

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0190  
**COMPANY NAME** : EVERSAFE RUBBER BERHAD  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

The board should set the company's strategic aims, 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>Eversafe Rubber Berhad ("Eversafe" or "the Group") is led by an experienced and dynamic Board of Directors ("Board"), which is ultimately responsible for establishing all strategies and policies relating to the running of the Group. With its balanced Board composition comprising experienced and effective Executive Directors and Independent Non-Executive Directors, the Board plays a pivotal role in the stewardship of the Group and ultimately enhancing shareholders value.</p> <p>The Board's role is to govern Eversafe rather than to manage it. In governing the Group, the Board delegates and confers some of its authorities and discretion to the Group Chief Executive Officer, Executive Directors and Board Committees. The Board Committees comprise Audit Committee, Nominating Committee, and Remuneration Committee. Through its Committees, the Board provides effective oversight of the Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. In addition, the Board is also responsible for formulating and reviewing the Group's strategic plans and key policies, and charting the course of the Group's business operations.</p> <p>The Board is also responsible for formulating and reviewing the Group's strategic plans and key policies as well as charting the course of the Group's business operations.</p> <p>The functions, roles and responsibilities of the Board are set out in the Board Charter while the Board Committees' roles and responsibilities are set out in their respective Terms of Reference which are available for reference on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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

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>Tan Sri Dato' Dr. Sak Cheng Lum, in his role as the Independent Non-Executive Chairman provides leadership to the Board specifically to ensure that it has a common purpose, is effective in all aspects of its role as a group as well as at each individual Director's level, and upholds and promotes high standards of integrity, probity and corporate governance.</p> <p>The Chairman is also responsible for setting the Board's agenda and creating an environment for open, robust and effective debate. This includes ensuring, via the Company Secretaries, that the Directors receive accurate, timely and clear information. The Chairman also functions as the link between the Board and the management, specifically, establishing and maintaining an effective working relationship with the Chief Executive Officer ("CEO") for ensuring effective and appropriate communications with the stakeholders.</p> <p>The responsibilities of the Chairman are set out in the Board Charter which is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.com.my</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>While the Board is chaired by the Independent Non-Executive Chairman, the management of the Group lies with the CEO.</p> <p>The roles of the Chairman of the Board and the CEO are deliberately kept distinct through a clear division of responsibilities to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making to avoid unfettered powers of decision by certain individuals.</p> <p>While the Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, the CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.</p> <p>The CEO leads the management team in carrying out the Group's strategy and meets the management team regularly to discuss and resolve operational issues. The CEO is also the designated person identified by the Board to provide dedicated focus to manage the sustainability initiatives strategically.</p> <p>The Board and management are mindful of the division of responsibilities between leadership of the Board and the executives responsible for managing the Group's business.</p> <p>The responsibilities of the CEO are set out in the Board Charter which is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.com.my</a></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>	:		
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## 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>	:	The Chairman of the Board, Tan Sri Dato' Dr. Sak Cheng Lum is a member of the Audit Committee, and is the Chairman of the Nominating Committee as well as the Remuneration Committee.	
	:	The Chairman is conscious of his differing role in the various committees. All matters are thoroughly deliberated at respective committee level which involves participation of other committee members. The presence of other members would still create a fair and good balance for open and free discussions with unbiased decisions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company after review intends to maintain current practice.	
<b>Timeframe</b>	:	Others	The Board will continuously review this practice and consider the appropriateness of compliance in the future.

## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) Company Secretaries who are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 and members of professional bodies.</p> <p>The Company Secretaries advise the Board, management and shareholders on corporate governance matters of the Group. They worked with the Board and the management to strengthen corporate governance policies and processes.</p> <p>In addition, they facilitate:</p> <ul style="list-style-type: none"><li>a) the Board's governance process and systems;</li><li>b) orientation of new Board members;</li><li>c) interaction between the Board and management;</li><li>d) Board and Board Committees' evaluations;</li><li>e) minutes recording and manage follow-up actions;</li><li>f) identifying and assisting training and development of Directors;</li><li>g) the Board in understanding regulatory requirements and listing rules;</li><li>h) disclosure of material information to shareholders in a timely manner;</li><li>i) reporting on any breach of regulatory requirements;</li><li>j) statutory filings and information; and</li><li>k) the organisation of general meetings and polling process.</li></ul> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter which is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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>	:		
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### 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>All Directors have full access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, amongst others, periodic financial information, operational matters, regulatory compliance matters, investment proposals and management proposals that require the Boards' approval.</p> <p>Board and Board Committees meetings are scheduled in advance prior to each calendar year to encourage maximum attendance by the members. Board and Board Committees papers are disseminated at least five (5) days prior to the meeting as stated in the Board Charter, except for meetings called on an ad-hoc basis for special matters. This is to enable the Directors to have sufficient time to go through the papers and understand the purpose for the meeting as well as to discuss or seek further clarification at the meeting. The Board and/or Board Committee papers normally include minutes of preceding meetings, summary of dealings in shares by the directors or affected persons, circular resolutions, reports on the Group's financials, operations, corporate developments/proposals as well as reports from external parties, where applicable.</p> <p>The deliberations and decisions at Board and Board Committee meetings are minuted in a clear, accurate, and timely manner. The minutes record the decisions of the Board and Board Committee including deliberations, comments, concerns or dissenting views. The minutes indicate whether any Director or Committee member has abstained from voting or recused themselves from deliberating on a particular matter concerning them.</p> <p>The Group Secretaries will communicate to the relevant Management, the Board's and Board Committees' decision or recommendations via circulation of draft minutes of meetings for appropriate actions to be taken.</p> <p>The status of actions and updates taken with reference to the previous minutes will be followed up accordingly and recorded by the Company</p>

	Secretaries in the matters arising paper tabled at the subsequent Board and Board Committee meetings.	
<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>In discharging its functions and responsibilities, the Board is guided by the Board Charter which outlines its roles, functions, operation, duties and responsibilities.</p> <p>In addition, there is also a formal schedule of matters reserved for the Board's deliberation and decision as set out in the Board Charter to ensure that the direction and control of the Group are in the hands of the Board.</p> <p>The Board Charter is subject to review by the Board periodically to ensure it remains consistent with the Board's objectives and responsibilities, current laws and practices.</p> <p>The Board Charter is accessible for reference on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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 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>Our Directors and employees are expected to safeguard the integrity and protect the reputation and performance of the Group by behaving ethically and professionally at all times. Our Group's Code of Conduct and Ethics sets forth the standard of conduct and culture required for all employees of the Group. Adherence to the Code of Conduct and Ethics and other internal policies and guidelines is essential in maintaining and furthering our reputation for fair and ethical practices amongst our customers, shareholders, employees, communities, and other stakeholders.</p> <p>The Code is periodically reviewed by the Board and is updated as and when necessary.</p> <p>The Code of Conduct and Ethics is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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 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>In line with the Group’s core value of integrity, the management and the Board encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group’s resources</p> <p>For this, the Group has established a Whistleblowing Policy which is published on its website. The objective of this policy is to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices, and/or abuse on a timely basis for the management’s action. .</p> <p>The Whistleblowing Policy is intended to be used as an ultimate remedy, if no other means are available to address the matter. Employees or members of the public who has knowledge or is aware of any improper conduct within the Group are encouraged to disclose the matter directly to the Chairman of the Audit Committee through a written submission via post or email to whistleblower@eversafe.com.my.</p> <p>The Group’s Company Secretaries who receive the report will conduct a preliminary assessment before tabling the completed assessment to the Audit Committee during the Audit Committee meeting. Upon completion of the assessment and subsequent investigation, the whistleblower will be notified of the outcome.</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>	:		
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**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board takes seriously its role in governing the sustainability journey of the Group by ensuring that all strategic plans take into account environmental, social, and governance (“ESG”) considerations. This is done through the development of a systematic approach towards our sustainability policies, guidelines, targets and goals, while also implementing proactive risk management practices. In addition, the Board is also responsible for ensuring compliance with all aspects of the law and internal regulations while providing adequate risk management and control.</p> <p>The Board is assisted and supported by the Management team whose roles include ensuring that the sustainability initiatives are effectively implemented and integrated across our operations.</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 4.2**

