

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5253
COMPANY NAME : ECONPILE HOLDINGS BERHAD
FINANCIAL YEAR : June 30, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has primary responsibilities to shareholders for the welfare of the Company. The Board is responsible for guiding and monitoring the business and affairs of the Company with a view to enhance long term shareholders' value. The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good corporate governance and ethical manner.</p> <p>In discharging its responsibilities, the Board had established an Audit & Risk Management Committee, a Nomination Committee and a Remuneration Committee and delegated specific duties to the respective Board Committees according to their Terms of References to assist the Board to perform certain of its function and to provide recommendations and advices to the Board. The Board retains the ultimate responsibility for final decision on all matter lies with the Board.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter while the roles and responsibilities of the Board Committees in discharging their functions delegated by the Board are set out in their respective Terms of Reference.</p> <p>The Board Charter and the Terms of Reference of the Board Committees can be viewed from the Company's website at www.econpile.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by Mr. Krishnan A/L C K Menon, an experienced Independent Non-Executive Chairman.</p> <p>As the Chairman of the Board, he is responsible for the performance and conduct of the Board. His duties amongst others include:</p> <ul style="list-style-type: none"> (a) provides leadership for the Board so that the Board can perform its responsibilities effectively; (b) sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner; (c) leads Board meetings and discussions; (d) encourages active participation and allows dissenting views to be freely expressed; (e) manages the interface between Board and Management; (f) ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and (g) leads the Board in establishing and monitoring good corporate governance practices in the Company. <p>The roles and responsibilities of the Chairman of the Board are clearly specified in the Board Charter which is available on the Company's website at www.econpile.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of a clear division of responsibility between the Chairman, Group Managing Director and Group Chief Executive Officer to ensure a balance of power and authority and no individual has unfettered powers of decision and control. The positions of Chairman, Group Managing Director and Group Chief Executive Officer are held by different persons and their respective roles are clearly defined in the Board Charter.</p> <p>The position of Board Chairman is currently held by Mr. Krishnan A/L C K Menon whilst the positions of Group Managing Director and Group Chief Executive Officer are helmed by Mr. The Cheng Eng and Mr. Pang Sar respectively.</p> <p>The Chairman provides leadership role in the conduct of the Board and its relations with the shareholders and stakeholders.</p> <p>The Group Managing Director is responsible for the running of the affairs of the Group under delegated authority from the Board and to implement the policies and strategies set by the Board.</p> <p>The Group Chief Executive Officer is responsible for managing the daily conduct of business to ensure its smooth operations, supervision and management of the Group as well as assisting the Group Managing Director in all of the responsibilities of the Group Managing Director.</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 board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has engaged external qualified company secretaries from Tricor Corporate Services Sdn. Bhd. The Company Secretaries are Fellow or Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and fulfilled the qualification requirements under Section 235(2)(a) of the Companies Act 2016.</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regards to the Company's Constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations. They have also attended the relevant continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia for practising company secretaries to constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance.</p> <p>The Company Secretaries ensure all Board and Board Committees meetings are properly organised and convened in a timely manner. The Company Secretaries also ensure that deliberations and resolutions tabled at Board and Board Committees meetings are well captured, minuted and documented.</p> <p>The detail of the responsibilities of the Company Secretary is clearly set out in the Board Charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice of meetings setting out the agenda and accompanied by the relevant agenda papers are given to the Directors and Board Committee members with sufficient time in order for them to review and seek additional information and/or clarification on the matters to be deliberated at Board and Board Committee meetings. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings are held as and when required.</p> <p>The Company strives to provide the meeting materials at least 5 business days in advance of each meeting. The minutes of meetings are prepared and circulated to all the Directors and Board Committees members for review and approval subsequently. Fundamental questions raised and key points discussed during the meeting as well as matters where Directors abstained from deliberation and voting, and dissenting issues or concerns, if any were recorded. The minutes would be confirmed by the Board and Board Committees at the following meeting and signed by the Chairman of the Board and Board Committees respectively.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter is in place and is periodically reviewed and updated by the Board in accordance with the needs of the Company and any new regulations that may have an impact on the Board in discharging its duties and responsibilities. The Board Charter sets out the roles and responsibilities of the Board, Chairman, Group Managing Director, Group Chief Executive Officer, Senior Independent Director and Company Secretary, including a formal schedule of matters reserved to the Board for consideration and decision. It also set out the delegation of authority by the Board to the Board Committees, namely Audit & Risk Management Committee, Nomination Committee and Remuneration Committee.</p> <p>The Board Charter is accessible through the Company's website at www.econpile.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>To strengthen the standards of corporate governance and corporate behaviour, the Board has formalised a Code of Ethics which is to be observed by all Directors. In addition, the Company has a Code of Conduct that sets out the standards of conduct and responsible behaviour expected of all Directors, Management and officers to promote corporate culture which inculcates ethical conduct throughout the Group.</p> <p>The Code of Conduct and Code of Ethics are accessible through the Company's website at www.econpile.com.</p> <p>As part of the Company's commitment against all forms of bribery and corruption, the Board has adopted the Anti-Bribery & Anti-Corruption Policy & Guidelines which sets out rules and guidance to Directors, Senior Management, employees and business associate who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.</p> <p>The Anti-Bribery & Anti-Corruption Policy & Guidelines is accessible through the Company's website at www.econpile.com.</p> <p>In addition, a specific corruption risk assessment was carried out by senior management, with the assistance of a professional services firm to identify, analyse, assess and prioritise corruption risks within the operations of the Group. The results of the corruption risk assessment and recommended action plans were presented to the Audit & Risk Management Committee and the Board on 26 November 2020.</p> <p>The Group will conduct and review the results of corruption risk assessments on periodic basis to ensure the continued effectiveness of the policy and all related procedures and control.</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.

