

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5134  
**COMPANY NAME** : Southern Acids (M) Berhad  
**FINANCIAL YEAR** : March 31, 2023

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Southern Acids (M) Berhad ("SAB" or "the Company") derives its authority from the Company's shareholders and is responsible for the proper stewardship of the Company and its subsidiaries ("SAB Group" or "the Group").</p> <p>The Board is ultimately responsible for establishing strategies and policies to drive the affairs of the Group to build and deliver long-term shareholders' value whilst meeting the interests of the shareholders and other stakeholders.</p> <p>In its decision-making, the Board takes into consideration the interests of all its stakeholders in ensuring the Group's objectives of creating long-term sustainability value for the benefits of the Company's stakeholders are met.</p> <p>In the Board Charter, the Board has established clear functions in respect of the roles and responsibilities of the Board Committees, Chairman and Managing Director ("MD"). The Board Charter also specifies the key matters that are specifically reserved for the Board.</p> <p>The Board is guided by its Board Charter which is made available on the Company's website at <a href="http://www.southernacids.com">www.southernacids.com</a> that set out the following:</p> <ol style="list-style-type: none"><li>1. Purpose of the Board Charter</li><li>2. Board Governance Structure</li><li>3. Board Membership</li><li>4. Board Role</li><li>5. Authorities of the Board</li><li>6. Chairman and MD</li><li>7. Board Committees</li><li>8. Board Processes</li></ol>

