

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0112
COMPANY NAME : MIKRO MSC BERHAD
FINANCIAL YEAR : June 30, 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.

Application	: Applied
Explanation on application of the practice	<p>Roles and Responsibilities</p> <p>The Board's function, amongst others, is to guide the Group on its short and long-term goals, providing advice, stewardship and directions on the management and business of the Group.</p> <p>The Board's principal responsibilities include the following:</p> <ul style="list-style-type: none">• Reviewing and adopting strategic plans for the Group;• Providing entrepreneurial leadership to management to promote innovation and long-term value creation;• Identifying principal risks and setting the risk appetite and ensuring the implementation of appropriate risk management, internal controls and mitigation measures;• Succession planning;• Overseeing the development and implementation of shareholder communications and corporate disclosure policies for the Group; and• Overseeing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines. <p>To enable the Board to discharge its role and functions effectively, the Board has established the following committees:</p> <ul style="list-style-type: none">• Audit Committee ("AC")• Nomination Committee ("NC")• Remuneration Committee ("RC")• Risk Management Committee ("RMC")

The above roles and responsibilities have been formalised in the *Board Charter* which is uploaded onto the Group's website at www.itmikro.com

Code of Conduct and Ethics

The Board has formalised a Code of Conduct and Ethics which reflects the Group's vision and core values of integrity, respect, and trust. The core areas concerned include the following:

- Work environment and employment
- Group's assets and information
- Data privacy
- Conflicts of interest*
- Anti-bribery, anti-corruption, and no gifts policies*
- Communications with the public
- Financial accounting and reporting accuracy

The Code of Conduct and Ethics governs the conduct of the Directors and all employees of the Group and provides guidance on the communication process and the duty to report whenever there are breaches of the same. In connection thereto, each Director is to communicate any suspected violations of this code and all violations will be investigated by the Board or persons designated by the Board, and appropriate action will be taken on the said violations. This code is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

The *Code of Conduct and Ethics* can be viewed on the Group's website.

* See *Anti-Bribery and Corruption Policy, and Gifts and Hospitality Policy and Procedures* below

Anti-Bribery and Corruption Policy

The Group has always got zero-tolerance towards fraud, bribery and corruption and has sought compliance with all relevant laws, including anti-corruption laws. To reaffirm this commitment and to mitigate the risk of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has adopted an Anti-Bribery and Corruption Policy which set out the rules and guidelines on:

- Payments by the Group
- Gifts and hospitality
- Donations and sponsorships
- Political contributions

This policy also details the managing of relationships with business associates and third parties and how to avoid conflicts of interest situations and an Integrity Unit supervised by the AC has the primary responsibility for implementing and monitoring of the policy.

All employees as well as directors of the Group must declare in writing that they have read, understood, and shall abide with this policy and annual awareness programmes on the same are conducted for them. Training on this policy is also conducted as part of the induction process for all new employees and directors of the Group.

The *Anti-Bribery and Corruption Policy* can be viewed on the Group's website.

Gifts and Hospitality Policy and Procedures

In tandem with the adoption of the Anti-Bribery and Corruption Policy, the Group had enhanced its no gifts policy with the implementation of the Gifts and Hospitality Policy and Procedures. The policy set out the acceptable practices and guidelines for the giving or receiving gifts and hospitality. The management of this policy is undertaken by the Group Human Resources Department and compliance monitoring is done by the Integrity Unit.

All employees as well as directors of the Group must declare in writing that they have read, understood, and shall abide with this policy

Full details of the *Gifts and Hospitality Policy and Procedures* are set out in the Group's website.

Whistle-blowing Policy and Procedures

To maintain the highest standards of ethical conduct, the Group has a formal Whistle-blowing Policy and Procedures. This policy established a framework whereby stakeholders can raise in confidence any possible corporate misdemeanours. This channel was created to help stakeholders to raise their concerns without any risk of victimisation or retaliation provided that the whistleblowing was done in good faith.

All concerns can be reported through telephone or email to the Managing Director ("MD") and will be escalated to the Group's "Whistle-blowing Champions" ("WBC") which comprise the MD, the Executive Director/Finance Manager and the Executive Director/Chief Technology Officer for investigation or follow-up as they deem fit.

