

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7943
COMPANY NAME : AURO HOLDINGS BERHAD
FINANCIAL YEAR : 29 February, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is collectively carries the responsibility for ensuring the long-term success and overall performance of Auro Holdings Berhad (“Auro” or “the Company”) and its subsidiaries (“Group”).</p> <p>This entails delivering sustainable value to stakeholders by establishing strategic directions and objectives. Regular reviews of the Group's business operations are conducted, maintaining comprehensive oversight over company management.</p> <p>Key roles and responsibilities of the Board encompass determining the Company's strategic plans, conducting periodic evaluations of operational and financial performance, and implementing robust risk management and internal control frameworks to identify, monitor, and mitigate principal business risks.</p> <p>To ensure efficient discharge of its functions and duties, the Board's principal responsibilities included:</p> <ol style="list-style-type: none">a. Review and adopt a strategic plan for the Group ensuring the strategies promote sustainability.b. Oversee and monitor the conduct of the Group's business and ensure the integrity of financial and other reporting.c. Ensuring Company's financial statements are true and fair and conform with accounting standards.d. Identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures.e. Ensure succession planning for senior management positions is in place to provide for the succession of senior management.f. Review the adequacy and integrity of the Group's risk management and internal control system and management information system, including system for compliance with applicable laws, regulations, rules, directives and guidelines. |

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| | <p>g. Ensure Board members stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.</p> <p>The Board has also delegated specific responsibilities to its various Board Committees, each of which operates within clearly defined terms of reference (“TOR”). The Board Committees consist of the following:</p> <ul style="list-style-type: none"> i. Audit and Risk Management Committee (“ARMC”); ii. Nominating Committee (“NC”); and iii. Remuneration Committee (“RC”). <p>The Board receives reports during its Board meetings from the Chairman of each Board Committee regarding the proceedings at their respective meetings held earlier. It is the overarching policy of the Company that all significant decisions undergo collective consideration by the Board.</p> <p>The Board Charter and TOR for the Board Committees are accessible on the Company's website at www.auro.com.my.</p> |
| <p>Explanation for departure</p> | <p>:</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure</p> | <p>:</p> |
| <p>Timeframe</p> | <p>:</p> |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by Dato' Tan Lik Houe, serving as the Non-Independent Non-Executive Chairman. Dato' Tan Lik Houe's primary responsibility is to provide leadership role in the conduct of the Board and the key primary responsibilities consists of the following:-</p> <ul style="list-style-type: none">a) to lead the Board and to ensure the effectiveness of all aspects of the Board's role;b) to lead the Board in adoption and implementation of good corporate governance practices;c) to ensure the efficient organisation and conduct of the Board's function and meetings;d) to promote constructive and respectful relations among Directors, and between the Board and Management; ande) to ensure appropriate steps are taken to provide effective communication with stakeholders and that stakeholder views are communicated to the Board as a whole. <p>The roles and responsibilities of the Chairman of the Board are also outlined in the Board Charter, which is accessible on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>As of the report date, the Group does not have a Chief Executive Officer. However, the Executive Directors ("ED") undertake the responsibilities typically associated with the CEO role. Consequently, the positions of Chairman and EDs within the Company are occupied by distinct individuals, each with clearly defined roles and responsibilities outlined in the Board Charter. This arrangement aims to establish a system of checks and balances in power and authority between the two positions.</p> <p>Dato' Tan Lik Houe serves as the Non-Independent Non-Executive Chairman, assuming leadership in overseeing the Board's activities.</p> <p>Meanwhile, Ms. Tan Jyy Yeen and Mr. Tan Wye Chuan hold the positions of EDs, representing the Company at the highest level. As decision-makers within their respective scopes, they are responsible for implementing strategic plans and policies set forth by the Board.</p> <p>The specific roles and responsibilities of both the Chairman and EDs are delineated in the Board Charter which is accessible on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application : | Departure |
| Explanation on application of the practice : | |
| Explanation for departure : | <p>Currently, the Chairman of the Board also serves as a member of the ARMC, NC, and RC.</p> <p>The Board recognizes the inherent risk of self-review, which may compromise the objectivity of both the Chairman and the Board when assessing observations and recommendations from Board Committees. Therefore, the Board is endeavours to comply to this practice and will consider reconfiguring the composition of Board Committees in the future, when there is additional independent directors.</p> <p>However, the Board is of the view that, with the presence of two (2) independent directors among the total of three (3) committee members is deemed sufficient to ensure adequate checks and objectivity in deliberations.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is currently assisted by two (2) highly qualified and competent Company Secretaries. Both Company Secretaries are members of The Chartered Governance Institute, also known as MAICSA, and are duly qualified to serve as Company Secretaries under Section 235 of the Companies Act 2016.</p> <p>The primary responsibility of the Company Secretaries is to offer support and guidance by advising the Board on all matters related to company secretarial affairs. This includes ensuring compliance with the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR") and keeping the Board informed of the latest developments in corporate governance, changes in the legal and regulatory framework, new statutory requirements, and best practices.</p> <p>The Board has expressed its satisfaction with the performance and support provided by the Company Secretaries in fulfilling their duties.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.6