	<p>The Board operates with a clear and effective governance structure. The Board's role is to govern the Group rather than to manage it. It is the role of the MD, Executive Director ("ED") and senior management of the Company ("Senior Management") to manage the Group in accordance with the direction of and delegation by SAB Board. The Board is committed to adhere to the Code of Conduct &amp; Ethics, which is available on the Company's website.</p> <p>The Board has established two Board Committees, namely Audit Committee ("AC") and Nomination &amp; Remuneration Committee ("NRC") to assist the Board in carrying their roles and responsibilities assets out in their Terms of Reference ("TOR") respectively, which are publicly made available for reference on the Company's website.</p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is Tan Sri Datuk Seri Panglima Sulong Matjeraie who is an Independent Non-Executive Director. He plays a pivotal role in instilling the Company's commitment to uphold corporate governance.</p> <p>The key roles and responsibilities of the Chairman have been clearly set out in Section 3.5.1 of the Board Charter which are as follows:</p> <ol style="list-style-type: none"><li>1. To lead the Board in establishing and monitoring good corporate governance practices in the Company;</li><li>2. To lead the Board efficiently and in an effective manner;</li><li>3. To ensure the efficient organisation and conduct of the Board's functions and meetings;</li><li>4. To facilitate the effective contribution of all Directors at Board meetings;</li><li>5. To encourage active participation and allowing dissenting views to be freely expressed;</li><li>6. To promote constructive and respectful relations between Directors and between the Board and Management; and</li><li>7. To ensure effective communication with shareholders and stakeholders.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and MD are held by different individuals, and this separation of positions promotes accountability, good corporate governance and to ensure a balance of power and authority.</p> <p>The distinct and separate roles and responsibilities of the Chairman and the MD are stated in Section 3.5 of the Board Charter.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The Chairman of the Board is a member of both the AC and NRC.  The deliberation of matters by the said Committees would not be in anyway diminished as the AC and the NRC are made up of wholly of Independent Non-Executive Directors.  The Board is of the view that the said Committees are able to discharge their duties and responsibilities independently.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by Company Secretaries who are qualified, experience and competent. The following are the roles and responsibilities of Company Secretary which are stated in Section 6.0 of the Board Charter:</p> <ol style="list-style-type: none"> <li>1. Advise the Board and Board Committees on their roles and responsibilities;</li> <li>2. Advise the Board and Board Committees on governance issues and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectation;</li> <li>3. Advise and continuously update the Board on corporate disclosures and compliance with listing requirements, company and securities legislations and related regulations;</li> <li>4. Ensure proper upkeep of statutory registers and records;</li> <li>5. Manage the logistics of all Board, Board Committees and general meeting, attend and record minutes of the meeting thereof;</li> <li>6. Assist the Chairman in determining the annual Board plan and the administration of other strategic issues; and</li> <li>7. Facilitate in the induction of new directors and assist in director training and development.</li> </ol> <p>All Board members have direct access to the advice and services of the Company Secretaries in carrying out their duties.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The preparation and circulation of board papers are the responsibility of the Company Secretary and MD.</p> <p>All directors are provided with a set of board papers consisting of the agenda, minutes of the previous meeting and a set of comprehensive reports or write-ups on matters to be discussed at least five business days before a board meeting to ensure that Directors receive sufficient relevant information and provide an opportunity to seek additional information and are able to obtain further clarifications when needed. All members of the Board have access to the advice and services of the Company Secretary and Senior Management. External consultants will be engaged to clear any doubt or concern, where necessary.</p> <p>The company secretary is responsible for the integrity of the board documents, including the Minutes of the Board Meetings (“Board Minutes”). The Board shall ensure that Board Minutes are a concise summary of the matters discussed at a board meeting and contain a brief reference to relevant Board Papers tabled including any official resolutions adopted by directors. All decisions will be recorded in Board Minutes.</p> <p>The guidelines on the Board/Committee meeting materials and meeting minutes are stated in Section 3.7 (c) and (e) of the Board Charter.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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 has adopted a Board Charter, which provides guiding principles to achieve the objectives of the Company and serves as a primary reference point for all Board members in discharging their fiduciary duties whether as an individual capacity or as a member of the Board Committees as well as Senior Management.</p> <p>The Board Charter also specifies the matters that are reserved for the board. The Board Charter is reviewed periodically and is accessible on the Company’s website.</p> <p>The Board Charter provides guidance on the specific roles and responsibilities for the following: -</p> <ol style="list-style-type: none"> <li>1. Section 3.2.1: The role of the Senior Independent Director;</li> <li>2. Section 3.3.1: Duties and responsibilities of the Board;</li> <li>3. Section 3.3.2: Matters reserved for the Board;</li> <li>4. Section 3.5: The role of the Chairman and the MD; and</li> <li>5. Section 3.6: The role of the Board Committees.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Code of Conduct & Ethics of the Company outlines the ethical principles and expected standard of conducts in conducting business and the compliance with applicable laws and regulations for all of its directors, employees and other stakeholders within the Group.  The Code of Conduct & Ethics is available on the Company's website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Whistleblower Policy with the objective to provide employees, customers, vendors and other stakeholders an avenue to report concerns about suspected misconduct within the Group in confidence and without fear of retaliation.</p> <p>The Board via the AC is responsible for overseeing the implementation of the Whistleblower Policy for the Group. The AC Chairman who is also the Senior Independent Non-Executive Director is the dedicated person for receiving whistleblower reports made by employees and external parties.</p> <p>Whistleblower Policy is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is ultimately responsible for the sustainability direction of the Group and ensures that our goals are met through actions taken at the management and operational levels. Our MD, mandated by the Board, drives our sustainability agenda and has the overall responsibility over the Group's strategic direction and the implementation of sustainability strategy by ensuring that processes and controls are in place, and reports on performance and management targets.  The Sustainability Committee is chaired by the MD, Dr. Nick Low and assisted by the ED, Datuk Wira Lim Kim Long and head of respective core business segments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Annual engagements with stakeholders are carried out to understand and manage stakeholders' needs and expectations via different platforms in order for us to communicate to them in a transparent manner.</p> <p>Stakeholders’ needs and expectations serve as a foundation of our sustainability agenda as we formulate our efforts on areas of concern that matter to them.</p> <p>Details of stakeholder engagement are disclosed in the Sustainability Statement in the Company’s Annual Report (“AR 2023”).</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group is committed to ensure its operations are environmentally responsible to our environment.</p> <p>The Group is in compliance of the Malaysian Sustainable Palm Oil (“MSPO”) and Indonesian Sustainable Palm Oil (“ISPO”) that requires the Board to be well cognisant of the relevant sustainability, including climate-related risks.</p> <p>The Group acknowledges that climate change is a current and growing concern and its importance of taking the necessary proactive actions to address sustainability issues relevant to the Company and its business, including its risks and opportunities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board had through its NRC carried out annual performance evaluation on the Board and Senior Management.</p> <p>The annual evaluation is facilitated internally through a formal process and keep in pace with the changing business environments and towards sustaining growth of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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



