

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5024  
**COMPANY NAME** : HUP SENG INDUSTRIES BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## OUTLINE:

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

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

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

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

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

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

### **Intended Outcome**

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

### **Practice 1.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board discharges its duties and responsibilities that are set out in the Board Charter, with the objective of safeguarding the interest of shareholders and other stakeholders.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Non-Executive Chairman confirmed that he had discharged his duties and responsibilities as follows for financial year 2021:-</p> <ul style="list-style-type: none"><li>• providing leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>• setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li><li>• leading Board meetings and discussions;</li><li>• encouraging active participation and allowing dissenting views to be freely expressed;</li><li>• managing the interface between Board and management;</li><li>• ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li><li>• leading the Board in establishing and monitoring good corporate governance practices in the Company.</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

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>	:	Dato' Keh Chu Koh is the Non-Executive Chairman of the Board and Mr Kerk Chiew Siong is the Managing Director. Dato' Keh Chu Koh and Mr Kerk Chiew Siong are brothers.  The responsibility of Board Chairman is primarily to ensure that conduct and working of the Board is in an orderly and effective manner whilst the Managing Director manages the daily running of business and implementation of Board and management policies. The Managing Director is accountable for the profitable operation and strategic development of the Group, and is obliged to refer major matters back 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

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> :	Applied
<b>Explanation on application of the practice</b> :	The Chairpersons of the Audit Committee, Nomination Committee and Remuneration Committee were all Independent Non-Executive Directors and none of them is the Board Chairman.
<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 1.5

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>Our Company Secretary is licensed under Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She provides sound advice on regulatory compliances and corporate governance requirements.</p> <p>The roles and responsibilities of the Company Secretary include, but are not limited to the following:</p> <ul style="list-style-type: none"><li>i. To advise the Board on Statutory and regulatory requirements of the relevant acts, rules and regulations;</li><li>ii. To attend all board and board committees meetings and general meetings and ensure the deliberations at the meetings are recorded and the minutes circulated in a timely manner;</li><li>iii. To provide support and guidance to the Board on issues relating to the Company's Constitution, corporate governance best practices and its compliance with regulatory requirements, codes, guidance and legislations in fulfilling its fiduciary duties;</li><li>iv. To keep abreast of and update to the Board of current governance practices, new regulations and guidelines, as well as any amendments thereto issued by regulatory authorities; and</li><li>v. To undertake the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements.</li></ul> <p>The Board has unrestricted access to the professional advices and services of the Company Secretaries and is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions during the financial period ended 31 December 2021.</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