If the said concern/s involve any of the WBC (other than the MD), the investigation or follow-up shall be dealt with by him or any internal or external parties at his discretion. In cases which involve the MD, any of the other WBC can forward the concern/s directly to the Whistle-blowing Committee which presently consist of solely Independent Directors and this committee shall deal with the same as it deems fit.

If the concern/s involve a member of the Board, any of the WBC is to exercise his/her judgement to bring the matter to other appropriate members of the Board for their further action.

The *Whistle-blowing Policy and Procedures* can be viewed on the Group's website.

Directors' Fit and Proper Policy

The Group has formalised a Directors' Fit and Proper Policy to ensure a formal, rigorous, and transparent process for the appointment and re-election of Directors. This policy is aimed to guide the NC and the Board in reviewing and assessing candidates who are to be appointed onto the Board as well as retiring Directors who are seeking re-election.

The general criteria that form the basis of this policy are:

- Character and integrity;
- Experience and competence; and
- Time and commitment.

Among the factors that will be considered by the NC and the Board pursuant to this policy includes but are not limited to probity, personal and financial integrity, reputation, qualifications and skills, experience and expertise, ability to devote time as a Board member, independence, and existing board positions in other listed and non-listed companies.

Further details of the *Directors' Fit and Proper Policy* can be viewed on the Group's website.

Sustainability

The responsibility to promote and embed sustainability in the Group lies with the Board and in this respect, it strives to achieve continuing growth and profitability in a safe, caring, and sustainable environment.

The Group's *Sustainability Statement* is set out on pages 16 to 19 of the Annual Report 2023.