**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC oversees the overall composition of the Board in terms of size, balance, competencies, commitment, contribution and performance and diversity. The NRC also carries out annual assessment on the effectiveness of the Board and outcome would be reported to the Board accordingly.</p> <p>The recommendation of NRC to the Board for re-election of directors will be subject to the evaluation of the Director's performance and contribution to the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at 31 March 2023, the Board consists of six members, comprises two Executive Directors and four Independent Non-Executive Directors. The Independent Non-Executive Directors constitute 67% of the Board composition and the Chairman is an Independent Non-Executive Director. The Board through the NRC, assesses the independence of the Independent Non-Executive Directors annually.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The NRC and the Board are of the view that the ability of Independent Director to carry out his/her roles and responsibilities effectively are dependent on his/her calibre, experience and personal qualities. Restriction on the tenure may result in the loss of expertise which are key contributor to an efficient Board.</p> <p>In the coming 42<sup>nd</sup> Annual General Meeting ("AGM"), the Board shall seek shareholders' approval for the following Independent Non-Executive Director ("INED"): -</p> <p>The Company does not have a policy to limit the tenure of Independent Directors to nine years and it intends to seek shareholders' approval to retain Mr. Chung Kin Mun who has served as an INED for a cumulative term of more than nine years through a single-tier voting process at the forthcoming AGM.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>While the Company acknowledges the importance of boardroom and senior management diversity, the appointments to the Board and senior management shall always be focused on objective criteria and merits of the candidate which is the essential in supporting the attainment of the Company's objectives.</p> <p>The criteria for the recruitment process are set out in the TOR of the NRC. There are as follows:</p> <ol style="list-style-type: none"><li>1. To review the policy on board composition and determine the mix of skills, experience and other qualities. Including core competencies of non-executive Directors annually;</li><li>2. To review succession planning for Senior Management, including nominations to the Board of the Company and appointment of Chief Executive Officer and Chief Financial Officer;</li><li>3. To establish clear and appropriate criteria to assess the effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual Director and each member of the Board Committees including the assessment of the independence of the Independent Director on an annual basis;</li><li>4. To establish and review the criteria on the selection and recruitment process and policy on board composition, taking into consideration the suitability of candidates against consideration such as competencies, commitment, contribution and performance, including the current composition of Board and Board Committees, mix of skills and experiences of directors, independence and diversity (including gender diversity) on an annual basis.</li></ol> <p>The TOR of the NRC is available on the Company's website.</p>