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>	:	The Company's sustainability strategies and initiatives are detailed in the Sustainability Statement in the 2022 Annual 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 4.3

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 Group's business and sustainability objectives, strategies and financial targets are evaluated by the Board on an annual basis.</p> <p>The Board also reviews the Group's performance and evaluates the risk profile and makes regular assessment of these processes to ensure high quality standards are maintained.</p> <p>The Board keep fully abreast of latest regulations and guideline applicable to the business including current and emerging environmental issues and develop robust practices around factoring environmental consideration into the Board's decision making.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board currently does not have in place a review of the performance of the Board and senior management in its performance evaluations. To address this, the Board will explore ways to embed sustainability-related review into each of the Board members’ and senior management’s performance evaluation, moving forward.	
		The Board and the Management will continue to ensure that the Company’s strategies, business plans and risk management take into account sustainability considerations.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company does not have any alternative practice currently.	
<b>Timeframe</b>	:	Choose an item.	

**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 Group places great emphasis on diversity principles. The right blend of skills, experience and diversity for the Board and the Senior Management Team is an essential element of ensuring its effectiveness, which in turn leads to the long-term success of the Group. A diverse Board and Senior Management team is one that possesses a balance of skills, experience, age, ethnicity/cultural background, gender and a diversity of perspectives that are relevant to the Group’s business and its strategic objectives.</p> <p>The composition and size of the Board is reviewed by the Nominating Committee from time to time to ensure its appropriateness and effectiveness.</p> <p>The Nominating Committee also annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence. Only those with satisfactory evaluation are recommended to the Board 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of 31 December 2022, the Board has eight (8) members, comprising four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, and three (3) Executive Directors. The current Board composition meets the minimum one-third (<math>\frac{1}{3}</math>) requirement of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), as well as the recommendation of the Malaysian Code on Corporate Governance (“MCCG”) to have majority Independent Non-Executive Directors on the Board.</p> <p>The significant presence of the Independent Non-Executive Directors with distinguished records and credentials ensures independence of judgement and balance of power and authority on the Board. In other words, the Independent Non-Executive Directors provide for effective check and balance in the functioning of the Board. The Independent Non-Executive Directors play a crucial role by exercising independent assessment, providing impartial opinion, and participating objectively in Board deliberations and decision making.</p> <p>The Group’s Independent Non-Executive Directors are as follows:</p> <ul style="list-style-type: none"><li>a. Tan Sri Dato’ Dr. Sak Cheng Lum</li><li>b. Mr. Ng Meng Kwai</li><li>c. Tuan Haji Mohd Isa bin Haji Mohd Talib</li><li>d. Ms. Ong Beow Chieh</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, there are no Independent Directors serving beyond a cumulative term limit of nine years.  Should the Board intend to retain an Independent Director beyond nine years, the company shall provide justification and seek annual shareholders' approval through a two-tier voting process accordingly.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Diversity is an essential element in the makeup of the Board and the senior management team to support the Group’s strategic objectives and its sustainable development. To maintain a diversified Board and senior management team which will help in the growth and governance of the Group, a number of aspects are considered, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. All appointments are based on merits and objective criteria, having due regard for the benefits of diversity on the Board and the workforce.</p> <p>We have developed a non-exhaustive list of skill sets required for any new appointment of Director. As part of Board succession planning, the Nominating Committee is responsible for identifying suitable candidates to fill Board vacancies or to complement the Board’s current composition as and when the needs arise. Thereafter, the Nominating Committee makes recommendations to the Board on new appointment(s) to the Board.</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 Group has in place the procedures for the appointment of new Directors. In brief, the Nominating Committee identifies the set of skills and experience required and selects individuals to take Board positions by ensuring that the best quality candidates, taking into consideration their capabilities, professionalism, integrity, expertise and experience are appointed. It has been a practice of the Group for the Nominating Committee to source candidates through open advertising or the services of external advisers.</p> <p>Before making the recommendations, the Nominating Committee will evaluate a candidate by taking into account the following:</p> <ul style="list-style-type: none"><li>a. skills, knowledge, expertise and experience;</li><li>b. character, integrity, competence, and commitment (including time commitment) to effectively discharge his/her role as a Director;</li><li>c. professionalism;</li><li>d. level of independence;</li><li>e. boardroom diversity including gender, age, professional background and experience diversity; and</li><li>f. other relevant qualities required to manage the businesses of the Group effectively, with the aim of meeting the current and future needs of the Board composition.</li></ul>
<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**

