

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3662
COMPANY NAME : MALAYAN FLOUR MILLS 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.

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

	<p>The Board delegates the day-to-day management of the Group to the Managing Director who further cascades the delegation to the management team. Both the Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the operational progress and financial results of the Company, the operating subsidiaries and joint ventures of the Company on a quarterly basis.</p> <p>As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and key management positions. The Managing Director updates the Board annually and from time to time on the details of the programmes for management development such as coaching, leadership and technical training. The Board also reviews the remuneration of the Directors and key Senior Management to ensure that their remuneration packages are sufficiently attractive to attract and retain the talents.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tun Arshad bin Ayub, who is a Non-Independent Non-Executive Director, is the Chairman of the Company. He is responsible for leading and ensuring the Board effectiveness and compliance with corporate governance. He acts as a facilitator at Board meetings and general meetings to ensure that the meetings are carried out smoothly according to their agenda.</p> <p>The roles and responsibilities of the Chairman are as follows:-</p> <ul style="list-style-type: none">• The Chairman is responsible for representing the Board to the shareholders and indirectly to the general public for performance.• The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.• The Chairman must ensure that the content and order of the agenda are appropriate and that the members of the Board have the relevant papers in good time. The Chairman must also ensure that the Board members are properly briefed on issues arising at Board meetings and that all available information on an issue is tabled before the Board.• The Chairman is responsible for maintaining regular dialogue with the Managing Director over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him cause for major concern.• The Chairman will act as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.• Between Board meetings the Chairman shall maintain an informal link between the Board and the Managing Director, expect to be kept informed by the Managing Director on all important matters, and is available to the Managing Director to provide counsel and advice where appropriate.

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter provides clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The positions of the Chairman and Managing Director of the Company are held by two different individuals.</p> <p>Tun Arshad bin Ayub, who is a Non-Independent Non-Executive Director, is the Chairman of the Company.</p> <p>Mr Teh Wee Chye is the Managing Director of the Company and leads the day-to-day management of the Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: Tun Arshad bin Ayub, who is the Chairman of the Board ("the Chairman"), is a member of the Audit & Risk Management Committee and Nomination Committee and Chairman of the Remuneration Committee of the Company. The current composition of the Board provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making. Hence, having the Chairman as member of the Board Committees has not impaired the objectivity of the Board when deliberating on the observations and recommendations put forth by the Board Committees. In addition, with the Chairman's active participation and extensive board & corporate experience, the discussions and decisions made at the Board Committees have greatly benefitted from his input.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>As a holder of the Practising Certificate issued by the Companies Commission of Malaysia, the Company Secretary of the Company, Ms Mah Wai Mun, satisfied the qualifications as prescribed under Sections 235(2) and 241 of the Companies Act 2016 to act as a company secretary. She is also an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and has more than 25 years of experience in corporate secretarial practice. She is also the Secretary for all the Board Committees.</p> <p>The Company Secretary always keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training to update and enhance her knowledge and standard of professionalism.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretary, who is responsible for ensuring that Board meeting procedures are adhered to and that applicable laws, rules and regulations are complied with. The Board is updated and advised by the Company Secretary from time to time on new statutes and directives issued by the regulatory authorities.</p> <p>The Company Secretary organises and attends all the Board and Board Committees meetings as well as the General Meetings and ensures accurate records of the proceedings and decisions of the meetings are made and properly kept.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>For the Board to deliberate effectively on agenda of the meetings, relevant meeting papers are furnished to the Directors in advance of each meeting or a shorter time for emergency meeting. This allows the Directors sufficient time to peruse the papers and have productive discussion and make informed decision at the meeting.</p> <p>All deliberations and decisions made by the Board are properly recorded by the Company Secretary by way of minutes of the meeting. The minutes would be distributed to the Directors for review before confirmation at next meeting. The signed minutes are kept in the minutes book by the Company Secretary.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and functions of the Board, Board Committees and Managing Director are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance.</p> <p>The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected from them.</p> <p>The Board Charter is subject to review as and when required. It was last revised in 2021 to reflect the change in the Terms of Reference of the Audit & Risk Management Committee.</p> <p>The Board Charter is available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Code of Conduct ("the Code") is in force across the Group and all employees must comply with it. Disciplinary action may be taken against employees who are found guilty for non-compliance with the Code.</p> <p>The Code sets out the ethical standards of conduct that all employees are expected to comply with in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.</p> <p>Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values. The following Code of Conduct must be adhered to at all times by all employees within the Group:</p> <ul style="list-style-type: none">a. Demonstrating commitmentb. Living the core values of the Groupc. Avoiding conflict of interestd. Preventing bribery and corruptione. Practising confidentiality and data protectionf. Communicating externally and internally with ethics and within authorityg. Protecting company assets and resourcesh. Giving equal opportunity, non-discrimination and fair employmenti. Ensuring safety and protecting the environmentj. Prohibiting insider trading <p>The Code is subject to change and review as and when it is deemed necessary by the Company.</p> <p>As personal commitment to the Code, each employee of the Group is required to make a declaration that he/she has been furnished a copy of the Code, has read and understood the Code, accepted to comply</p>

