

**DPI HOLDINGS BERHAD**

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0205  
**COMPANY NAME** : DPI HOLDINGS BERHAD  
**FINANCIAL YEAR** : 31 May 2021

### **OUTLINE:**

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

*Disclosures in this section are pursuant to Rule 15.25 of Bursa Malaysia’s ACE Market 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 Rule 15.25 of Bursa Malaysia’s ACE Market Listing Requirements.*

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (“Board”) is responsible for the oversight and overall management of DPI Holdings Berhad (“Company”). To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model to delegate specific powers of the Board to the relevant Board Committees, the Managing Director, Directors and the Senior Management of the Company and its subsidiaries (“Group”). Key matters reserved for the Board’s approval include, but are not limited to, the Group’s annual budget, dividend payment proposal, business plan, issuance of new securities, business restructuring, expenditure above a certain threshold, disposal of material property, plant and equipment and acquisition or disposal of companies within the Group.</p> <p>The Board assumes the following core responsibilities: -</p> <ul style="list-style-type: none"><li>• Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed.</li></ul> <p>The Executive Directors are responsible for the day-to-day management of the business and operations of the Group. The Group’s performance and key focus area are reviewed every month by the Executive Directors at management meetings together with Senior Management of the respective subsidiaries. During the quarterly Board meetings, the Executive Directors brief the Board on key developments and changes to the Group’s businesses. The Board will also invite Senior Management to attend meetings to report on matters relating to their respective areas of responsibilities.</p> <ul style="list-style-type: none"><li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.</li></ul>

The Board oversees the Enterprise Risk Management framework of the Group and monitors the Group's risk profile with the assistance of its Risk Management Working Group ("RMWG"). The RMWG comprises the Managing Director, Executive Director and Senior Management, and through its quarterly meetings continually assess the Group's risk exposure and implement appropriate actions to manage such risks. The RMWG presents the RMWG report to the Board Audit and Risk Committee ("ARC") and to the Board every half yearly and advises the ARC and the Board on key areas of risk and on the adequacy of compliance and control procedures throughout the Group.

The Company outsources its internal audit function to an independent professional services firm. The internal auditors provide additional independent review on the state of risk management and internal control of the Group and reports to the ARC. The ARC then reviews, deliberates and decides on the next course of action and evaluates the effectiveness and efficiency of the Group's risk management and internal control systems.

- Succession planning

Succession planning is a critical element in preventing business disruptions and promoting operational sustainability. The Nomination Committee ("NC") is entrusted by the Board to review and assess potential Board candidates to ensure that they are equipped with sufficient and relevant experience as well as the ability to discharge the responsibilities required of them prior to making their recommendation to the Board. Succession planning for key management positions are in place and continue to be monitored by the Group's Human Resource department.

- Developing and implementing an investor relations programme or shareholder communication policy for the Company.

As part of the Company's investor relations programme, the Board has a dedicated investor relations team that handles the Group's investor relations matters. The contact details of the investor relations team is as published on the Company's website at <http://www.dpiaerosol.com>. Further, shareholders or investors may convey any concerns/grievances to the Independent Directors accordingly. During the financial year, the Company regularly communicated material news to its shareholders through public announcements on Bursa Malaysia Securities Berhad ("Bursa Securities").