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>Meeting materials are disseminated two weeks before meeting, unless otherwise advised by the Board and/or Committee and minutes are circulated timely to the Board members.</p> <p>The meeting calendar will be circulated in advance of each new year in order for the directors to manage their meeting schedule properly. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees, private meetings with external auditors and the Annual General Meeting.</p> <p>Deliberations and decisions made at Board and Board Committees meetings are documented carefully in the minutes, including matters where Directors abstained from voting or deliberation. The minutes are then circulated to the Directors and Board Committees members for perusal. The minutes are confirmed as correct record by the Board and Board Committees at the following meeting.</p> <p>The Company Secretary notifies the Directors vide email the closed periods for dealings in securities by Directors one month before the targeted dates of announcement of the quarterly results.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the Board's strategic intent, authority, policies and terms of reference and is periodically reviewed by the Board. The Board Charter is updated taking into consideration the latest Malaysian Code on Corporate Governance 2021 issued by Securities Commission effective from 28 April 2021.</p> <p>Board Charter has been included in the corporate website <a href="http://www.hsib.com.my">www.hsib.com.my</a> and was reviewed by the Board of Directors on 10 November 2021.</p> <p>The Terms of References of the Audit Committee, Nominating Committee ("NC") and Remuneration Committee are also available on the Company's website. The Board Charter and the Terms of References of the NC were last reviewed and updated in February 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (“the Board”) of Hup Seng Industries Berhad established its Code of Ethics and Conduct (“Code”) to provide standards which Directors, officers and employees (“Officers”) of Hup Seng Group are expected to comply while handling business affairs and interacting with stakeholders internally and externally. The standards include standards of ethics and integrity, corporate responsibility and legal compliance.</p> <p>The Board must comply with the Anti Bribery and Corruption Policy, the Code, Board Charter and corporate governance at all times. The Board directors are required to declare any personal, professional or business interest that may conflict with the director’s responsibilities.</p> <p>The Code includes matters relating to conflict of interest, proper use of assets and properties as well as knowledge and information on prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering. This Code must be followed by the Board and Management.</p> <p>The Code is published on <a href="http://www.hsib.com.my">www.hsib.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>Hup Seng Group formalised Whistleblowing Policy and Procedures (“WBPP”) with the purpose to uphold good corporate governance practices and maintain transparency and accountability in the workplace. The WBPP were reviewed and updated by the Board on 17 February 2021.</p> <p>Hup Seng Group has adopted Anti Bribery and Anti-Corruption (“ABAC”) Policy in 2020, after the Malaysian Anti-Corruption Commission (Amendment) Act 2018 came into force on 1 June 2020.</p> <p>A copy of the ABAC Policy and the WBPP are made available in <a href="http://www.hsib.com.my">www.hsib.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors leads the initiative to integrate material sustainability considerations into the Group's strategies, and the executive committee is responsible for implementing the strategies using the Group's sustainability framework.</p> <p>The sustainability project committee integrates sustainability into the Group's business processes and prepares the Group's sustainability reporting.</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>	:	Our sustainability report includes details on our sustainability framework, sustainability performance, priorities and key performance data. This report is published annually to Bursa Malaysia. A sustainability statement is also available on the company's website and 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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	To adhere to social distancing practices and minimize risk exposure, the number of internal and external training programs was significantly reduced during the COVID-19 pandemic.	
		A number of virtual and physical training programs are being planned for Board members as well as senior management of the Subsidiaries, to ensure they have adequate knowledge and understanding of the sustainability issues relevant to the Company and its business.	
<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

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>	:	As this is a new practice, Practice 4.4 has not been implemented.	
		There is no alternative practice in the Company and the Group currently. The Board will prepare to integrate sustainability risks and opportunities into the performance evaluations of the board and senior management from year 2022 onwards.	
<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

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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>In 2021, the Board has identified a designated person to act as the bridge between the senior management and the Board. The responsibility of the designated person will be reviewed and updated periodically because this is a new role in the Group. The Board and management are still developing the sustainability governance structure to ensure that risks are properly identified and addressed in the wider Enterprise Risk Management Framework.</p> <p>The responsibilities of the designated person are:-</p> <ol style="list-style-type: none"><li>1. point-of-contact for the Board of Directors in terms of ESG knowledge and insights;</li><li>2. help the Group to realign its corporate strategy with ESG consideration;</li><li>3. coordinate the Group's sustainability report and statement and assist in preparation of public disclosures of any ESG communiqué.</li></ol> <p>The designated person facilitated the communication between the external consultant and department heads for the preparation of the sustainability statement and report, as well as reviewed the deliverables to ensure accuracy and consistency, and assisted in the write-ups of Practices 4.1 to 4.3 of the CG Report.</p>

### 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>	:	Nomination Committee evaluated and recommended the appointment of Managing Director and Non-Executive Director in December 2021 as well as the appointment of two (2) Independent Non-Executive Directors in March 2022. Suitability of the candidates for directorship in the Company were reviewed by taking into consideration the candidate's reputation, educational background, skills, knowledge, expertise, competence and experience, age, time commitment, independence and integrity.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is satisfied with the current board composition and is of the opinion that even though the current Board is short of one Independent Director (“ID”), performance of the Board has not been compromised.	
		Assessment of the independence of the IDs has been carried out by referring to the Independence Criteria of Main Market Practice Note 13 and the IDs proved themselves that they have contributed impartial and objective judgment to the decision making process of the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