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

**Intended Outcome**

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

**Practice 5.6**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board, via the NRC, leverages on various sources for wider pool of potential candidates. In addition to the recommendation from internal sources, the Board will also source externally via industry acquaintance and industry practitioners for recommendations.</p> <p>Recommended candidate’s profile will be submitted to the NRC for its assessment and selection process.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Based on the NRC's assessment of the retiring Directors in accordance with the criteria set out in Director's Fit and Proper Policy, the Board supported the recommendations made by the NRC for the re-election of the retiring Directors at the 42 <sup>nd</sup> AGM.  The profile of the retiring Directors is set out in the Directors' Profiles of the AR 2023.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC is chaired by Mr. Chung Kin Mun, the Senior Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As at 31 March 2023, there is one women board member on the Board, representing 17% women participation on the Board.	
		The Board recognises the important of gender diversity and strives to achieve at least 30% women participation on the Board. At the same time, the Board believes that while it is important to promote gender diversity, it should not set a target just to fill the required vacancy for gender diversity as the over-riding criteria. Selection should be based on the merit of individual that best fits the Company's requirements.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As disclosed in AR 2023, the Board acknowledges the importance of gender diversity for the Board and Senior Management. However, the Group practices the selection of suitable candidates based on the candidates' knowledge, merit, qualification, competency and other qualities in meeting the needs of the Group.	
		The gender diversity criteria for the Board are set out in the Board Charter as well as TOR of the NRC. The Board is supportive of gender diversity in the Board as recommended by the Malaysian Code on Corporate Governance ("MCCG") and will endeavour to consider suitable and qualified female candidates for the appointment to the Board.	
		The Board currently does not have a formal policy on gender diversity for senior management. Nonetheless, the Board is supportive of gender diversity in the senior management and will endeavour to consider suitable and qualified female candidates for the appointment to the senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Board, through the NRC, conducts an annual assessment on the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director of the Company and Independent Directors.  <b>1. Assessment of SAB Board</b> The effectiveness of the Board was assessed based on MCCG requirements in terms of its Board structure, Board operation and interaction – structures and procedures and Board roles and responsibilities.  <b>2. Assessment of AC and NRC</b> The evaluation of the Board Committees Effectiveness Assessment was based on the following criteria and ratings will be given for each criterion: - <ol style="list-style-type: none"><li>1. Shares information or insights</li><li>2. Participates actively in Committee activities, works constructively with peers</li><li>3. Takes strong constructive stands at Committee meetings where necessary</li><li>4. Confronts conflicts and provides solutions</li><li>5. Provides logical honest opinions on issues presented</li><li>6. Provides unique insights to issues/matters presented – has valuable skills</li><li>7. Prioritises context of issues to be in line with objectives and offers practical/realistic advice</li><li>8. Applies analytical and conceptual skills to the decision-making process</li><li>9. Communicates persuasively in a clear and non-confrontational manner</li><li>10. Well prepared and adds value to Committee meetings</li><li>11. Takes initiative to request for more information</li></ol>

	<p>12. Ensures that individual contribution is relevant and up-to-date with developments</p> <p>13. Focuses on accomplishing the objectives</p> <p>14. Assesses and link short-term issues to the long-term strategy</p> <p><b>3. Individual director’s peer assessment</b></p> <p>The annual assessment of individual director was assessed (peer assessment) based on the contribution of interaction, quality of input, understanding of role, mix of skill/expertise/ mindset, intrinsic values and include the evaluation of their:</p> <ul style="list-style-type: none"> <li>- Will and ability of critically challenge and ask the right questions;</li> <li>- Character and integrity in dealing with potential conflict of interest situations;</li> <li>- Commitment to serve, due diligence and integrity; and</li> <li>- Confidence to stand up for a point of view.</li> </ul> <p><b>4. Assessment of Independent Directors</b></p> <p>The assessment of Independent Directors was mainly based on criteria set under paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.</p>
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The remuneration policies and procedures were not made available on the Company's website.	
		Our remuneration policies and practices are appropriately reflecting the different roles and responsibilities of non-executive directors, executive directors and senior management. However, the remuneration policies and procedures were not made available on the Company's website due to its sensitivity nature and the disclosure will be disadvantageous to the Company's interests given the current highly competitiveness in the human capital environment.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