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

Intended Outcome

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

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

Practice 3.2

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

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

Intended Outcome

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

Practice 4.1

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

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

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

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>: The Board together with the Management team are committed and responsible towards the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets.</p> <p>The Sustainability Governance Structure of the Group is as follow:</p> <div style="text-align: center;"> <pre> graph TD A[Board of Directors] --- B[Managing Director] B --- C[Sustainability Task Force] C --- D[Business Division] C --- E[Business Division] </pre> </div> <p>The Sustainability Task Force is led by the Managing Director to ensure reliable decision-making process for the Group in achieving greater sustainability.</p> <p>Sustainability risk management is integrated into the Group’s risk assessment and is spearheaded by the Sustainability Task Force which assesses the risk and publishes the Sustainability Report annually.</p> <p>The respective business divisions implement and manage the sustainability initiatives.</p>

	<p>The Sustainability Framework adopted by the Group is as follow:</p> <p><u>Vision:</u> We aspire to be a leading food manufacturing enterprise in the region.</p> <p><u>Mission:</u> To be the preferred provider and strategic partner in the food industry. To drive operational excellence by embracing a culture of continuous improvement. To add value to stakeholders by growing economies of scale.</p> <p><u>Governance:</u> Business Divisions adopt the well-known continuous improvement cycle Plan-Do-Check-Act (PDCA) in managing sustainability initiatives.</p> <p>The sustainability priorities are summarised in the materiality matrix based on feedbacks from the business leaders within the Group who are also the subject matter experts. The materiality matrix is disclosed in the Sustainability Report which is published in the Annual Report.</p> <p>The sustainability targets are:</p> <ul style="list-style-type: none"> • Zero penalty and fatalities for healthy and safe working environment • Commitment to food quality and safety 	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has continually engaged with both the internal and external stakeholders through various platforms on the sustainability strategies, priorities and targets as well as performance against the targets.</p> <p>For internal stakeholder, the sustainability matters are communicated to the employees in townhalls, learning & development programmes, internal newsletter and corporate events.</p> <p>For external stakeholders, the strategies, priorities, targets and progress are reported in the Sustainability Report which is disclosed in the Annual Report and also published in the Company’s website. In addition, the Group also communicates its activities through platforms like announcements, analyst briefings, corporate events and media briefings.</p> <p>Detailed information on the engagement platforms with the key stakeholders to address their concerns and the related outcomes from each engagement are disclosed in the Sustainability Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The materiality matrix, which was derived based on the input from the respective business leaders within the Group in a materiality assessment on the material matters of the Group, was reviewed and endorsed by the Board for adoption and disclosure in the Sustainability Report. This has enabled the Board to have sufficient understanding and knowledge of sustainability issues that are relevant to the Group and its business and hence, able to discharge its role effectively.</p> <p>The Board receives regular briefings and updates from the management on the Group’s businesses, operations, risk management, internal controls, corporate governance and finance which enable it to stay abreast with and understand the sustainability issues relevant to the Group and its businesses.</p> <p>The Directors also continuously attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.</p> <p>In addition, the Board is supported by the management team who manages the sustainability issues relevant to the businesses of the Group, including climate related risks and opportunities. The management team is also supported by subject-matter experts such as joint venture partners, advisers and consultants.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As the Board and the Management team are responsible towards the governance of sustainability in the Group, the criteria of addressing the Group’s material sustainability risks and opportunities is included in the performance evaluation of the Board.</p> <p>This also applies to the Management team, where sustainability key performance indicators are included in their performance evaluation and remuneration incentive.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The size and composition of the Board are reviewed annually by the Nomination Committee via the Performance Evaluation. The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.</p> <p>A Director who is due for re-election at the AGM will first be assessed by the Nomination Committee on his performance and contribution, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election.</p> <p>Having been satisfied with the results of the assessments, the Nomination Committee and the Board recommended that shareholders' approval be sought at the forthcoming AGM for the re-election of Tun Arshad bin Ayub, Mr Teh Wee Chye and Mr Azhari Arshad who are retiring by rotation and being eligible, have offered themselves for re-election.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently there are 10 Directors on the Board comprising 3 Executive Directors and 7 Non-Executive Directors of whom 5 are Independent Directors. Hence, the composition of the Board fulfils the recommended practice to have at least half of the Board comprises independent directors.</p> <p>The size and composition of the Board also provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has recommended that the Independent Directors namely Datuk Oh Chong Peng and Dato' Seri Zainal Abidin bin Mahamad Zain who have served the Board for 14 years and 13 years respectively, to continue to serve on the Board as independent directors.</p> <p>The Board Charter provides that there shall be no fixed term of office for an Independent Director as the Board believes that continued contribution by long serving Directors provides more benefit to the Company and the Group as a whole. Their considerable knowledge of the Company's culture and businesses would facilitate them to discharge their duties and role as Independent Directors more effectively. Notwithstanding that, each Independent Director shall be subject to the Independent Director's Self-Assessment for Annual Declaration of Independence and the annual Individual Director Self/Peer Evaluation to ensure that each of them continues to fulfil the definition of independence as set out in Bursa Malaysia Securities Berhad Main Market Listing Requirements.</p> <p>Based on both the results of the Independent Director's Self-Assessment for Annual Declaration of Independence and annual Individual Director Self/Peer Evaluation, the Nomination Committee and the Board were satisfied that all the Independent Non-Executive Directors of the Company had continued to be independent-minded and demonstrate conduct and behaviour that are essential indicators of independence.</p> <p>The Nomination Committee and Board also concluded that the length of service of all the Independent Directors on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group and they had continued to possess the following qualities:</p>

	<ul style="list-style-type: none"> • They are respectable personalities in society. Hence, their contributions, views and insights are always taken seriously and respected by the management; • They have the ability to analyse issues, challenge viewpoints of the management with intelligent questioning and debate rigorously in the decision-making process; and • They remain capable of exercising unbiased, objective and independent view, advice and judgement in the decision- making process.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p>Timeframe :</p>	<p>Choose an item.</p>