	<p>Succession Plan</p> <p>The Group recognises that effective succession planning is integral to the delivery of its strategic plans. It is essential to ensure a continuous level of quality in key management, in avoiding instability by helping mitigate the risks which may be associated with any unforeseen events, such as the departure of a key individual, and in promoting diversity.</p> <p>Given the current state of the Group’s business and lifecycle, there is an informal succession plan for key management in place. Going forward and at the relevant and appropriate time, the Board shall implement a structured approach to the said plan for the Group.</p> <p>Access to Information and Advice</p> <p>All Directors have full and unrestricted access to Senior Management and the service and advice of the Joint Company Secretaries, and the internal and external auditors (via the AC) and they as a whole or individually may also seek independent professional advice, if necessary, at the Group’s expense to enable them to discharge their duties and responsibilities.</p> <p>Non-Executive members of the Board are kept updated on the Group’s activities and operations by the MD on a regular basis and all Directors have the right of access to all reports on the Group’s activities, both financial and operational.</p> <p>The Directors also received updates from time to time on relevant new laws and regulations. Visits by the Non-Executive Directors to the Group’s businesses were also arranged for enhancement of their knowledge in respect of the Group’s businesses as well as better awareness of the risks associated with the Group’s operations.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Our Chairman, Datuk Aznam bin Mansor is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner. In fulfilling this role, our Chairman:</p> <ul style="list-style-type: none"> • Provides leadership to the Board to ensure its effectiveness without limiting the principle of collective responsibility for Board decisions; • Ensures that the Directors receive complete, adequate and timely information; • Ensures effective communications with shareholders; • Facilitates effective contribution by Non-Executive Directors; • Sets the agenda for Board meetings, in conjunction with the MD and ensures that adequate time is available for discussion of all items on the agenda; • Promotes high standards of corporate governance; and • Promotes a culture of openness and debate during Board meetings. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman is Datuk Aznam bin Mansor while the MD is Mr Yim Yuen Wah. The roles of the Chairman and MD are strictly separated to ensure balance of power and authority and to maintain effective supervision and accountability of the Board and Executive Management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: Our Chairman, Datuk Aznam bin Mansor is not a member of the AC, NC and RC and he has not participated in any meetings of these committees during the financial year ended 30 June 2023.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the service and advice of Joint Company Secretaries. The current Joint Company Secretaries, Mr Tang Chi Hoe and Ms Lim Seck Wah are members of the Malaysian Institute of Chartered Secretaries and Administrators and their tasks include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Manage all Board and Board committees' logistics, attend and record minutes of all Board's and Board committees' meetings and facilitate Board communications; • Advise the Board on its roles and responsibilities; • Ensure adherence to Board's and Board committees' policies and procedures; • Facilitate the orientation of new Directors and assist in Directors' training and development; • Advise the Board on corporate disclosures and compliance with company and securities regulations and the ACE Market Listing Requirements of Bursa Securities Malaysia Berhad ("AMLR"); • Ensure timely communication of Board's and Board committees' decisions to Executive Management for action; • Manage processes pertaining to general meetings; • Monitor corporate governance developments and assist the Board in applying governance practices to meet Board's needs and stakeholders' expectations; • Notify the Chairman of any possible violations of regulatory requirements; and • Serve as a focal point for stakeholders' communications and engagement on corporate governance issues.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, a pre-scheduled annual calendar of Board meetings is circulated and confirmed by the Board one (1) month before the commencement of each financial year, to provide ample time for the Directors to plan their attendance.</p> <p>The notices of meetings and agenda are sent to the Directors electronically at least one (1) week in advance and Board meeting papers are sent to the Directors electronically at least five (5) days prior to Board meetings. This enables the Directors to prior peruse the matters to be deliberated upon. Hard copies of the Board meeting papers and if necessary, further information are provided at the meeting for deliberation and informed decision making.</p> <p>The Board meeting papers include, among others, the following documents or information:</p> <ul style="list-style-type: none">• Reports of meetings of all committees of the Board including matters requiring the Board's deliberation, approval, and notation• Performance reports of the Group, which include information on financial, strategic business issues and updates• Major operational, financial, legal, regulatory, and corporate issues• Board papers for other matters for discussion/approval <p>All deliberations, discussions and decisions of the Board meetings were minuted and recorded accordingly. All proceedings of Board meetings were signed by the chairperson of the meeting concerned or the chairperson of the next meeting pursuant to Article 131 of the Company's Constitution.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally adopted a <i>Board Charter</i> that sets out the respective roles and responsibilities of the Board, Board committees and Executive Management and the standard of conduct expected of individual Directors.</p> <p>The <i>Board Charter</i> clearly sets out the matters reserved for the Board, except where they are expressly delegated to a Board committee, the Chairman, the MD, or a nominated member of Executive Management.</p> <p>The <i>Board Charter</i> is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group.</p> <p>More information on the <i>Board Charter</i> can be found on the Group's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	Please refer to Practice 1.1.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	Please refer to Practice 1.1.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The responsibility to promote and embed sustainability in the Group lies with the Board. Among others, this responsibility includes overseeing the following:</p> <ul style="list-style-type: none">• Stakeholders' engagement• Materiality assessment and identification of sustainability risks and opportunities relevant to us• Management of material sustainability risks and opportunities <p>The Group will be setting-up a governance structure that will enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group. This would entail putting in place the relevant practices, policies, and procedures and to this end, the Group will be forming a task force to formulate and manage the said practices, policies, and procedures to disclose matters such as sustainability governance, scope of sustainability statement and the basis to the scope, materiality assessment and management of material sustainability matters.</p> <p>The strategic management of all material sustainability matters will be provided by the MD.</p> <p>The Group's <i>Sustainability Statement</i> is set out on pages 16 to 19 of the Annual Report 2023.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is cognizant that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our investors, customers, and vendors. Hence, the Group is committed to creating sustainable stakeholders’ values by incorporating environmental and social concerns into our businesses. To do so, the Group carry out continuous evaluation of its business operations and at the same time, endeavour to conserve and improve the natural environment and the socio-economic conditions of the Group’s employees and community in which it operates.</p> <p>The description of how the above is achieved is set out in Group’s <i>Sustainability Statement</i> on pages 16 to 19 of the Annual Report 2023.</p>	