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

**Practice 7.2**

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>	:	For FY2023 (“Financial year ended 31 March 2023”), the NRC comprises solely of Independent Non-Executive Directors. The TOR of the NRC set out the respective roles and responsibilities in relation to the nomination and remuneration respectively and is made available on the Company’s website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The disclosure on a named basis of the Directors' remuneration of the Company comprising remuneration received and receivables from the Company and subsidiaries for FY2023 are tabulated as 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	Dr. Low Kok Thye	Executive Director	90,000	12,600	504,600	199,250	36,007	84,258	926,715	131,356	12,600	504,600	199,250	36,007	84,258	968,071
2	Datuk Wira Lim Kim Long	Executive Director	90,000	12,000	384,600	149,250	47,538	64,128	747,516	131,356	12,000	384,600	149,250	47,538	64,128	788,872
3	Tan Sri Datuk Seri Panglima Sulong Matjeraie	Independent Director	135,000	16,800	-	-	-	-	151,800	135,000	16,800	-	-	-	-	151,800
4	Chung Kin Mun	Independent Director	135,000	19,200	-	-	-	-	154,200	135,000	19,200	-	-	-	-	154,200
5	Leong So Seh	Independent Director	90,000	12,600	-	-	-	-	102,600	90,000	12,600	-	-	-	-	102,600
6	Stephen Wan Yeng Leong (Appointed on 27 March 2023)	Independent Director	986	-	-	-	-	-	986	986	-	-	-	-	-	986
7	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
8	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
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that disclosure of the remuneration of Senior Management on named basis will be disadvantageous to the Company's interests given the current human capital environment for key personnel with the right skills set, the requisite knowledge, expertise and experience are very competitive. In addition, such disclosure may yield to recruitment and talent retention issues.</p> <p>The aggregate remuneration of top five Senior Management received in FY2023 was RM 3.5 million. For FY2023, the top five Senior Management's remuneration (excluding EDs) of the Group in alphabetical order are Alex Chan Choon Hoong, Cheong Kee Yoong, Tan Suet Guan, Thevakumar Kallaperumal and Tiong Chuu Ling. The remuneration value above is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, inclusive of employer contributions to provident fund, benefits-in-kind and other emoluments.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AC Chairman is Mr. Chung Kin Mun, an Independent Director, who is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AC is effective and independent. None of the AC members was a former key audit partner of the Company. The Company is in the midst of updating the TOR of AC on the observation of a cooling-off period of at least two years to three years before a former partner is appointed as a member of the AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC assesses the independence and objectivity of the external auditors in carrying out the statutory audit for the Group as well as prior to the engagement of non-audit services by the external auditors. The main criteria used for the assessment are as follows:</p> <ol style="list-style-type: none"><li>1. Internal Assessment;</li><li>2. Written/verbal confirmation from Auditors' Independence Policies; and</li><li>3. Assurance from the Auditors Rotation of Partners and Managers.</li></ol> <p>The external auditors, Deloitte PLT, have confirmed that they have complied with the independence requirements set out in 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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the AC, Mr. Chung Kin Mun holds a Bachelor of Business (Accounting) from the Phillip Institute of Technology, Australia and is a fellow member of Certified Practising Accountant ("CPA") Australia. All other members of the AC are financially literate and possess the relevant skills to discharge their duties in accordance with the TOR of the AC.</p> <p>The Board, through the NRC assesses the performance of the AC and each of its members annually.</p> <p>In FY2023, all members of the AC have undertaken continuous professional development during the financial year. The training programmes attended are stated in the Corporate Governance Overview Statement of the Company's AR 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Board Responsibility</b></p> <p>The Board is dedicated in upholding its overall commitment and responsibility in establishing a sound and effective risk management and internal control systems covering not only financial controls but also controls in assets management, strategic, organisational, operational, regulatory and compliance, and for reviewing its adequacy, effectiveness and integrity of these systems.</p> <p>The risk management and internal control systems are essential to sound corporate governance in safeguarding shareholders' interest and the groups' assets and as such its adequacy and effectiveness should continuously be evaluated. The AC assists the Board in its oversight responsibilities of risk management and internal control systems. The AC periodically assessed the viability and robustness of the internal control systems in relation to the internal audits performed by Internal Auditor ("PwC RAS" or "Internal Auditor"). At the AC meetings, the Internal Auditor's findings and management's responses to address any issues identified were discussed and deliberated, of which are recorded and presented to the Board.</p> <p>Notwithstanding the above, the Board acknowledges these systems are designed to manage and mitigate risk exposures rather than to eliminate all risks and therefore provides reasonable but not absolute assurance against material misstatement of management and financial information, operational failures, financial losses or fraud</p> <p><b>Risk Management and Risk Governance Structure</b></p> <p>The Group has put in place an Enterprise Risk Management ("ERM") framework for enhancing its risk management capabilities to meet the needs of its current business environment. SAB Group uses the Control-Self Assessment ("CSA") technique to define risk management and risk governance responsibilities in the ERM Framework. In CSA, the control assessments are directly carried out by departments and functional teams who are involved in their respective divisions, functions or processes. This approach empowers the employees to assess and identify risks at the operational level within their respective areas of</p>