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The candidates identified by the Nomination Committee for appointment of directors were based on recommendations from existing Board members and promotion of Senior Management in ensuring the suitability and contribution of the candidates as Board members of the Company and maximise the effectiveness of the Board.</p> <p>From time to time, the Board also utilises independent sources to identify suitably qualified candidates.</p> <p>There was no appointment of new director in 2021 for the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	Information of the Director standing for re-election such as his personal profile, attendance of meetings and shareholdings are disclosed in the Annual Report for the shareholders to make an informed decision. The Board has also provided statements to support the re-election of the Directors and the reasons in the Corporate Governance Overview Statement which is published in the Annual Report and the Notice of 62nd Annual General Meeting to be held on 25 May 2022.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Dato' Seri Zainal Abidin bin Mahamad Zain who is an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently the Board comprises 2 women Directors which represent 20% of the Board.	
		<p>The Board is of the opinion that the selection criteria for appointment of Director should be mainly based on merit, calibre, skill and experience and with due regard for diversity in gender, ethnicity and age in order to maximise the effectiveness of the Board.</p> <p>The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As the Company practises equal opportunity, non-discrimination and fair employment as set out in the Company's Code of Conduct, the selection criteria for appointment of Director and Senior Management are mainly based on merit, calibre, skill and experience and with due regard for diversity in gender, ethnicity and age in order to maximise the effectiveness of the Board and Senior Management and have the best available talent.	
		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>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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>	
Application	: Applied
Explanation on application of the practice	: <p>The Nomination Committee had conducted the annual Performance Evaluation of the Board, Board Committees and Individual Director for year 2021 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised a Board and Board Committees Performance Evaluation, an Individual Director Self/Peer Evaluation and an Independent Director's Self-Assessment for Annual Declaration of Independence. The effectiveness of the Board was assessed in the areas of composition, operations, roles and responsibilities, addressing the Company's material sustainability risks and opportunities and performance of the Chairman.</p> <p>In the evaluation of each Board Committee, its effectiveness was assessed in terms of its composition, level of assistance to the Board, fulfilment of the roles by each member of the Committee and effectiveness of its Chairman.</p> <p>Meanwhile, the individual Director was assessed on his contribution to interaction, quality of input and understanding of his role.</p> <p>Results of the assessments and areas which required improvement were compiled and reviewed by the Nomination Committee. For the overall results of the assessments, the Board and Board Committees have achieved the strong ratings.</p> <p>Having been satisfied with the results of the assessments, the Nomination Committee had recommended to the Board that:</p> <ul style="list-style-type: none">• The Board and Board Committees had been able to discharge their duties and responsibilities professionally and effectively;• Each of the Directors continued to perform, contribute and devote sufficient time in fulfilling his role and responsibility

	<p>towards an effective Board;</p> <ul style="list-style-type: none"> • All the Independent Directors complied with the definition of Independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements; and • All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making irrespective of their length of service.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has policies and procedures in place to determine the remuneration of the Directors and Senior Management. Their remuneration packages are periodically reviewed to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long term goals of the Group. The policy to determine the remuneration of Directors is provided in the Board Charter which is available on the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee to implement its policies and procedures on remuneration of the Directors and Senior Management. The Remuneration Committee reviews and recommends the remuneration of the Board and Senior Management annually based to the corporate and individual performance and with due regard to the need to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long term goals of the Group.