		<ul style="list-style-type: none"> <li>Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines with the assistance from the Internal Auditors, External Auditors and Company Secretaries.</li> </ul>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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 roles and responsibilities of the Chairman of the Board have been specified in the Board Charter, which is available on the Company's website at <a href="http://www.dpiaerosol.com">http://www.dpiaerosol.com</a>. The Chairman is responsible for the Board's effectiveness and conduct. He also takes a leading role in the driving the Company to observe and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Senior Management. The Chairman promotes an open environment for debate and ensures effective contributions from the Non-Executive Directors. He also exercises control over the quality, quantity and timeliness of information flow between the Board and Senior Management. At the general meetings, the Chairman plays a role in fostering constructive dialogue between shareholders, the Board and Senior Management.</p> <p>The Executive Directors are in charge of the day-to-day operations of the Company's business, making strategic business decisions and implementing the Board policies.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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>	:	Departure.
<b>Explanation on application of the practice</b>	:	Not applicable.
<b>Explanation for departure</b>	:	<p>The Board is mindful of the dual role that Mr. Choy Mui Seng @ Chai Mui Seng holds as Chairman and Managing Director of the Company. The Board is of the view that there are adequate, suitably qualified and experienced Independent Directors on the Board to provide the required check and balance. There are 3 Independent Directors who are able to function independently of the management. This allows for effective oversight of the management as well as to support objective and independent deliberation, review and decision making.</p> <p>Having joined the Group since 1980, Mr. Choy Mui Seng @ Chai Mui Seng has considerable experience in the Group's businesses and provides leadership to the Board in considering and setting the overall strategies and objectives of the Company.</p> <p>The Board is of the view that it is in the interest of the Company to maintain the above arrangement so that the Board is able to have the benefit of a chairman who is highly knowledgeable about the businesses of the Group, oversees the Group's overall operations, the principal markets in which the Group operates in, sets the overall strategies, conceptualises plans and leads the execution of all development projects and investments, capable of guiding discussions at Board meetings and who is able to brief the Board in a timely manner on key issues and developments that may directly or indirectly affect any of the businesses of the Group.</p> <p>In the annual board assessment conducted, the role of the Chairman was also assessed in terms of his ability to lead the board effectively, encourage contribution and participation from all members, effectiveness in chairing at general meetings and the ability to answer queries satisfactorily.</p> <p>The annual assessment of the Chairman's role provides the necessary measure and justification that Mr. Choy Mui Seng @ Chai Mui Seng understands the two separate roles and is able to distinctly carry out the roles and responsibilities required of him in achieving the intended outcome of ensuring that the 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.</p>

	<p>The Board comprises a majority of Independent Directors which will facilitate greater objectivity of the oversight function of the Board and curtail the executive power within the Board.</p> <p>In addition, Datuk Seri Nurmala Binti Abd. Rahim was appointed as the Senior Independent Non-Executive Director of the Board. She serves as a sounding board to our Executive Chairman and will lead the performance evaluation of our Executive Chairman to exercise objectivity in boardroom matters. Her appointment and Board position are meant to diminish any concentration of powers vested in our Executive Chairman and Managing Director. Further, she is the Chairman of the Board Nomination Committee and a Member of the Board Remuneration Committee. This will ensure there are checks and balances in the areas of, amongst others, performance evaluation, executive remuneration, succession planning and appointment of new directors.</p> <p>The terms of reference of the Executive Chairman, Managing Director and Senior Independent Non-Executive Director have been established to clearly set out the respective functions and demarcate the roles and boundaries of these positions in the Board Charter. The demarcation of the roles will ensure effective discharge of duties of the Executive Chairman and Managing Director.</p> <p>From time to time, the Board takes measures to evaluate the appropriateness of the dual role of the Executive Chairman and Managing Director performed by the same individual and ensures that the arrangement will continue to be in the interests of the Company and its shareholders as a whole.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	<p>Not applicable.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Not applicable.</p>

## Intended Outcome

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

### Practice 1.4

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>Both Company Secretaries of the Company are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are accurately recorded. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries keep abreast of the evolving capital markets environment, regulatory changes and developments in Corporate Governance through continuous training.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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

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>The supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Accordingly, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the Board meeting.</p> <p>The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.</p> <p>Separately, all Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice when necessary, in discharging its various duties, at the Company's expense.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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 serves as a primary reference for Board members of their fiduciary duties as directors of the Company and the functions of the Board Committees. It sets out, amongst other things, the key values, principles and ethos of the Company.</p> <p>The Board will review the Board Charter at least once a year to ensure that it is up-to-date and consistent with the Board's objectives and responsibilities as well as the governance model of the Group. The Board Charter is available on the Company's website at <a href="http://www.dpiaerosol.com">http://www.dpiaerosol.com</a>. The Board has reviewed and approved the Board Charter on 23 September 2021 in compliance with the with the Malaysian Code on Corporate Governance ("MCCG").</p> <p>The roles and responsibilities of the Board of Directors, Board Committees, Chairman and Executive Directors as well as issues and decisions reserved for the Board are clearly outlined in the Board Charter.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company's Code of Ethics and Conduct is based on principles relating to sincerity, integrity, responsibility and corporate social responsibility. The Code of Ethics and Conduct is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims: -</p> <ul style="list-style-type: none"> <li>• To establish a standard ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.</li> <li>• To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating the Group.</li> </ul> <p>The Code of Ethics and Conduct of the Group is available at the Company's website at <a href="http://www.dpiaerosol.com">http://www.dpiaerosol.com</a>.</p> <p>The Code of Ethics and Conduct for employees promotes integrity and ethical conduct in all aspects of the Group's operations, including, but not limited to, privacy and confidentiality of information. It also sets out prohibited activities or misconduct such as accepting gifts, bribes and dishonest behaviour.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.