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the importance of timely circulation of the notice and meeting materials to facilitate constructive deliberations during meetings.</p> <p>Therefore, the notices and the relevant meeting materials are circulated seven (7) days in advance of the meetings. All members are responsible to ensure the minutes of meetings accurately reflects the deliberations and decision during the Board and Board Committees meetings.</p> <p>All the minutes were circulated in timely manner and properly kept by the Company Secretaries in the minutes book for record purpose.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 2.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established and adopted a comprehensive Board Charter, serving as a guiding document delineating the roles, responsibilities, processes, and operations of the Board. The Board Charter is considered essential reading material for the induction of new Board members and senior management, ensuring a clear understanding of their duties and obligations.</p> <p>According to the Board Charter, the matters reserved for the Board's decision are specifically as follows:-</p> <ul style="list-style-type: none">a) Establishment of Board Committees and approval of the TORs;b) Appointment of Board members as per recommendation from the NC;c) Appointment/resignation of the Company Secretary;d) Approval of corporate plans and programmes;e) Approval of annual budgets, including major capital commitments;f) Approval of new ventures;g) Approval of material acquisitions and disposals of undertakings and properties; andh) Changes to the management and control structure within the Group, including key policies and delegated authority limits. <p>Supplementary to the Board Charter are the TOR of ARMC, NC, and RC. These documents outline the composition, rights, key functions, roles, and responsibilities of each Board Committees.</p> <p>Regular reviews of the Board Charter and TORs are conducted to ensure alignment with the latest development of the regulations and best practices.</p> <p>The Board Charter is publicly available for reference on the corporate website at www.auro.com.my.</p> |

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

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct 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 is published on the company's website.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is dedicated to fostering a corporate culture centered on ethical conduct, as outlined in its Code of Conduct and Ethics. This document encapsulates proactive measures aimed at enhancing corporate value, while also delineating areas in daily activities where caution is required to mitigate potential risks.</p> <p>Providing guidance for Directors and every employee of the Group, the Code of Conduct and Ethics serves as a reference point for ethical and behavioural considerations in fulfilling their duties and obligations.</p> <p>Periodic reviews of the Code of Conduct and Ethics are undertaken by the Board to ensure its ongoing relevance and appropriateness. The document is readily accessible on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group has established a Whistle Blower Policy to provide a secure channel for employees and stakeholders to disclose and report instances of improper, unethical, or unlawful conduct within the Group without fear of retaliation.</p> <p>This policy encourages individuals to report any suspected misconduct, breaches, or potential breaches of laws, rules, or regulations that could negatively impact the Company and its stakeholders.</p> <p>Disclosures can be made in writing or via email directly to the ARMC Chairman with the full details of the improper conduct and where possible, with the supporting evidence.</p> <p>Employees who report improper conduct in good faith are protected from victimization or any adverse treatment. Conversely, any reports found to be maliciously falsified will result in disciplinary action in accordance with the Group's disciplinary policy.</p> <p>A copy of the Whistle Blower Policy is available on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