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration paid or payable or otherwise made to the individual Directors of the Company in respect of financial year 2021 is set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tun Arshad bin Ayub	Non-Executive Non-Independent Director	264	37	-	-	16	-	317	264	82	-	26	16	-	388
2	Teh Wee Chye	Executive Director	-	120	2,340	2,000	41	535	5,036	-	135	2,340	2,009	41	535	5,060
3	Datuk Oh Chong Peng	Independent Director	132	37	-	-	-	-	169	132	37	-	-	-	-	169
4	Dato' Seri Zainal Abidin bin Mahamad Zain	Independent Director	132	29	-	-	-	-	161	132	29	-	-	-	-	161
5	Prakash A/L K.V.P Menon	Non-Executive Non-Independent Director	132	24	-	-	-	-	156	132	39	-	9	-	-	180
6	Azhari Arshad	Executive Director	-	-	431	88	30	56	605	-	-	431	88	30	56	605
7	Quah Poh Keat	Independent Director	132	18	-	-	-	-	150	132	18	-	-	-	-	150
8	Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Director	132	16	-	-	-	-	148	132	16	-	-	-	-	148
9	Lim Pang Boon	Executive Director	-	-	368	800	-	140	1,308	-	15	570	809	-	140	1,534
10	Dato' Maznah binti Abdul Jalil	Independent Director	132	8	-	-	-	-	140	132	8	-	-	-	-	140
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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	This is in line with the Company's policy and practice of ensuring the confidentiality of the remuneration package of all employees (except the executive directors) in view of the sensitivities associated with remuneration matters. This is to ensure stability and continuity of business operations with a competent and experienced Management team in place.	
		The Company is of the opinion that this information will not be significant in the evaluation of the Company's governance. In addition, the Company has disclosed the detailed remuneration of the 3 Executive Directors of the Company who are the top 3 Senior Management of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit & Risk Management Committee is Datuk Oh Chong Peng who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit & Risk Management Committee of the Company has the policy that requires a former partner of the external audit firm and/or affiliate firm to observe a cooling-off period of at least three years before being appointed as a member of the Committee which is stated in its Terms of Reference.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit & Risk Management Committee of the Company has policy and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>Besides the Annual Transparency Report and written assurance from the external auditors on their independence, input from the Company personnel, who had substantial contact with the external auditors throughout the year, on the quality of service provided, independence, objectivity and professional skepticism of the external auditors via questionnaires was obtained for the Committee's annual evaluation of the external auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The members of the Audit & Risk Management Committee of the Company possess the necessary skills to discharge their duties and all of them have relevant accounting or related experience. Their qualification and experience are disclosed in the Directors' Profile in the Annual Report. They have also undertaken continuous professional development by attending seminar and trainings annually to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has in place a formal risk management process and a sound system of internal control to identify, evaluate and manage significant risks faced by the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	Detailed information on the features of the risk management and internal control framework is disclosed in the Statement on Risk Management and Internal Control which is published in the Annual Report of the Company. Attestation has been made by the Board with regards to the adequacy and effectiveness of the framework.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit & Risk Management Committee of the Company comprises majority of independent directors whereby 3 out of 4 of its members are independent directors.</p> <p>The Committee assists the Board in discharging its duties and responsibilities which amongst others, to oversee the Group's risk management framework and policies.</p>