<b>Timeframe</b>	:	Not applicable.	
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### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	<p>The Company's Whistleblower Policy and Procedures ("WPP") fosters an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The Board has overall responsibility to oversee the implementation of the WPP and all whistle-blowing reports are to be addressed to the respective personnel as assigned pursuant to the Group's WPP. This mechanism will allow the stakeholders of DPI to report concerns about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group and about business improvement opportunities.</p> <p>The Company did not receive any such report for the financial year ended 31 May 2021 ("FYE 2021").</p> <p>The detailed WPP of DPI Holdings is available at its corporate website at <a href="http://www.dpiaerosol.com">http://www.dpiaerosol.com</a>.</p>	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board currently has 5 members comprising a Senior Independent Non-Executive Director, 2 Executive Directors, and 2 Independent Non-Executive Directors. This composition complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR") whereby the Company must have at least 2 Directors or 1/3 of the Board, whichever is higher, who are Independent Directors.</p> <p>All the Independent Non-Executive Directors had upon their appointment, confirmed their independence in their letter of confirmation as Independent Directors to the Company, in accordance with Rule 1.01 of the ACE LR.</p> <p>During the financial year, the Board was led by Mr. Choy Mui Seng @ Chai Mui Seng, the Executive Chairman and Managing Director. The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Company's current needs and requirements.</p> <p>On 23 September 2021, an assessment of the effectiveness of the Board, respective Board Committees and Independence (the "Assessment") were carried out in respect of the FYE 2021. The Nomination Committee ("NC") played an important role to assist the Board in assessing the independence of Non-Executive Directors of the Company. Based on the Assessment conducted by the NC, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors of the Company and their ability to act in the best interest of the Group.</p> <p>The NC develops the criteria to assess independence of an Independent Director including, but not limited to, the directors' background, family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

### Intended Outcome

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

### Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable – No independent director(s) is serving beyond 9 years.	
<b>Explanation on application of the practice</b>	:	Not applicable.	
<b>Explanation for departure</b>	:	Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

### Intended Outcome

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

### Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted.
<b>Explanation on adoption of the practice</b>	:	The tenure of an Independent Director shall not exceed a cumulative term of 9 years. However, upon completion of 9 years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a year-to-year basis. If the Board continues to retain the Independent Director after the 12th year, the Board will seek shareholders' approval annually through a two-tier voting process as set out in the MCGG.

## Intended Outcome

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

### Practice 4.4

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.

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	<p>All candidates for the appointment of directors are first considered by the Nomination Committee (“NC”), taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to manage the businesses of the Group effectively, with the aim of meeting the current and future needs of the Board composition. The NC also evaluates the candidate’s character and ability to commit sufficient time to the Group. Other factors considered for the appointment of an Independent Director will include the level of independence of the candidate.</p> <p>The appointments of key senior management were also made with due regard for diversity in skills, experience, age, cultural background and gender.</p>	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

## Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure.
<b>Explanation on application of the practice</b>	:	Not applicable.
<b>Explanation for departure</b>	:	<p>The Company does not practise any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. Despite the recommendation of the MCCG, the Board believes that it is not detrimental to the Company not to adopt a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities as well as nurturing diversity within the Company. The Board is of the view that the appointment of any Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender, where suitable, to be in line with the MCCG's target. Further, the Board has also made progress in broadening the diversity of the Board and Senior Management and will continue to practise this from time to time.</p> <p>As of the reporting period, 1 out of 5 of the Company's directors is a female director.</p> <p>The Board through the Nomination Committee will consider gender diversity as part of its future selection and will look into increasing female representation on the Board and Senior Management in the future.</p> <p>The Board acknowledges the recommendation of the MCCG pertaining to the establishment of a gender diversity policy and will look into the formalising the said policy.</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>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## Intended Outcome