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

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company's sustainability governance structure is led by the Board, which oversees the Group's overall sustainability performance. A key senior management team, guided by the Company's two (2) Executive Directors, Ms. Tan Jyy Yeen and Mr. Tan Wye Chuan, reports to the Board and is responsible for overseeing sustainability practices, policies, and procedures to enhance sustainability performance.</p> <p>Despite challenging economic conditions and an uncertain political and pandemic-influenced climate, the Group continued its efforts to enhance business sustainability and stakeholder engagement for the financial year ended 29 February 2024. Management believes that sustainable success can only be achieved through collaborative efforts among the Group, its stakeholders, and the community.</p> <p>Information on material company issues and their social and environmental impacts, along with key sustainability initiatives, is disclosed in the Sustainability Statement of the Annual Report 2024.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.2

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Company has adopted a range of practices to engage with both internal and external stakeholders, as detailed in the Sustainability Statement of the Annual Report 2024. These engagement practices are essential for fostering transparent communication, understanding stakeholder needs, and addressing their concerns effectively. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board possesses comprehensive knowledge and understanding of sustainability issues pertinent to the Company and its operations, enabling it to fulfill its responsibilities effectively. The Board remains committed to staying informed about sustainability matters related to the evolving business environment.</p> <p>Both the Board and management actively promote sustainability elements within the business, demonstrating the Company's ongoing commitment to developing and enhancing sustainable practices and initiatives.</p> <p>Further details are provided in the Sustainability Statement of the Annual Report 2024.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.4

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The performance evaluations of the Board and senior management encompass a review of their effectiveness in addressing the Company’s material sustainability risks and opportunities.</p> <p>This procedure includes measuring progress against sustainability targets to promote accountability among the Board and senior management. It also helps identify issues that may require intervention, ensuring that prompt corrective actions are taken as necessary.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5- Step Up

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

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

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board designated the Executive Directors as key individuals within the management team to focus on strategically managing sustainability.</p> <p>These Executive Directors play a crucial role in advancing the Company's sustainability agenda. They work collaboratively with various departments and stakeholders to integrate sustainability into the organization's daily operations. This approach enables the Company to effectively manage sustainability risks and capitalize on opportunities aligned with its long-term strategy.</p> <p>With the Executive Directors' expertise and dedication to sustainability, the Company can proactively address emerging sustainability challenges, enhance performance, and bolster its reputation as a responsible and sustainable organization. This strategic focus contributes to the Company's long-term success and its ability to create sustainable value.</p> |

Intended Outcome

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

Practice 5.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC is responsible to assist the Board in the development and implementation of the policies on the nomination and appointment of Directors and Board Committee members to achieve long-term sustainability of the organisation in accordance with the TOR of the NC.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Group's objectives and strategic goals.</p> <p>To ensure the continued effective functioning and progressive refreshing of the Board, the tenure of an Independent Director is stipulated in the Board Charter, whereby it shall not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process as stipulated in the Malaysian Code on Corporate Governance ("MCCG"). However, an Independent Director may continue to serve on the Board beyond nine (9) years subject to his/her re-designation as a Non-Independent Director.</p> <p>The Board has also established the Directors' Fit and Proper Policy, which sets out the fit and proper criteria for the appointment and re-appointment / re-election of Directors of the Company. The Directors' Fit and Proper Policy is available on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the Board comprises five (5) members, including two (2) independent non-executive directors. As a result, the Company has not adopted Practice 5.2 of the MCCG, which recommends that at least half of the Board be composed of independent directors. | |
| | | At present, the Board believes that its composition is balanced and effective, with a diverse mix of skills and experiences from both Executive and Non-Executive Directors. The Board will periodically review its composition and size to ensure continued effectiveness. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.3

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Currently, no Independent Directors have served beyond a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond this period, the Company will provide a thorough justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>In the two-tier voting process, shareholders' approval is obtained in two separate tiers: the first tier involves the votes of large shareholders, typically those with significant holdings, while the second tier includes the votes of the minor shareholders. This method ensures a more balanced and equitable decision-making process, reflecting the views of both major and minor shareholders.</p> <p>This procedure underscores the Company's commitment to good governance practices by ensuring that any extension of an Independent Director's tenure is thoroughly justified and broadly supported by shareholders.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.4 - Step Up

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

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| <i>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.</i> | |
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 5.5