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group had an in-house Group Internal Audit and Risk Management Department (“IARM”) which undertakes internal audit functions based on the risk-based audit plans that were reviewed and approved by the Audit & Risk Management Committee.</p> <p>The purpose, authority and responsibility of the IARM as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter.</p> <p>The IARM reports directly to the Audit & Risk Management Committee who reviews and approves the IARM’s annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal auditors of the Company are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The purpose, authority and responsibility of the IARM as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter. During the year, the internal audit function was carried out based on the risk-based audit plans that were reviewed and approved by the Audit & Risk Management Committee.</p> <p>The resources of the in-house Group Internal Audit and Risk Management Department (“IARM”) are reviewed periodically by the Audit & Risk Management Committee to ensure adequacy. There were 3 internal auditors with relevant qualifications and experience in the IARM.</p> <p>Mr Alex Yap Kien Tiong was the General Manager of the IARM. He holds a Bachelor’s Degree in Economics from La Trobe University, Australia and is a Fellow of CPA Australia. He is also a member of the Malaysian Institute of Accountants (“MIA”).</p> <p>Upon the resignation of Mr Alex Yap as the General Manager of the IARM in December 2021, the Audit & Risk Management Committee had reviewed the resources of the IARM.</p> <p>In view of the need to improve the quality of the internal audit to support the expansion and growth of the businesses of the Group and the challenges in recruiting suitable and competent staff for the in-house internal audit functions, the Audit & Risk Management Committee has decided that some of the internal audit functions be outsourced in 2022.</p>