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

### Practice 4.6

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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company has in place its procedures and criteria for appointment of new directors. It has been a practice of the Company that the Nomination Committee (“NC”) will carry out an interview with the candidates prior to his/her appointment as a director of the Company. All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to manage the businesses of the Group effectively, with the aim of meeting the current and future needs of the Board composition. The NC also evaluates the candidates’ character and ability to commit sufficient time to the Group. Other factors considered for appointment of an Independent Director will include the level of independence of the candidate.</p> <p>The Board prioritises the selection of candidate based on skills, experience and personal attributes and strongly believes that the performance of a candidate lies within one’s self instead of the recommender/referrer. Accordingly, the Board is open to considering recommendations from various recruitment channels in sourcing for potential candidates, including, but not limited to, recommendations from existing Board members/ Management or through independent sources.</p> <p>Since the listing of the Company on the ACE Market of Bursa Securities on 7 January 2019, no new director has been appointed.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Datuk Seri Nurmala Binti Abd. Rahim, who is the Senior Independent Non-Executive Director.	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

## Intended Outcome

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>On 23 September 2021, an assessment of the effectiveness of the Board, respective Board Committees and Independence (“the Assessment”) were carried out in respect of the FYE 2021. Appraisal forms which comprised quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were circulated at the Nomination Committee (“NC”) meeting for assessment. The NC has reviewed the required mix of skills, experience and other qualities of the Board and Board Committees and agreed that it has the necessary mix of skills, experience and other qualities to serve effectively.</p> <p>The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities as Directors of the Company. The attendance record of the Directors for the FYE 2021 was satisfactory.</p> <p>All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the ACE LR. In the interval between Board Meetings, for any matters requiring Board’s decisions, the Board’s approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next board meeting.</p> <p>The Directors are mindful that they should continue to attend training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

### 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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	: Applied.
<b>Explanation on application of the practice</b>	<p>The Remuneration Committee ("RC") is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that it commensurate to their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures that the level of remuneration for Non-Executive Directors and Executive Directors are linked to the level of responsibilities undertaken and contributions to the effective functioning of the Board.</p> <p>The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the businesses of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.</p> <p>The current remuneration policy of the Group is summarised as follows:-</p> <ul style="list-style-type: none"><li>a) The salaries of the Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibilities undertaken.</li><li>b) Directors' fee is based on a standard fixed fee and are subject to approval by its shareholders at the Annual General Meeting.</li><li>c) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.</li></ul>

	For Senior Management and employees, the Executive Directors review the annual salary increments and bonuses to ensure that the compensation offered is in line with market practice to remain competitive for talent attraction and retention.	
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

### 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 6.2

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

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>During the FYE 2021, the Remuneration Committee ("RC") consists of 3 members of the Board, the majority of whom are Independent Non-Executive Directors</p> <p>The Nomination Committee ("NC") took note that following the introduction of MCCG the RC should only consist of non-executive directors and a majority of them must be independent Directors. Hence, the NC has assessed and reviewed the composition of RC accordingly. There is a change in the composition of RC with the appointment of Mr. Fong Yoo Kaw @ Fong Yee Kow in place of Mr. Choy Mui Seng @ Chai Mui Seng on 23 September 2021 to meet the requirement of MCCG.</p> <p>The term of reference of the RC are available at the Company's website at <a href="http://www.dpiaerosol.com">http://www.dpiaerosol.com</a>.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviews of the remuneration policies for Executive Directors, Non-Executive Directors and CEO/Managing Director. The Board, as a whole, determines the remuneration of the Executive Directors, Non-Executive Directors and CEO/Managing Director, with each Director concerned abstaining from any decision with regards to his/her remuneration.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.

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

<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

**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 7.1**

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 details of each director's remuneration for the FYE 2021 is disclosed in the Corporate Governance Overview Statement in the Annual Report 2021.	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

**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 7.2**

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>	:	Not applicable.	
<b>Explanation for departure</b>	:	<p>Details of the remuneration of the top 6 Key Senior management are not disclosed on a named basis as the Board is of the view that the transparency and accountability aspects on disclosure of the remuneration of Senior Management are appropriately served by the remuneration disclosure in bands of RM50,000 as it is imperative for the Company to maintain the privacy and confidentiality of its employees' remuneration.</p> <p>The remuneration of Key Senior Management is based on their skills, experience and respective key performance indicators. The detailed remuneration disclosure may expose the risk of loss of key personnel to competitors.</p>	
		<p>Alternative practice: The Company opted out of the recommendation mainly due to the sensitivity and privacy of the information.</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>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

### 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 7.3 - 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. Please refer to explanation disclosed in Practice 7.2 above.
<b>Explanation on adoption of the practice</b>	:	Not applicable.