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is constantly monitoring the industry trends and with input from Senior Management, taking the necessary steps to overcome operating challenges and to meet stakeholders' expectations in terms of economic value, environmental protection as well as benefits to the Group's employees and the community at large.</p> <p>The Board also keep themselves abreast of the current sustainability issues and regulations by attending the appropriate training programmes and reading the relevant reference materials.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group will be setting-up a governance structure that will enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group. This structure will put in place the relevant practices, policies, and procedures to embrace matters such as sustainability governance, scope of sustainability statement and the basis to the scope, materiality assessment and management of material sustainability matters.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Joint Company Secretaries and conducted in a structured manner.</p> <p>Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and subsequently by the Board and key issues arising thereon are identified for further action by Board and/or Executive Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As of the date of this Report, four (4) of the nine (9) members of the Board are Independent Directors, forming approximately 44% of the overall composition of the Board.	
		<p>The Board is aware that this is short of the Practice 5.2 which stipulates that at least half the Board shall be Independent Directors.</p> <p>The Board recognises the importance of independence and objectivity in the decision-making process and the NC and the Board shall continue their efforts to search the market for suitably qualified Independent Directors who fulfil the requisite attributes and can contribute to the Group going forward.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The tenure of an Independent Director is stipulated in the Board Charter, whereby it shall not exceed a cumulative term limit of nine (9) years.</p> <p>However, an Independent Director may continue to serve on the Board beyond nine (9) years subject to his/her re-designation as a Non-Independent Director.</p> <p>If the said Director is to remain designated as an Independent Director, the Board shall, upon the recommendation by the NC, justify and obtain shareholders’ approval for the Director concerned to be retained as an Independent Director.</p> <p>All Independent Directors after the twelfth year shall either be re-designated to Non-Independent Director(s) or shall vacate office.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In assessing the suitability of any candidate for the directorship, the Board (via the NC) is guided by the Directors' Fit and Proper Policy which take into consideration the candidate's reputation, educational background, skills, knowledge, expertise, competence, and experience that is in line with the Group's business operations, age, time commitment, independence, integrity, and existing board positions on other listed and non-listed companies.</p> <p>As for Senior Management, the Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background, or other personal factors, with the appropriate experience and qualifications will be considered during recruitment and promotion.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	Although it has been the norm for the Board (through the NC) to rely on existing Directors or Executive Management or major shareholders to recommend candidates for appointment of Directors, the Board, if appropriate, will also rely on recommendations from business associates, advisers, consultants, etc. for potential candidates for appointment to the Board. Regardless of the sources used, the NC opined that the selection of candidates for appointment as directors should focus on creating a good mix of skills, experience, and strengths in areas of relevance to the Board and the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profiles of the existing Directors (including those seeking re-election) are set out on pages 3 to 7 of the Annual Report 2023.</p> <p>Datuk Aznam bin Mansor, Madam Goh York Chee, Encik Wan Adli Ridzwan bin Wan Hassan, Encik Nor Azlan bin Zainal, Encik Syed Mohd Hafiz bin Syed Mohd and Prof Wang Hong, who have offered themselves for re-election at the forthcoming 17th AGM, had undergone an annual assessment on their performances and contributions for the financial year ended 30 June 2023 by the NC and based on this assessment, the Board had recommended their re-election.</p> <p>Miss Yang Shing Sing who was appointed to the Board on 22 September 2023, has also offered herself for re-election at the forthcoming 17th AGM. As she was appointed after 30 June 2023, she has not undergone any assessment on her performance and contributions to-date and the Board consider it not necessary for her to undergo the said assessment due to the short period of her service on the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by the Encik Wan Adli Ridzwan bin Wan Hassan, an Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, there are only 2 female Board Members, forming approximately 22% of the overall composition of the Board.	
		The Board is conscious that this is less than the 30% threshold as set out in Practice 5.9 and it together with the NC shall extend women representation on the Board as soon as suitable candidates are identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background, or other personal factors, with the appropriate experience and qualifications will be considered during recruitment and promotion.</p> <p>Given the current nature of the Group's business, the above policy is an informal one and at the relevant and appropriate time, the Board shall set up a gender diversity policy for the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Board (via the NC) evaluates the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director. This evaluation which is done annually is facilitated by the Joint Company Secretaries and conducted using evaluation forms covering the following aspects: <u>Board and Board committees</u> <ul style="list-style-type: none">• Board mix and composition• Quality of information and decision making• Boardroom activities• Board's relationship with the management <u>Directors</u> <ul style="list-style-type: none">• Fit and proper• Contribution and performance• Calibre and personality As for the AC, the annual evaluation is done in two (2) components: (i) The AC as a whole - This evaluation which covers the below aspects is done by the MD as all the NC members are AC members: <ul style="list-style-type: none">• Quality and composition• Skills and competencies• Meeting administration and conduct (ii) Self and peer evaluation by the AC members Completed evaluation forms and the results of the evaluations are collated into a report and deliberated on by the NC and