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>	:	The Company makes announcements on Bursa Securities on any changes in the boardroom composition. The Company also shares relevant information on each new director in accompaniment with the boardroom change announcements.	
<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 Nominating Committee comprises:  a. Tan Sri Dato' Dr. Sak Cheng Lum (Chairman) b. Mr. Cheah Eu Lee c. Mr. Ng Meng Kwai  Tan Sri Dato' Dr. Sak Cheng Lum is the Independent Non-Executive 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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The current Board composition consist of 1 woman director that complies with Rule 15.02 of the ACE Market Listing Requirements.</p> <p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. The Board recognises the importance of promoting boardroom diversity in the Group but it goes beyond just gender diversity.</p> <p>The Group also needs to meet the expectations of its stakeholders such as shareholders, employees, customers, suppliers and the environment. Hence, boardroom diversity should ideally comprise Directors that have the relevant competencies, skills and knowledge and are able to provide a diversity of thought, experiences and perspectives to strengthen the Board.</p> <p>The Board continues to promote a corporate culture that embraces gender diversity in the boardroom. When sourcing for future Board vacancy, the Nominating Committee will give due consideration to identify suitably qualified woman candidate to fill the said position in line with the best practice of MCCG. No time frame has been set for the search concerned.</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 5.10

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 Group doesn't have a policy on gender diversity for the Board and the senior management. Despite this, the Group supports the practice of gender diversity as recommended under the MCCG and recognises the importance of encouraging and developing female talents at all levels.	
		The Board acknowledges the importance of boardroom diversity and views. However, the selection criteria based on character, competencies, skills, knowledge, integrity and other qualities to strengthen the Board should remain a priority.	
<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 Board with assistance from the Nominating Committee undertakes to carry out a formal and objective annual evaluation to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director.</p> <p>The annual evaluation which is internally facilitated, involves individual Directors and Board Committee members completing separate evaluation questionnaires regarding the processes of the Board and the Board Committees, their effectiveness and areas where improvements could be considered. The criteria for evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involves a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors.</p> <p>All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.</p> <p>Meanwhile, for the Board and Board Committees, the criteria used include among others, composition, structure, accountability, responsibilities, adequacy of information and processes.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

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

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Remuneration Policy that supports the Directors and senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Group's objective in this respect is to offer a remuneration package that is competitive to attract, develop, and retain talented individuals to serve as Directors and senior management.</p> <p>The Remuneration Committee is entrusted by the Board to review and recommend matters relating to the remuneration of Directors and senior management. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration</p> <p>The remuneration policy is available in the Remuneration Committee's Terms of Reference which is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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>	:		
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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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee comprises:</p> <ul style="list-style-type: none"><li>a. Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)</li><li>b. Tuan Haji Mohd Isa bin Haji Talib</li><li>c. Dato' Seri Cheah Eu Kiat</li></ul> <p>The responsibilities of the Remuneration Committee are:</p> <ul style="list-style-type: none"><li>a. to recommend to the Board, the remuneration of each Director in all its form, with the respective Directors abstaining from deliberating their own remuneration;</li><li>b. to determine the policy for and scope of service agreement for the Executive and Non-Executive Directors; and</li><li>c. to establish and to review the remuneration packages of each individual Director such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully.</li></ul> <p>The Remuneration Committee's Terms of Reference is made available on the Group's website – <a href="http://www.eversafe.com.my">http://www.eversafe.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**