### 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 8.1

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	The composition of the Audit and Risk Committee ("ARC") meets the requirements of Rules 15.09(1)(a) and (b) and 15.10 of the ACE LR. The chairman of the ARC is Mr. Fong Yoo Kaw @ Fong Yee Kow who is a member of the Malaysian Institute of Accountants, and also is a member of Chartered Accountants Australia and New Zealand. The chairman of the Board is Mr. Choy Mui Seng @ Chai Mui Seng.
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

**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 8.2**

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the need to uphold independence. None of the members of the Audit and Risk Committee ("ARC") or the Board were former key audit partners of the Group within the cooling-off period of 3 years.</p> <p>The Board had on 23 September 2021 reviewed the policy that requires a former key audit partner to observe a cooling-off period of at least 3 full financial year ends before being appointed as a member of the ARC.</p>	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

### 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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Committee ("ARC") is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the ARC will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the Annual General Meeting ("AGM") for their re-appointment as external auditors for the financial year ending 31 May 2022.</p> <p>The external auditors are required to declare their independence annually to the ARC as specified under the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the ARC of the Company.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

**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 8.4 - 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 and Risk Committee comprises solely 3 Independent Non-Executive Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board reviews the terms of office of the Audit and Risk Committee ("ARC") members and assesses the performance of the ARC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The ARC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to actively participate during deliberations.</p> <p>The Chairman and members of the ARC are financially literate.</p> <p>Based on the outcome of the ARC effectiveness assessment of the Board Committee Effectiveness Evaluation 2021, the Board was satisfied with the ARC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which have contributed to the overall effectiveness of the ARC and have carried out their duties in accordance with the terms of reference ("ToR") of the ARC. The ARC was involved in the following:</p> <p><u>Financial Reporting</u></p> <p>In overseeing the Company's financial reporting, the ARC reviewed the following prior to recommending them for approval by the Board and issuance to the shareholders:-</p> <ul style="list-style-type: none"><li>• The quarterly financial statements;</li><li>• The annual financial statements in the presence of the external auditors.</li></ul>

	<p>(a) The Managing Director/Senior Management provided assurance to the ARC on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Annual Financial Statements and Condensed Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards (“MFRS”); that adequate processes and controls were in place for effective and efficient financial reporting and disclosure under the MFRSs, International Accounting Standards and ACE LR; and that the Annual Financial Statements and quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective subsidiaries within the Group for FYE 2021.</p> <p>(b) The external auditors, also confirmed to the ARC that it has complied with the ethical requirements regarding independence, with respect to the audit of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants, and has not, up to the date of the Annual Report, identified any significant accounting and audit issues during the course of its audit.</p> <p>(c) The external auditors presented their independent Auditors’ Report on Annual Financial Statements for the financial year ended 31 May 2021 together with the key audit matters.</p> <p><u>Continuous Education</u></p> <p>The ARC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs. The details of the training attended are disclosed in the Corporate Governance Overview Statement in the Annual Report 2021.</p>
<p><b>Explanation for departure</b></p>	<p>: Not applicable.</p> <p>Not applicable.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: Not applicable.</p>

<b>Timeframe</b>	:	Not applicable.	
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**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks.	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

**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 9.2**

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	The key features of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2021.	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

**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 9.3 - 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>	:	Applied.
<b>Explanation on adoption of the practice</b>	:	<p>The risk management committee of the Board has been established and forms part of the Audit and Risk Committee ("ARC"). The members of the ARC comprise three Independent Non-Executive Directors.</p> <p>The ARC had on 20 March 2019 established the Risk Management Working Group ("RMWG") (represented by the senior management of the Group and chaired by the Managing Director) and approved the ToR together with its duties and responsibilities. The RMWG is responsible for the Group's risk management framework and policies, and will report all risk management matters directly to the ARC.</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 10.1

