibilities which amongst others, to oversee the Group's risk management framework and policies.</p>

### Intended Outcome

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

### Practice 11.1

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 Group has outsourced its Internal Audit and Risk Management Function (“IARMF”) to an independent professional company which undertakes the internal audit functions based on the risk-based audit plans that were reviewed and approved by the Audit &amp; Risk Management Committee.</p> <p>The purpose, authority and responsibility of the IARMF as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter.</p> <p>The IARMF reports directly to the Audit &amp; Risk Management Committee who reviews and approves the IARMF’s annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.</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 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 Internal Audit and Risk Management Function (“IARMF”) of the Company is outsourced to an independent professional company, Baker Tilly Monteiro Heng Governance Sdn Bhd, which is sufficiently resourced. The engagement partner is Ms Heng Cheng Zin who is a member of Certified Practising Accountant Australia (“CPA”) and member of Institute of Internal Auditors Malaysia (“IIAM”). The internal audit team comprises the engagement partner and professional staffs.</p> <p>The internal auditors are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>The purpose, authority and responsibility of the IARMF as well as the nature of the assurance and consultancy services provided by the function are articulated in the Internal Audit Charter. During the year, the internal audits were carried out based on the risk-based audit plans that were reviewed and approved by the Audit &amp; Risk Management Committee.</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 ensures the timely release of quarterly financial results, the issuance of the Company's Annual Report and Circular/Statement to Shareholders as well as the announcements to Bursa Malaysia Securities Berhad and Press Releases on quarterly financial announcements, material information and corporate proposals to its investors, stakeholders and the public generally.</p> <p>All shareholders are encouraged to attend the Company's Annual General Meeting ("AGM") and to participate in the proceedings. All the Directors are present at the AGM to engage with the shareholders and answer to their queries. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.</p> <p>From time to time, the designated Senior Management also has dialogues with fund managers, research analysts and media on the strategies, performance and prospects of the Group.</p> <p>In addition, information was also provided to shareholders and/or investors in the replies to their enquiries via the email address at <a href="mailto:ir@mflour.com.my">ir@mflour.com.my</a>.</p> <p>The Company's website at <a href="http://www.mfm.com.my">www.mfm.com.my</a> also provides quick access to information on the Group and an avenue for dissemination of corporate and financial disclosures.</p> <p>In 2023, the Group had continued to engage with each of its stakeholders such as shareholders, investors, regulators, customers, suppliers, employees and other communities through a variety of approaches to address their concerns and maintain an open communication. The summary of the engagement platforms with the various stakeholders is provided in the Sustainability Report which is disclosed in the Annual Report.</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 12.2**

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>	:	The Company serves the Notice of Annual General Meeting (“AGM”) to its shareholders at least 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at 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>	:		

**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>	:	All Directors including those who are also Chairmen of the Audit & Risk Management, Nomination and Remuneration Committees attended the Company's AGM held on 16 May 2023 to provide response to questions addressed to them by the shareholders.	
<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>The Company had successfully conducted its virtual AGM on 16 May 2023 through live streaming and online remote voting from the broadcast venue using Remote Participation and Electronic Voting ("RPEV") facilities provided by the Company's share registrar, Boardroom Share Registrars Sdn Bhd ("the Boardroom") via Lumi AGM at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>.</p> <p>The conduct of the virtual General Meeting is in compliance with the Constitution of the Company which allows General Meeting to be held using any technology or electronic means.</p> <p>With the RPEV facilities, the participating shareholders were able to view a live webcast of the meetings, ask questions using the messaging window facility of the Virtual Meeting Portal and submit their votes in real time whilst the meeting was in progress.</p> <p>For the virtual General Meeting to be conducted successfully, the Administrative Guide of the General Meeting detailing the procedures for participation and online remote voting using the RPEV facilities was despatched to all shareholders and published in the Company's website as well to guide the shareholders.</p> <p>The Company had also ensured that the Virtual Meeting Portal has good cyber hygiene practices in place including data privacy and security to prevent cyber threats.</p> <p>Assurance was provided by the Boardroom that the Lumi AGM systems and suppliers' services are certified with the ISO/IEC 27001:2013 International Standard. This provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity, and availability of customer information and the personal data which Lumi AGM processes on their behalf. Lumi AGM uses strong, industry best-practice encryption techniques to ensure customer data is protected from unauthorised access. All data is encrypted, with all</p>

	keys managed directly by Lumi AGM. There is also audit trail on respective LUMI AGM system.	
<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 13.4

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>	: As an effort to encourage engagement with the shareholders, questions in relation to the agenda items, business and performance of the Company may be emailed to the Company by the shareholders prior to the AGM held on 16 May 2023, at any time from the day of notice of General Meeting and up to 48 hours before the meeting.  On the day of the meeting, every opportunity was given to the shareholders to ask questions and seek clarification during the live webcast by posing questions through the messaging window facility of the Virtual Meeting Portal which was opened concurrently with the Virtual Meeting Portal an hour before the commencement of the meeting.  Questions posed by shareholders were read out during the "Questions and Answers" session and the Chairman, Executive Deputy Chairman cum Managing Director or Chief Financial Officer had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meeting.  As part of the engagement with the shareholders, the Executive Deputy Chairman cum Managing Director had also presented the overview of the financial performance of the Group and business outlook during 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>	:		

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: As precautionary measure to prevent the spread of COVID-19 and taking into consideration the well-being of shareholders and all participants, the Company had conducted its AGM on 16 May 2023 virtually through live streaming and online remote voting from the broadcast venue using Remote Participation and Electronic Voting (“RPEV”) facilities provided by the Company’s share registrars, Boardroom Share Registrars Sdn Bhd via Lumi AGM at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a> .  With these RPEV facilities, the participating shareholders were able to view a live webcast of the meeting, ask questions using the messaging window facility of the Virtual Meeting Portal and submit their votes in real time whilst the meeting was in progress.  Questions posed by shareholders were read out during the “Questions and Answers” session and the Chairman, Executive Deputy Chairman cum Managing Director or Chief Financial Officer had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General 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>	:		
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**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The full minutes of the AGM in 2023 detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses of the Company, were published on the Company's website for the information and benefit of all the shareholders of the Company no later than 30 business days after the conclusion of the General 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>	:	

**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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