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>	:	A detailed disclosure on named basis for the remuneration of individual directors is included in the Group's Annual Report 2022 under the Corporate Governance Overview Statement. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

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	Dato' Seri Cheah Eu Kiat	Executive Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	66	Input info here	228	Input info here	28	86	408
2	Eu Ah Seng	Executive Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	45	Input info here	192	Input info here	17	85	339
3	Cheah Siang Tee	Executive Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	66	Input info here	411	Input info here	62	158	697
4	Tan Sri Dato' Dr Sak Cheng Lum	Independent Director	35	Input info here	Input info here	Input info here	Input info here	Input info here	35	35	Input info here	Input info here	Input info here	Input info here	Input info here	35
5	Cheah Eu Lee	Non-Executive Non-Independent Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	60	Input info here	Input info here	Input info here	Input info here	10	70
6	Haji Mohd Isa Bin Haji Talib	Independent Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	30	Input info here	Input info here	Input info here	Input info here	Input info here	30
7	Ng Meng Kwai	Independent Director	45	Input info here	Input info here	Input info here	Input info here	Input info here	45	45	Input info here	Input info here	Input info here	Input info here	Input info here	45
8	Ong Beow Chieh	Independent Director	30	Input info here	Input info here	Input info here	Input info here	Input info here	30	30	Input info here	Input info here	Input info here	Input info here	Input info here	30
9	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
10	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
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>	:	<p>The Board has considered the need for transparency in the disclosure of its key senior management's remuneration as recommended by Malaysian Code on Corporate Governance 2017 and presently has disclosed the remuneration details of the Group's Executive Directors namely Dato' Seri Cheah Eu Kiat, Mr. Eu Ah Seng, and Mr. Cheah Siang Tee in the Annual Report 2022.</p> <p>However, the Board is of the view that the detailed disclosure of the other senior management's remuneration component on a named basis will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.</p> <p>Such disclosures may also cause disharmony and/or unhealthy rivalry amongst the senior management. Currently, the remuneration package of senior management is reviewed annually during the Group's annual performance review and measured against the targets set for the year. The Board will ensure that the remuneration for the senior management personnel commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.</p>
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<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.	
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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>	:	<p>The Audit Committee consists of exclusively Independent Non-Executive Directors.</p> <p>The Audit Committee is chaired by Mr. Ng Meng Kwai who is not the Chairman of the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At present, none of the members of the Audit Committee was a key audit partner in the last 2 years before being appointed.	
<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 Committee is responsible for reviewing, assessing and monitoring the performance, suitability and independence of the external auditors. A Board-approved policy is in place setting out the procedures on the appointment, re-appointment and annual assessment of the external auditors, as well as the declaration of the independence by the external auditors as specified in the by-laws issued by the Malaysian Institute of Accountants.</p> <p>The assessment process involves a detailed questionnaire covering a wide range of criteria such as:-</p> <ul style="list-style-type: none"> <li>a. Quality of service</li> <li>b. Sufficient of resources</li> <li>c. Communication and interaction</li> <li>d. Independence, objectivity and professionalism</li> <li>e. Quality of audit team</li> <li>f. Audit scope</li> <li>g. Provision of non-audit services</li> <li>h. Audit fees</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises wholly of Independent Non-Executive Directors. The Audit Committee members do not participate in the day-to-day management of the Group and do not engage in any business dealings or possess business relationship with the Group. This allows the Audit Committee members to exercise their lodgement objectively whilst acting in the best interest of the Group.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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>	:	<p>The members of the Audit Committee possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the Audit Committee.</p> <p>All members of the Audit Committee are financially literate and have the necessary experience and possess risk management, commercial expertise and capital markets skills required to meet their responsibilities and to provide an effective level of challenge to management.</p> <p>All Audit Committee members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. To keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules, our Audit Committee members, during the financial year under review, have attended various training programmes, forums, conferences and seminars which have been disclosed in the Board Development section of the Corporate Governance Overview Statement. In addition, the Audit Committee is regularly briefed by the external auditors on key changes and updates on accounting and financial reporting standards.