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures the timely release of quarterly financial results, the issuance of the Company's Annual Report and Circular/Statement to Shareholders together with the announcements to Bursa Malaysia Securities Berhad on material information and corporate proposals to its investors, stakeholders and the public generally.</p> <p>All shareholders are encouraged to attend the Company's Annual General Meeting ("AGM") and to participate in the proceedings. All the Directors are present at the AGM to engage with the shareholders and answer to their queries. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.</p> <p>From time to time, the designated Senior Management also has dialogues with fund managers, research analysts and media on the strategies, performance and prospects of the Group.</p> <p>In addition, information was also provided to shareholders and/or investors in the replies to their enquiries via the email address at ir@mflour.com.my.</p> <p>The Company's website at www.mfm.com.my also provides quick access to information on the Group and an avenue for dissemination of corporate and financial disclosures.</p> <p>In 2021, the Group had continued to engage with each of its stakeholders such as shareholders, investors, regulators, customers, suppliers, employees and other communities through a variety of approaches to address their concerns and maintain an open communication. The summary of the engagement platforms with the various stakeholders is provided in the Sustainability Report which is disclosed in the Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company serves the Notice of Annual General Meeting (“AGM”) to its shareholders at least 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at the AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors including those who are also Chairmen of the Audit & Risk Management, Nomination and Remuneration Committees attend the Company's General Meetings to provide response to questions addressed to them by the shareholders.</p> <p>In year 2021, in view of the attendance limitation of public gatherings for safe distancing to prevent the spread of COVID-19 pandemic and taking into consideration the well-being of shareholders and all participants, only the Chairman, Executive Directors, Financial Controller, Company Secretary and other essential persons were physically present at the broadcast venue of the fully virtual General Meetings while the rest of the Directors participated in the General Meetings remotely.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had successfully conducted its fully virtual Extraordinary General Meeting (“EGM”) on 11 May 2021 and AGM on 28 May 2021 through live streaming and online remote voting from the broadcast venue using Remote Participation and Electronic Voting (“RPEV”) facilities provided by the Company’s share registrar, Boardroom Share Registrars Sdn Bhd (“the Boardroom”) via Lumi AGM at https://web.lumiagm.com.</p> <p>The conduct of the fully virtual General Meetings is in compliance with the Constitution of the Company which allows General Meetings to be held using any technology or electronic means.</p> <p>With the RPEV facilities, the participating shareholders were able to view a live webcast of the meetings, ask questions using the messaging window facility of the Virtual Meeting Portal and submit their votes in real time whilst the meetings were in progress.</p> <p>For the fully virtual General Meetings to be conducted successfully, the Administrative Guide of the General Meetings detailing the procedures for participation and online remote voting using the RPEV facilities were despatched to all shareholders and published in the Company’s website as well to guide the shareholders.</p> <p>The Company had also ensured that the Virtual Meeting Portal has good cyber hygiene practices in place including data privacy and security to prevent cyber threats.</p> <p>Assurance was provided by the Boardroom that the Lumi AGM systems and suppliers’ services are certified with the ISO/IEC 27001:2013 International Standard. This provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity, and availability of customer information and the personal data which Lumi AGM processes on their behalf. Lumi AGM uses strong, industry best-practice encryption techniques to ensure customer data</p>

	is protected from unauthorised access. All data is encrypted, with all keys managed directly by Lumi AGM. There is also audit trail on respective LUMI AGM system.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>As an effort to encourage engagement with the shareholders, questions in relation to the agenda items, business and performance of the Company may be emailed to the Company by the shareholders prior to the General Meetings at any time from the day of notice of General Meetings and up to 48 hours before the meetings.</p> <p>On the day of the meetings, every opportunity was given to the shareholders to ask questions and seek clarification during the live webcast by posing questions through the messaging window facility of the Virtual Meeting Portal which was opened concurrently with the Virtual Meeting Portal an hour before the commencement of the meetings.</p> <p>Questions posed by shareholders were read out during the "Questions and Answers" session and the Chairman, Managing Director or Financial Controller had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meetings.</p> <p>As part of the engagement with the shareholders, the Managing Director had also presented the overview of the financial performance of the Group during the AGM.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>In year 2021, in view of the attendance limitation of public gatherings for safe distancing to prevent the spread of COVID-19 pandemic and taking into consideration the well-being of shareholders and all participants, the Company had conducted its Extraordinary General Meeting (“EGM”) on 11 May 2021 and AGM on 28 May 2021 virtually through live streaming and online remote voting from the broadcast venue using Remote Participation and Electronic Voting (“RPEV”) facilities provided by the Company’s share registrars, Boardroom Share Registrars Sdn Bhd via Lumi AGM at https://web.lumiagm.com.</p> <p>With these RPEV facilities, the participating shareholders were able to view a live webcast of the meetings, ask questions using the messaging window facility of the Virtual Meeting Portal and submit their votes in real time whilst the meetings were in progress.</p> <p>Questions posed by shareholders were read out during the “Questions and Answers” session and the Chairman, Managing Director or Financial Controller had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meetings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	

Timeframe	:		
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Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The full minutes of the EGM and AGM in 2021 detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses of the Company, were published on the Company's website for the information and benefit of all the shareholders of the Company no later than 30 business days after the conclusion of the General Meetings.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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