## Intended Outcome

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

## Practice 5.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Encik Raja Khairul Anuar bin Raja Mokhtar has served as Independent Non-Executive Director of the Company for a cumulative term of ten (10) years and the Board was satisfied with his contribution and guidance to the Group. He has displayed integrity, objective judgement and made decision in the best interest of the Company, shareholders and stakeholder and is able to express unbiased views without any influence. His continuation in office as an Independent Non-Executive Director of the Company will ensure adequate plan in place for orderly succession planning for independent directors to the Board and that the Company has sufficient time in identifying suitable candidate as appropriate.</p> <p>Justifications of retaining one (1) Independent Non-Executive Director who served more than 9 years were stated in the Notice of Annual General Meeting ("AGM") and CG Overview of the Annual Report. The Board will also seek annual shareholders' approval through a two-tier voting process during the AGM in May 2022.</p> <p>The Board through the NC evaluates the independence of its Independent Directors annually in accordance with the prescribed criteria stated in the Listing Requirements of Bursa Securities. The Independent Directors are required to affirm their commitment to bring sound independent and objective judgement annually.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Board and management owns a vast pool of industrial experience, professional qualification, wide age gap, difference races and balanced gender diversity. The Company has embedded gender diversity in its corporate culture and maintained one-third (1/3) of its board composition in opposite gender since the day it was listed. The Board considered its members composition as having a healthy mix of genders, working experience, skills and even age group and would continue to upkeep such diversity.
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Nomination Committee (“NC”) is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the NC would seek from various sources like industry acquaintance, contacts in related industries, consultants etc. to gain access to a wide pool of potential candidates in addition to tapping on the recommendations from existing board members, management or major shareholders.</p> <p>The Nomination Committee had in 2022 through board members and management identified, interviewed and recommended three (3) candidates to fill the position of two (2) Independent Non-Executive Directors to the Board.</p> <p>The NC evaluated the working experience, tertiary background and independence (if applicable) of the candidates for the appointment of Directors in years 2021 and 2022. The evaluation process took into consideration the skills set, working experience, gender and educational background of the candidates and matched that to the position of the directorship in the Company. In addition, the NC applied the prescribed criteria stated in the Listing Requirements of Bursa Securities when evaluating candidates for the position of Independent Directors. The Directors are required to affirm their commitment to bring sound independent and objective judgement annually.</p> <p>Considerations and identification of candidates are stated in the Terms of References of the Nominating Committee.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



### Intended Outcome

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

### Practice 5.7

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 Directors' profile in the Annual Report provided a prescribed description of Directors' age, gender, position and experience, as well as their interest. For Independent Directors, the Nomination Committee assessed their independence with reference to the criteria prescribed in the Listing Requirements and their relationships with the Executives and Non-Executive Non-Independent Directors that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the listed company as a whole.
<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>	:	Nominating Committee has been chaired by an Independent Director since it was set up and all the committee members were Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The current Board composition consists of three (3) female directors and seven (7) male directors.  The Board has been having 30% female directors since the first year of being public listed.	
<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 Board will formalise a gender diversity policy in year 2022.	
		Even though there is no written gender diversity policy, the Board has been having 30% female directors since the first year of being a public listed company. The Nominating Committee and the Board have been keeping the composition of board to have at least 30% female directors in order to promote diverse perspectives and insights.	
<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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Comprehensive evaluations and annual assessments carried out by Nominating Committee on performance of the Board and its respective committees have indicated satisfactory results on Board and committees effectiveness. Hence no individual assessment was initiated.
	Nominating Committee will evaluate the need to conduct assessment on individual director on a yearly basis.
<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

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>	:	Remuneration policy of the Company is posted on <a href="http://www.hsib.com.my">www.hsib.com.my</a> . Such policy administers the remuneration of directors and senior management, taking into account the demands, complexities and performance of the Company and its subsidiaries as well as skills and experience required.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Remuneration Committee discharged its responsibilities by carrying out its duties set out in the Terms of Reference ("TOR"). The TOR are in the company's website <a href="http://www.hsib.com.my">www.hsib.com.my</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The disclosure is as per attached.