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board affirms its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets, as well as to discharge its stewardship responsibility in identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks.</p> <p>The Board continually articulates, implements and reviews the adequacy and effectiveness of the Group's enterprise-wide risk management and internal control system which has been embedded in all aspects of the Group's activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Group's risk appetite and tolerance, with a system that is viable and robust.</p> <p>Recognising the ever-changing risk landscape, the Group's system is designed to effectively manage rather than completely eliminate the risks of failure to achieve the Group's business objectives. Accordingly, such systems can only provide a reasonable and not absolute assurance against material misstatement, loss or fraud. The aim, however, is to ensure that any adverse impact arising from a foreseeable future event or situation on the Group's objectives is identified, mitigated and managed.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 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>	:	The features of the Group's risk management and internal control framework is as set out in the Statement of Risk Management and Internal Control of the Group's 2022 Annual 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**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by our own in-house internal auditor, Mr. Leong Yew Wah. He is supported by an independent professional audit firm appointed by the Audit Committee to independently assess the adequacy and effectiveness of the corporate governance and internal control system as well as to provide an independent and objective report on its observations.</p> <p>The internal audit function will highlight its findings, recommendations, management's comments and action plan, via the issuance of an internal audit report directly to the Audit Committee. This report will then be tabled at Audit Committee meetings and thereafter to the Board for further deliberation.</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>	:	Mr. Leong Yew Wah, our internal auditor as well as the outsourced internal audit firm do not have any relationships or conflict of interest with the Group that may impair their objectivity and independence in conducting their internal audit functions.  The outsourced internal audit firm has a direct reporting access to the Audit Committee and ultimately to 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 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 Group places great importance in ensuring the highest standards of transparency and accountability in its communication with investors and the public and has a dedicated Investor Relations section on its website that includes all announcements the Group makes such as quarterly announcements, relevant circulars and press releases.</p> <p>The Investor Relations section also includes annual reports as well as the corporate and governance structure of the Group. It is the Group’s practice to respond to shareholders’ letters, phone calls and email enquiries in a timely manner. Whilst the Group endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</p> <p>The Group also recognises the importance of both individual and institutional shareholders’ participation in general meetings and encourages such participation. To that end, the Group hosts the annual general meeting which functions as the principal forum for dialogue and interaction between the Board and the shareholders.</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>	:	<p>The date of Notice of the Group’s Eighth Annual General Meeting (AGM) is 21 April 2023 and the Eighth Annual General Meeting is scheduled to be held on 23 May 2023, which is more than 28 days’ advance notice.</p> <p>The Notice of AGM provides detailed explanation for resolutions proposed to facilitate full understanding and evaluation of the issues to be tabled at the AGM, to enable shareholders to make informed decisions when exercising their voting rights at the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is notified at the beginning of the calendar year of the scheduled meeting to ensure that all Directors are present to provide meaningful response to questions addressed to them.</p> <p>During these meetings, the Board of Directors which also includes the Chairmen of the Audit, Nominating and Remuneration Committees will be present to address any matters raised before them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group’s Annual General Meeting will be held in Ipoh, Perak and not in a remote location.	
<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> :	A question-and-answer session has been allocated after the tabling of each resolution. The Chairman, facilitated by the Company Secretary, will mediate the session by encouraging the shareholders to pose questions and ensure each question is addressed by the relevant person of authority during the session.
<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> :	Not applicable – only physical general meetings were conducted in the financial year
<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 13.6**

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 minutes of the meeting is posted on company website no later than 30 business days after the General Meetings.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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