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC is tasked with identifying and recommending candidates for senior management positions and new Directors to the Board.</p> <p>When selecting new members for the Board and senior management, the NC considers various factors, including integrity, independence, and diversity in age, gender, ethnicity, and experience. Additionally, leadership capabilities and the ability to exercise sound judgment relevant to the Company's business are crucial criteria.</p> <p>The NC ensures that new appointees have the appropriate experience and knowledge to effectively fulfill the responsibilities of their roles as Directors and senior management. This comprehensive evaluation process helps to maintain a high standard of governance and leadership within the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC holds the primary responsibility for screening, evaluating, and nominating new Board members for appointment. The nomination process and criteria utilized by the NC are outlined in the TOR of the NC.</p> <p>In determining the process for identifying suitable candidates, the NC ensures a thorough review is conducted to assess the qualifications and suitability of the nominated candidates. This assessment is based on a prescribed set of criteria, including but not limited to:</p> <ul style="list-style-type: none">a) Skills, knowledge, expertise, and experience.b) Professionalism.c) Integrity.d) Number of existing directorships held.e) Confirmation of not being an undischarged bankrupt or involved in any court proceedings related to corporate management or fraud.f) For candidates being considered for Independent Director positions, the ability to fulfill the responsibilities expected of Independent Non-Executive Directors. This includes meeting the criteria outlined in the definition of "independent directors" prescribed by the MMLR of Bursa Securities and the capacity to provide independent and objective judgment to the Board. <p>When necessary, members of the NC shall meet with the potential candidates to conduct assessments of their suitability for the position. This comprehensive process ensures that individuals selected for Board appointments possess the requisite qualifications and capabilities to contribute effectively to the Company's governance and strategic direction.</p> <p>With the above-mentioned process, the NC was of the view that the appointment based on the recommendations from the existing directors or management was sufficient and also the Group trust that this group of personnel are deeply familiar with the needs and dynamics of the organization.</p> |

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

Intended Outcome

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

Practice 5.7

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The details of the Directors, including interest, position, qualification, membership, experience and others are set out in the Directors' profile in the Annual Report. The performance of the retiring directors is assessed by the NC and Board before recommendation is made to the shareholders for consideration.</p> <p>For independent directors, the NC has also assess their independency to make sure that they will continue maintain independent throughout the year and shall act in the best interest of the Company.</p> <p>A statement on the re-appointment of the retiring directors were also be included under the explanatory notes in the Notice of the Annual General Meeting ("AGM").</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.8

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Mr Lim Tock Ooi, the Chairman of Nomination Committee is an Independent Non-Executive Director. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Presently, the Board comprises only one (1) female director. | |
| | | The Board acknowledges the importance of gender diversity in the Board and in line with the MCCG of at least 30% representation of women on Boards. The Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.10

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Despite this, the Company is committed to fostering diversity, inclusivity, and equality, irrespective of gender, race, or sexual orientation, throughout the organization. | |
| | | Although specific policies targeting gender diversity in the Board and senior management are not in place, the Company actively works towards achieving appropriate diversity and promotes an inclusive environment where individuals from diverse backgrounds feel valued and respected. | |
| | | This approach encourages positive relationships to flourish within the workplace, ultimately contributing to a more dynamic and innovative organizational culture. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 6.1

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

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

| | |
|--|---|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <p>The Board, Board Committees and individual Directors are assessed annually by the NC and the Directors collectively on the following:</p> <ul style="list-style-type: none"> • Effectiveness of the Board as a whole; • Contribution and performance of each individual Director; • Contribution and performance of each of the Board Committees (i.e. ARMC, NC and RC); and • Independence of the Independent Non-Executive Directors. <p>Annual assessments are conducted and each of the Directors is given the opportunity to provide feedback on the effectiveness of the Board as a whole and the individual performance and contribution to the Board. The results of all the assessments are then collated by the help from Company Secretary and tabled to the NC for deliberation and Board for notation.</p> <p>The NC is satisfied with the effectiveness of the Board and the Board Committees based on the annual assessments conducted. The results of the assessment were affirmed by the Board.</p> |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