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	Kuo Choo Song (deceased on 23 October 2021)	Executive Director	73	4	604	Input info here	Input info here	153	833	130	4	604	Input info here	5	153	896
2	Kerk Chian Tung	Executive Director	90	5	388	105	Input info here	165	754	90	5	388	105	Input info here	165	754
3	Y.Bhg. Dato' Keh (Kerk) Chu Koh	Non-Executive Non-Independent Director	90	5	Input info here	Input info here	Input info here	Input info here	95	160	6	725	196	12	267	1366
4	Kerk Chiew Siong	Non-Executive Non-Independent Director	90	5	Input info here	Input info here	Input info here	Input info here	95	160	6	725	196	12	259	1358
5	Teo Lee Teck	Non-Executive Non-Independent Director	90	5	Input info here	Input info here	Input info here	Input info here	95	160	6	391	106	9	218	890
6	Kerk Kar Han	Non-Executive Non-Independent Director	90	5	Input info here	Input info here	Input info here	Input info here	95	160	6	352	95	14	209	836
7	Lim Poh Seong	Independent Director	100	6	Input info here	Input info here	Input info here	Input info here	106	100	6	Input info here	Input info here	Input info here	Input info here	106
8	Mazrina Binti Arifin	Independent Director	100	6	Input info here	Input info here	Input info here	Input info here	106	100	6	Input info here	Input info here	Input info here	Input info here	106
9	Norita Binti Ja'afar	Independent Director	100	6	Input info here	Input info here	Input info here	Input info here	106	100	6	Input info here	Input info here	Input info here	Input info here	106
10	Raja Khairul Anuar Bin Raja Mokhtar	Independent Director	100	6	Input info here	Input info here	Input info here	Input info here	106	100	6	Input info here	Input info here	Input info here	Input info here	106
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>	:	The Company departs from this Practice as the Board considered that this information may be a threat to the security of these individuals. The compensation of key management personnel is disclosed under Note 8 of the Financial Statement for year ended 31 December 2021.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In financial year 2021, Chairperson of the Audit Committee was not the Chairman of the Board and she was an Independent Non-Executive Director.</p> <p>Chairperson of Audit Committee for financial year 2021 was Puan Norita Binti Ja'afar and she retired from the Board on 31 March 2022. Non-Executive Chairman of the Board is Dato' Keh Chu Koh.</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>	:	Stated in the Terms of Reference of Audit Committee.	
<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>	:	In the terms of reference of Audit Committee, there are policies and procedures to assess external auditor.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee has been in full composition of Independent Directors for more than 16 years.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Audit Committee members have at least bachelor degrees and majority of them are professionals in commerce, accounting and/or finance related fields. The Company encourages all Audit Committee members to continuously enhance their professional knowledge to keep themselves up-to-date with the current practices and rules. Trainings attended by the Board members are stated in the 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 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group has both Enterprise Risk Management framework and internal control framework drawn out for the Company and its three subsidiaries. These two frameworks will be reviewed half yearly by the management, Risk Committee and 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

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group implemented Enterprise Risk Management in accordance with ISO 31000 and risk profiles of all companies have been reviewed, updated and discussed. Internal control measurements were taken to mitigate and/or manage the risks identified. In year 2021, the Group engaged an consultancy firm to review, assess and update the risk profiles of the Group.</p> <p>Half-yearly reviews of risk management profiles, periodic testing of risk management and internal control frameworks and review of internal control measurements would be carried out at the management level. The Risk Committee and the Board will carry on evaluating and monitoring the risk management and internal control system of the Group.</p> <p>Further details of risk management and internal control is contained In the Statement of Risk Management and Internal Control, which is included in the Annual Report 2021 of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Risk Committee ("Risk Comm") was set up in 2018 and it comprises Independent Directors, Non-Independent Non-Executive directors who hold operational positions in the subsidiaries and Chief Financial Officer. The Chairman of Risk Comm is an Independent Director.