	<p>responsibility, which can lead to improved internal controls, risk management, and overall organisational performance.</p> <p>The Group applies the “Three Lines of Defence” model for managing of its risk management activities where there is defined functional responsibilities and accountabilities of risk ownership. The model promotes accountability and transparency, while reducing the likelihood of errors, fraud, and non-compliance. Each line of defence is supported by risk governance guidance to facilitate the ERM framework. The MD, ED, and Senior Management are the primary risk owners responsible for overseeing the ERM activities of SAB Group. They demonstrate their strong dedication and commitment towards an ERM through the Annual Statement on Continuous Commitment annually, which is in line with the best practices in corporate governance guided by the MCCG as an integral part of the Group's business, operations and financial performance.</p> <p>Risks relating to the Group’s strategic objectives are assessed at Group level.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>CSA is being used as part of SAB Group's ERM Framework.</p> <p><b>Key Features of Internal Control System</b></p> <p>Internal control system, a key feature of the Company's risk management framework, is designed to minimise risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws. The following is the summary of the key features of SAB Group's internal control systems, but not limiting to:</p> <ul style="list-style-type: none"> <li>• <b>Organisation Structure</b> The Company has established an organisational structure outlined the formal lines of responsibility and authorisation procedures within which senior management operates and is accountable for.</li> <li>• <b>Centralised Key Functions</b> As part of the Group's initiatives to promote greater efficiency, effective cost management and higher degree of responsiveness to the business environment, certain key functions such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing committee and human resources have been centralised.</li> <li>• <b>Operational Controls</b> The Group has the following operational controls in place: <ul style="list-style-type: none"> <li>• level of authority for each level of management staff;</li> <li>• approval processes for capital expenditure and operational expenditure; and</li> <li>• business planning and annual budgeting process for the respective business units with periodical monitoring of performance.</li> </ul> </li> <li>• <b>Financial Reporting Controls</b> Financial reports are generated on a monthly basis and deliberated at appropriate management meeting respectively</li> </ul>

	<p>whereas the Group’s financial statements will be reviewed and deliberated by the AC and Board on a quarterly basis.</p> <ul style="list-style-type: none"> <li>• <b>Internal Audit</b> The Internal Auditor operates independently from the activities it audits. The internal audit function provides the AC with the assurance regarding the adequacy and effectiveness of the system of risk management and internal control. A systematic and disciplined approach is employed to draw up the annual audit plan for the AC’s review and approval before the commencement of internal audit work. Assessment of internal controls in the key activities of the Group’s businesses are carried out with findings and corrective measures regularly reported to the AC.</li> <li>• <b>External Audit</b> The external auditors perform an evaluation of the design and implementation of the internal controls that are relevant to their annual audit and may report and make recommendation to the AC and management on any identified procedures, controls and other aspects that needs improvement which may come to their attention.</li> <li>• <b>Anti-Bribery &amp; Anti-Corruption Policy &amp; Guidelines</b> The Group has put in place this policy and guidelines which sets out the Company's responsibilities, and providing information and guidelines to Board and employees and stakeholders to conduct our business with integrity and in accordance with all applicable laws, rules and regulations.</li> <li>• <b>Code of Conduct &amp; Ethics</b> The Code of Conduct &amp; Ethics is established as an integral part of SAB’s governance regime that sets out the ethical principles and expected standard of conducts in conducting business and the compliance with applicable laws and regulations for all of its directors and employees within the Group.</li> <li>• <b>Whistleblower Policy</b> The Group has set in place Whistleblower Policy outlined the Group’s commitment towards enabling employees and stakeholders to raise concerns in a responsible and confidential manner in regards to any wrongdoings without being subject to victimisation or discriminately treatment.</li> </ul> <p>The Anti-Bribery &amp; Anti-Corruption Policy &amp; Guidelines, the Code of conduct &amp; Ethics and the Whistleblower Policy are made available on the Company’s website.</p>
<p><b>Explanation for departure</b> :</p>	