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

Practice 7.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has established the Remuneration Policy and Procedure for Directors, serving as a guiding document for the RC and the Board. This policy facilitates the administration of director remuneration, considering factors such as the demands, complexities, and performance of the Group, as well as the skills and experiences required. To maintain objectivity, individuals involved will abstain from discussing their own compensation.</p> <p>The Remuneration Policy and Procedure for Directors is readily accessible on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a RC comprising a majority of Independent Non-Executive Directors to assist in determining Directors' remuneration. The RC convenes as needed and is entrusted with various responsibilities, including establishing a formal and transparent procedure for developing executive remuneration, as well as examining and fixing remuneration packages and other benefits for Executive Directors and senior management. The RC considers the contribution, responsibilities, and performance of each Executive Director and senior management member when determining their respective remuneration packages.</p> <p>The fees for Non-Executive Directors are determined by the Board as a whole, with the Director concerned abstaining from deliberations and voting on decisions regarding their fee.</p> <p>The terms of reference of the RC are publicly available on the Company's website at www.auro.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 8.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | Detailed disclosure of individual director remuneration is provided in the table below. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--------------------|--|----------------|-----------|--------|-------|------------------|------------------|-------|--------------|-----------|--------|-------|------------------|------------------|-------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato' Tan Lik Houe | Non-Independent Non-Executive Chairman | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Tan Jyy Yeen | Executive Director | - | - | 180 | - | - | 23 | 203 | - | - | 210 | - | - | 26 | 236 |
| 3 | Tan Wye Chuan | Executive Director | - | - | 180 | - | - | 23 | 203 | - | - | 180 | - | - | 23 | 203 |
| 4 | Lim Tock Ooi | Independent Non-Executive Director | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Dato' Yeo Chai Poh | Independent Non-Executive Director | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Intended Outcome

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

Practice 8.2

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The remuneration of the top 5 Senior Management are not disclosed on named basis for confidentiality reason as it may be detrimental to the interest of the Company and individuals.</p> <p>The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the senior management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.</p> <p>The remuneration of the senior management personnel, which is a combination of annual salary, bonus and benefits-in kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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

Intended Outcome

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

Practice 8.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Chairman of the ARMC is not the Chairman of the Board. This is to ensure the overall effectiveness and independence of the ARMC.</p> <p>The Chairman of the Board is Dato' Tan Lik Houe and the Chairman of the ARMC is Mr. Lim Tock Ooi.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group recognises the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>Currently, none of the ARMC members were former partners of the Company's external auditors. The Group will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC.</p> <p>This was also stated in the ARMC TOR of the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The ARMC reviews the re-appointment, performance, and remuneration of the external auditors annually before recommending them to the Board to put forward to the shareholders for re-appointment in the AGM.</p> <p>An assessment has been carried to review the external auditors performance for the financial year ended 29 February 2024. The assessment included of the following components:-</p> <ul style="list-style-type: none">a) assessing the external auditor's independence;b) assessing the external auditor's performance, quality of work and audit fees; andc) adequacy of resources. <p>Through the assessment, ARMC has concluded that the current external auditors meet the independency criteria and are competent to carry out the audit works for the next financial year.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | All ARMC members are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process. The qualification and experience of the individual ARMC members are disclosed in the profile of Board of Directors in the Annual Report 2024. All members of the ARMC undertake continuous professional development to ensure that they are abreast of relevant developments in accounting and auditing standards, practices, and rules. A summary of training programmes, conferences and seminars attended by ARMC members during the financial year ended 29 February 2024 is set out under CG Overview Statement section in the Annual Report 2024. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Group's systems for risk management and internal control are detailed in the ARMC Report and the Statement on Risk Management and Internal Control within the Annual Report 2024. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the ARMC.</p> <p>Management, internal auditors and external auditors of the Company conduct reviews and audits on a regular basis that involve testing of the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the ARMC. Based on the audit findings and recommendations presented by the internal auditors and external auditors, the Board, with the assistance from the ARMC, will review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology risks, in order to enhance the Group's internal control.</p> <p>The features of the Group's risk management and internal control framework are disclosed in the Statement of Risk Management and Internal Control in the Company's Annual Report 2024.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.3 - Step Up

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

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Company has merged the Audit Committee and the Risk Management Committee to oversee the risk management function in collaboration with management. |