**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>	:	Internal audit functions were carried out by an Independent professional firm which reported to the Audit Committee. The internal auditors would evaluate the effectiveness of risk management, internal control and governance processes, advise the Audit Committee on areas of weaknesses or deficiencies in internal processes and suggest the appropriate and remedial measurements and actions to be adopted by the management.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Internal audit functions were carried out by Deloitte Business Advisory Sdn. Bhd. (<i>previously known as Deloitte Risk Advisory Sdn. Bhd.</i>) (“Deloitte”) and headed by Anthony Tai who is the Engagement Partner. The Audit Committee and the Board evaluate the experience, professional qualifications and credentials of the external professional firm before engaging them to conduct internal audit of the Group. After completion of the internal audit, Audit Committee and the Board would assess the findings and evaluation of the internal audit, quality of their advices and suggestions, adequacy of their resources and compare that against the professional fee paid.</p> <p>Anthony Tai has over 20 years of professional experience in financial audit, IT and operational audit, risk management and corporate governance advisory. He is a Certified Information Systems Auditor, Certified Information Systems Security Professional, Certified Practising Accountant, Australia and Chartered Accountant of Malaysia Institute of Accountant (MIA). The number of staff deployed for the internal audit review is three (3), which consists of Engagement Manager and professional staff. The staff involved in the internal audit review possess a professional qualification and/or a university degree. Also, Deloitte is the corporate member of the Institute of Internal Auditors Malaysia.</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

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>	:	Effective, transparent and regular communication with the shareholders, institutional investors and the investing public at large has been maintained through the means of Annual Report, press release, interviews, disclosure and announcement to Bursa Securities since listed. The Company also has a corporate website <a href="http://www.hsib.com.my">www.hsib.com.my</a> which provides information on the listed company and its subsidiaries, directors, board charter, corporate governance, public announcements, etc. Matters regarding investor relations are arranged and facilitated by the Executive Director of the Company.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>	:	It is the practice of the Company to disseminate Notice of Annual General Meeting at least 28 days before the meeting to ensure that sufficient time for shareholders to consider the resolutions. This practice has been consistently carried out since the Company was listed.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All directors attend General Meetings of the Company. Chair of all committees and the Board will attend to questions addressed to them. The Company ensures that shareholders are able and welcome to participate, engage the Board and senior management during 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>	:		

**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>	:	Since 2020, the Company has facilitated virtual General Meeting to allow voting in absentia and remote shareholders’ participation at 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>	:		

### 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>	: The Annual General Meeting ("AGM") is a forum for dialogue with all shareholders and for that due notice is given. The Notice of AGM is sent along with a Proxy Form to all shareholders. There are sufficient notes in the Notice of AGM to guide shareholders for the completion of the Proxy Forms.  The shareholders are given the opportunity to vote on the regular businesses of the meeting, consideration of the financial statements, consideration and approval of directors and auditors fees, re-election of directors, reappointment of auditors and special business if any. The Chairman explains the voting procedure before the commencement of the AGM. The shareholders are given the opportunity to present their views or to seek more information. The resolutions passed at the meeting are released to Bursa Malaysia in a timely manner.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Since 2020, the Company has facilitated virtual General Meeting to allow voting in absentia and remote shareholders' participation at General Meetings.  The Chairman of the Board together with the board members will make sure that broadcast of the General Meetings will be carried out smoothly and shareholders are able to interact with the board members and senior management.  All Board members, Senior Management, the Finance Department and the External Auditors will be present to respond to questions from the shareholders during 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>	:  



**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 general meeting will be uploaded to the Company’s website not more than 30 business days after the general meeting from year 2022 onwards.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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