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



**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC is supported by an outsourced Internal Auditor, PwC RAS, in discharging the AC's duties and responsibilities.</p> <p>The internal audit function is an integral part of the assurance framework and the Internal Auditor to provide independent validation and recommendations for improvement in the areas of governance, risk and control. The Internal Auditor reports directly to the AC on a functional basis and to the MD administratively.</p> <p>The internal audit was performed in accordance with generally acceptable internal auditing practices. The approach to be undertaken by the Internal Auditor is as follow: -</p> <ol style="list-style-type: none"> <li>1. Discuss with management to understand the key issues in the organisation</li> <li>2. Identify and test the key/ selected controls for the areas under review</li> <li>3. Discuss the exceptions with the process owners and obtain their comments where exceptions are noted</li> <li>4. Provide recommendations to address the gaps identified</li> <li>5. Present audit observations to the AC</li> </ol> <p>The AC assesses the effectiveness of PwC RAS and its resources on an annual basis.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Auditor and its internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Depending on the complexity of each assignment, the number of staff deployed for the internal audit reviews is ranging from four to five staff per visit including the Engagement Partner. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Several of whom are members of the Institute of Internal Auditor Malaysia. The Engagement Partner is Encik Nik Shahrizal Sulaiman who has a broad range of experience in governance, risk, audit and compliance. Professionally, Encik Nik is qualified in chartered accountancy (“Institute of Chartered Accountants in England and Wales” or “ICAEW”) and investments (“Chartered Financial Analyst” or “CFA”) and he has over twenty years (20) of professional experience in the United Kingdom and Malaysia.</p> <p>The internal audit was conducted based on PwC Global Internal Audit Methodology which takes into considerations of International Professional Practice Framework.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

**Intended Outcome**

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

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

**Practice 12.1**

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 recognises the importance for transparency and accountability to the Company’s shareholders and regular communication with all its stakeholders. The Company has in place a Corporate Disclosure Policy which sets out the persons authorised and responsible to approve and disclose material information. It also serves as a guide to enhance awareness amongst the employees on the Company’s disclosure obligations and procedures.</p> <p>Our Group communication channels include the following:</p> <ul style="list-style-type: none"> <li>• Corporate Website</li> <li>• Announcement</li> <li>• Quarterly Financial Results</li> <li>• Annual Report</li> <li>• General Meetings</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Notice of AGM is distributed to shareholders at least twenty-eight (28) days prior to the date of AGM.</p> <p>The 42<sup>nd</sup> AGM is to be held on 30 August 2023 and the notice of AGM is dated 28 July 2023, which is more than 28 days' notice in advance to enable shareholders to make the adequate preparation.</p> <p>The notice period given is well in advance of the 21-day requirements under the Companies Act 2016 and the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The additional time given to the shareholders would allow them to have sufficient time to scrutinise the annual report and to make necessary arrangement to attend the meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors of the Company had attended the last AGM held on 30 August 2022.</p> <p>During the questions and answers session of the general meetings, the Chairman invited shareholders to raise questions pertaining to the agenda and resolutions tabled before putting them for voting.</p> <p>The Board ensures that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate feedback are given.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	On 30 August 2022, the Company has leverage on technology and conducted its 41 <sup>st</sup> AGM fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Sdn. Bhd. in Malaysia via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> . In terms of good cyber hygiene practices to protect data privacy and security of TIIH Online, it has engaged a reputable company to review and test the application and to give assurance that the application has met all the standard operational requirements.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board ensured that sufficient opportunities and time were given to shareholders to pose questions to the Board.  The Chairman of the Board and the Directors actively responded to the relevant questions addressed to them during the 41 <sup>st</sup> AGM. The representatives of the external auditors were also present at the 41st AGM.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The 41 <sup>st</sup> AGM of the Company was conducted on a fully virtual through live streaming and online remote voting via the Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd.  The facilities allowed shareholders to pose questions electronically through the online platform, using the typed text in the query box. The Chairman and the Directors responded to the respective questions posed during the meeting.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board had deliberated and decided not to upload the minutes of AGM onto the Company's website.
		Shareholders can write in to the Company Secretary to request for a copy.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**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.*

--