Intended Outcome

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

Practice 11.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group's internal audit function is conducted by an independent outsourced internal audit firm. The Board, through the ARMC, annually reviews the effectiveness of this function, assessing the quality of the audit reviews and ensuring that the Internal Auditors possess the necessary knowledge and experience to perform their roles effectively.</p> <p>In performing their duties, the Internal Auditors have unrestricted access to information and are able to meet with any department heads or responsible persons. Identified audit issues are followed up by the Internal Auditors, and their status is reported to the ARMC.</p> <p>During the financial year, the Internal Auditors conducted periodic reviews in line with the approved internal audit plan to monitor compliance with the Group's procedures and to evaluate the adequacy and effectiveness of the Group's risk management and internal control systems.</p> <p>The results of these reviews were presented to the ARMC during their scheduled meetings. Follow-up reviews were also conducted to ensure that management implemented the recommendations given in a timely manner.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 11.2

The board should disclose–

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group's internal audit function is outsourced to Talent League Sdn Bhd ("Talent League") a professional service firm (the "Outsourced Internal Auditors"). The Outsourced Internal Auditors is headed by its executive director, Mr. Roy Thean Chong Yew, who is a Chartered Member of Institute of Internal Auditor. Mr Thean is also a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.</p> <p>The Outsourced Internal Auditors has assigned five (5) staff to provide internal audit services. The Outsourced Internal Auditors performed its work in accordance with a recognised framework such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. The internal audit function has been mandated to continually assess and monitor the Group's system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plans based on the risk profiles of individual business unit of the Group.</p> <p>None of the persons involved have any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

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

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

Practice 12.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The AGM is the principal forum for dialogue and interaction with the shareholders. The Board is committed to provide shareholders with comprehensive and timely information about the Group's activities and performance to enable investors make informed decisions. Shareholders are encouraged to attend AGM and use the opportunity to ask questions on resolutions being proposed. The Chairman and the Board members with the assistance of the external auditors, are responsible to respond and provide explanations on matters raised.</p> <p>The stakeholders could also have the timely information via the announcements made by the Company on Bursa Securities website and the Company's website.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Notice of the 23rd AGM was circulated at least 28 days prior to the date of the 23rd AGM, well in advance of the notice period of 21 days as required under Section 316(2) of the Companies Act, 2016 and Paragraph 7.15 of the MMLR of Bursa Securities.</p> <p>The Notice of AGM is also posted on the Company's website on the same day as the Notice is despatched to the shareholders. It is also being advertised in a nationally circulated newspapers alongside with an announcement on the Bursa Securities.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.2

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>All Board members attended the 23rd AGM of the Company on 30 August 2023, to engage directly with shareholders and to be accountable for their stewardship of the Company.</p> <p>Their presence provided shareholders with the opportunity to interact with each Director individually, allowing them to raise questions and express concerns directly. This facilitated a transparent and accountable dialogue between shareholders and the Company's leadership.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company has conducted its 23rd AGM virtually, utilizing live streaming and online remote voting.</p> <p>This virtual format ensured that all shareholders had the opportunity to participate fully in the AGM. Shareholders were able to raise questions and engage with the Board through the online meeting platform, ensuring their voices were heard and their concerns addressed, despite the restrictions imposed by the pandemic.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.4

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.

| | |
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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | <p>During the 23rd AGM, the Chairman facilitated meaningful interactions between the Board, Senior Management, and shareholders. All Directors and key senior management personnel attended the AGM, addressing questions raised by shareholders comprehensively.</p> <p>Shareholders were provided with ample time and opportunity to ask questions, ensuring an engaging and informative session that promoted transparency and effective communication between the Company's leadership and its shareholders.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 13.5

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

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | <p>The Company conducted its 23rd AGM entirely on a fully virtual basis, utilizing remote participation and voting. Propoll Solutions Sdn Bhd was appointed as the Poll Administrator to oversee the electronic polling process, while Symphony Corporate Services Sdn Bhd acted as the Independent Scrutineer to verify the poll results.</p> <p>During the virtual AGM, the Q&A session facilitated interactions between the Directors, management, and shareholders. Shareholders were given ample time and opportunity to pose questions to the Company and the Board both prior to and during the AGM.</p> <p>The results of each resolution were displayed to all participants, including shareholders, corporate representatives, and proxies. The Chairman of the Meeting then declared that the resolutions were duly passed, ensuring transparency and clarity in the decision-making process.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 13.6

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

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | | |
| Application | : | Applied |
| Explanation on application of the practice | : | The minutes of the 23 rd AGM was made available to the shareholders via the Company's website within 30 business days after the 23 rd AGM. |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

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

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

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