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit (“IA”) function of the Company is outsourced to an independent professional service firm, which provides support to the Audit and Risk Committee (“ARC”) in monitoring and managing risks, controls and governance processes of the Group.</p> <p>The main role of the IA function is to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures. The internal auditors have direct access and report all matters on internal control to the ARC.</p> <p>During the financial year under review, the internal auditors have conducted a review on the Group in accordance to the Internal Audit Plan, which has been approved by the ARC.</p> <p>Details of the IA function are set out in the ARC report in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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 10.2

The board should disclose–

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company has outsourced the Internal Audit (“IA”) function to Tricor Axcelasia Sdn Bhd (“Tricor Axcelasia”) to assist the Board and the ARC in providing independent assessment on the adequacy and effectiveness of the Group’s internal control system.</p> <p>The Engagement Executive Director is Ms. Melissa Koay who has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms. Melissa Koay is also a Certified Internal Auditor.</p> <p>The number of staff deployed for the internal audit reviews range from 3 to 4 staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practice Framework (“IPPF”).</p> <p>The IA reviews were conducted using a risk-based approach and was guided by the International Professional Practice Framework.</p> <p>The information on the IA function is available in the Audit and Risk Committee Report and Statement on Risk Management and Internal Control in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	Not applicable.

	Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

### 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 11.1

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis. Personnel and the relevant working team responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public.</p> <p>Presently, the Board and management of the Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:</p> <ol style="list-style-type: none"> <li>1. Website of Bursa Securities The Company releases all material information publicly through Bursa Securities and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Securities.</li> <li>2. Company website Our Company's website, <a href="http://www.dpiaerosol.com.">http://www.dpiaerosol.com.</a>, incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both the shareholders and general public. The Investor Relations section is provided to enhance the Investor Relations function by including all the announcements made by the Company.</li> </ol>

	The Company will enhance the disclosures on its website for broader and effective dissemination of information to its stakeholders from time to time.	
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## 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 11.2

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

<b>Application</b>	:	Departure.	
<b>Explanation on application of the practice</b>	:	Not applicable.	
<b>Explanation for departure</b>	:	The Company noted that the integrated reporting process is an ongoing journey to improve quality of information disclosure to stakeholders and promote transparency and accountability on the Company. Nevertheless, as the Company is not a large Company per the definition of the MCCG, the Board also has assessed and is of the opinion that it is not cost effective to adopt the integrated reporting based on a globally recognised framework.	
		The Group will consider adopting an integrated reporting based on a globally recognised framework after in-depth appraisal by the Board based on the cost-benefit analysis.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied.	
<b>Explanation on application of the practice</b>	:	The Annual General Meeting (“AGM”) serves as an important means for shareholders’ communication. In order to encourage shareholders’ participation and engagement with the Board and Senior Management effectively in the AGM, notice of the AGM and Annual Reports are sent to shareholders 28 days prior to the meeting in accordance with the Malaysian Code on Corporate Governance. In addition, the Board would ensure that the Notice of the AGM contains details of resolutions proposed along with background information and explanatory notes.	
<b>Explanation for departure</b>	:	Not applicable.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable.	
<b>Timeframe</b>	:	Not applicable.	

## Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>In light of the COVID-19 pandemic and further extension of Conditional Movement Control Order (“CMCO”) from 9 November 2020 to 6 December 2020, the Company conducted a fully virtual 3<sup>rd</sup> AGM on 26 November 2020 in line with the Malaysian Code of Corporate Governance Practice 12.3. All the Directors were present at the AGM to handle other enquiries from the shareholders virtually.</p> <p>The shareholders present at the 3rd AGM were invited to ask questions on the resolutions proposed at the AGM before putting them to vote by poll as well as matters relating to the Group’s business. All issues of concern raised by the shareholders were fully answered and responded to.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

## Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	<p>The Company has conducted its 3<sup>rd</sup> AGM fully virtual. The Company has implemented remote shareholders' participation, electronic shareholder registration and electronic poll voting system which encourages and facilitate shareholders' participation at the AGM.</p> <p>To encourage participation and enabling shareholders to exercise their votes effectively, administration guide on remote participation and voting at fully virtual AGM, entitlement of participation in AGM, appointment of proxy, poll voting, e-Voting procedure, registration for remote participation and electronic voting and procedure for virtual AGM was sent to all the shareholders together with the notice of AGM and published on the Company's website.</p>
<b>Explanation for departure</b>	:	Not applicable.
		Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable.
<b>Timeframe</b>	:	Not applicable.

**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.*

Not applicable.
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