	<p>subsequently by the Board and key issues arising thereon are identified for further action by Executive Management.</p> <p>Based on the evaluation carried out for the financial year ended 30 June 2023, the NC has informed the Board that it was satisfied with the effectiveness of the Board and Board committees and the contribution and performance of each individual Director.</p> <p>The MD has also informed the Board that he was satisfied with effectiveness of the AC. In addition, the NC having reviewed the self and peer evaluations of the AC members has informed the Board that the AC is performing effectively.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board (via the RC) will ensure that the Group's levels of remuneration commensurate with the skills and responsibilities expected of Senior Management as well as the Directors and that it must be sufficient to attract and retain talent needed to run the Group successfully. The Board, collectively, determines the remuneration of the Directors and each individual Director is required to abstain from discussing his/her own remuneration. The RC is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.</p> <p>The RC's recommended remuneration for Directors is subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors.</p> <p>In relation to the fees and allowances for Directors, it will be presented at the AGM for shareholders' approval.</p> <p>The details of the Group's <i>Remuneration Policy</i> are available on the Group's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The RC's terms of reference are available on the Group's website at www.itmikro.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on a named basis for the remuneration of individual Directors are set out in the table below and the Directors' Report on pages 43 to 44 of the Annual Report 2023.

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	Yim Yuen Wah	Executive 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	876,730	56,563	32,075	37,338	1,002,706
2	Fong See Ni	Executive 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	595,510	38,420	18,221	25,200	677,511
3	Goh Yoke Chee	Executive Director	48,000	Input info here	Input info here	Input info here	Input info here	Input info here	48,000	48,000	Input info here	290,704	20,000	9,900	37,285	405,889
4	Datuk Aznam bin Mansor	Non-Executive Non-Independent Director	48,000	5,000	Input info here	Input info here	Input info here	Input info here	53,000	48,000	5,000	Input info here	Input info here	Input info here	Input info here	53,000
5	Lu Chee Leong	Independent Director	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032
6	Dr Tou Teck Yong	Independent Director	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032
7	Woon Yeow Thong	Independent Director	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032	21,032	3,000	Input info here	Input info here	Input info here	Input info here	24,032
8	Michael Aw Ming Han	Non-Executive Non-Independent Director	48,000	4,000	Input info here	Input info here	Input info here	Input info here	52,000	48,000	4,000	Input info here	Input info here	Input info here	Input info here	52,000
9	Syed Mohd Hafiz bin Syed Mohd	Independent Director	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968
10	Nor Azlan bin Zainal	Independent Director	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968
11	Wan Adli Ridzwan bin Wan Hassan	Independent Director	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968	26,968	2,000	Input info here	Input info here	Input info here	Input info here	28,968
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
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Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	The Board has disclosed on a named basis the remuneration of all Executive Directors of the Company and its subsidiary companies in the Directors' Report on pages 43 to 44 of the Annual Report 2023.
Explanation for departure	:	<p>The Board opined that the disclosure of the compensation of key management personnel who are not Executive Directors of the Company and its subsidiary companies in Note 30(c) to the financial statements on page 95 to 96 of the Annual Report 2023 is adequate as it complies with Paragraph 17 of Malaysian Financial Reporting Standard 124 "Related Party Disclosures".</p> <p>This is also in line with the Group's policy of ensuring the privacy of its non-Board employees as well as to ensure the competitiveness of the Group's remuneration packages.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC, Encik Nor Azlan bin Zainal, is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	The policy to require 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 is set out in the <i>Policy on Employment of Former Employees of the External Audit</i> which is available on the Group's website. In this context, none of the current members of the AC is a former key audit partner who was involved in auditing the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC's policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors are stipulated in the <i>Policy of External Auditor</i> which has been uploaded onto the Group's website.</p> <p>Prior to the commencement of the annual audit, the AC shall seek confirmation from the external auditors as to their independence.</p> <p>This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the independence guidelines of the Malaysian Institute of Accountants.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprised solely Independent 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the AC, Encik Nor Azlan bin Zainal, graduated with a Bachelor of Accountancy (Hons) from Universiti Teknologi MARA in 1993. He is also a Chartered Accountant of the Malaysian Institute of Accountants and is currently the Group Chief Financial Officer of the Widad Business Group Sdn Bhd.</p> <p>Encik Wan Adli Ridzwan bin Wan Hassan, has a Masters of Computer Science from Universiti Malaya and a Bachelor of Computer Science with Specialisation in Buiness Information Processing from Acadia University, Canada.</p> <p>Encik Syed Mohd Hafiz bin Syed Mohd, holds a Degree in Mechanical Engineering (Manufacturing) from the University of Technology Malaysia.</p> <p>They are all financial literate, have extensive business experience and the trainings attended by them during the financial year ended 30 June 2023 are disclosed in the Corporate Governance Overview Statement on pages 22 to 23 of the Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a risk management framework which adopts a structured and integrated approach in managing key business risks. This framework together with the system of internal control are designed to manage the Group’s risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group’s business and corporate objectives.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group’s risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 32 to 37 of the Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The RMC currently has three (3) members, of whom two (2) are Independent Directors.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group.</p> <p>The internal auditors' independence is maintained by reporting functionally to the Board through the AC and administratively to Executive Management.</p> <p>Internal audit reports which are issued must be tabled to the AC for review and Executive Management is required to be present at AC meetings to respond and provide feedback on the audit findings and recommended improvements.</p> <p>In addition, Executive Management is also required to present to the AC in meeting, status updates on significant matters and changes in key processes that could impact the Group's operations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to Talent League Sdn Bhd, a professional service firm ("Outsourced IA"). The Outsourced IA is headed by its executive director, Mr Roy Thean Chong Yew, who is a Chartered Member of Institute of Internal Auditor. Mr Thean is also a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.</p> <p>The Outsourced IA has assigned four (4) staff to provide internal audit services during the financial year. The Outsourced IA performed its work in accordance with a recognized framework such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group. Premised on the performance assessment by the AC and feedback from the Management Team, the AC is satisfied that the internal auditors are free from any relationships or conflicts of interest with those involved which could impair their objectivity and independence and can carry out internal audit reviews.</p> <p>During the financial year ended 30 June 2023, the internal audit of the Group was carried out in accordance with a risk-based audit plan (prepared in accordance with International Standards for the Professional Practice of Internal Auditing) approved by AC.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensuring that communications to stakeholders and the investing public in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.</p> <p>The release of announcements and information by the Group to Bursa Malaysia Securities Berhad ("Bursa Securities"), is handled by the MD and/or the Joint Company Secretaries within the prescribed requirements of the AMLR and the <i>Shareholder Communication and Corporate Disclosure Policy ("SCCDP")</i>.</p> <p>The SCCDP outlined the procedures and processes to be followed in ensuring compliance by all Directors, officers, and employees of the Group. The full text of the SCCDP is available on the Group's website.</p> <p>Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only be released after having reviewed by the MD and/or the Board where necessary.</p> <p>The Group's website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports, and circular/statements to shareholders are uploaded onto the website for investors and the public.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company will be giving at least twenty-eight (28) days prior to the meeting to the shareholders for the forthcoming 17th AGM of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Barring unforeseen circumstances, all Directors (which include the Chairs of all mandated Board committees) shall be attending the forthcoming 17th AGM to address shareholders' queries at the meeting.</p> <p>The external auditors will also be present at the meeting to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Group, and their independence.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company does not have many shareholders and the forthcoming 17th AGM will be held physically at Kota Permai Golf & Country Club, No. 1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor which is easily accessible.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	At the commencement of an AGM, the Chairman of the meeting (" Meeting Chairman ") will brief the meeting on the right to pose questions, the resolutions to be tabled at the meeting as well as the voting process on the resolutions concerned. The Meeting Chairman will provide adequate opportunities and time for questions to be posed by the shareholders and for the Directors present to provide replies to said questions.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of general meetings will be posted on the Group's website no later than thirty (30) days after the meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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