Application	:	Applied	
Explanation on application of the practice	:	Whistleblowing Policy & Guidelines are in place to ensure there is a structured channel for employees to raise concerns regarding malpractices committed within the Group without fear of reprisal. The Whistleblowing Policy & Guidelines are accessible through the Company's website, www.econpile.com .	
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 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently consists of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The Independent Directors make up half of the composition of the Board.</p> <p>The Company is not a Large Company as defined under the Malaysian Code on Corporate Governance.</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 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
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

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

Practice 4.3 - Step Up

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

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 4.4

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

Application	: Applied
Explanation on application of the practice	<p>The appointment of new Directors falls under the purview of Nomination Committee. The Nomination Committee is responsible for identifying, considering and recommending suitable persons for appointment as Directors, relying on sources from existing Board members, Management, major shareholders and other independent sources such as executive search firms. In making the recommendations, due consideration shall be given to:</p> <ul style="list-style-type: none">(a) the candidates' skills, knowledge, expertise and experience, professionalism, character, integrity, reputation, competence, commitment (including time commitment) to effectively discharge his/her role as a Director;(b) boardroom diversity including gender diversity; and(c) in the case of candidates for the position of Independent Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors. <p>The current composition of the Board includes a diverse mix of skill sets, knowledge and experience (i.e. engineering, construction, accounting, finance, economics and business management) and age (range between 41-73). There is no active politician on the Board.</p> <p>The members of the Board have remained unchanged since the Company's listing on Bursa Malaysia Securities Berhad on 30 June 2014. A brief description of the background of each Director is presented in the Annual Report 2021.</p> <p>Likewise, the appointment of senior management is based on predetermined criteria of skill sets and experience and it is administered by the Human Resource Department. The Group operates in a male-dominated industry and is therefore a relatively male-dominated company. This is reflected in the numbers of male and female employees that make up the workforce in the Group. The Company had on 1 December 2020 appointed a new Senior General Manager (Finance).</p> <p>The Group does not set specific numerical targets for diversity on gender, ethnicity, cultural background and age in its senior</p>

	management but will make continuous efforts to enhance workplace diversity on all levels.	
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 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a Board Diversity Policy with the objective to ensure that the Board has the diversity of perspectives, experience and skills necessary for effective oversight of the Group. Diversity includes, but is not limited to, gender, age and ethnicity. The Board is committed to maintain at least 30% of female representation, whilst ensuring that diversity in age and ethnicity remains a feature of the Board.</p> <p>Presently, the Board has two (2) women Directors, i.e. Ms. The Kun Ann and Ms. Ong Poay Wah @ Chan Poay Wah, both were appointed to the Board in 2013, representing 33.33% of the total number of Board members.</p> <p>Additionally, 24% of the Managerial positions of the Company are held by women.</p> <p>The Company is not a Large Company as defined under the Malaysian Code on Corporate Governance.</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 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board views the identification and appointment of new Directors as an essential process that must be carried out with foremost diligence and care. The current process of appointment to the Board is based on the recommendation of the Nomination Committee.</p> <p>The identification and appointment process are carried out based on methodical and robust process undertaken by the Nomination Committee in line with the criteria stipulated within its Terms of Reference. The Nomination Committee recommends shortlisted candidates for the Board's approval. The Board will then, based on the recommendation of the Nomination Committee, evaluate and decide on the appointment of the proposed candidate(s). The Company Secretaries ensure that all appointments are properly conducted and in compliance with the legal and regulatory requirements.</p> <p>There was no new appointment of Director during the year under 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

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by the Senior Independent Director, Ms. Ong Poay Wah @ Chan Poay Wah.</p> <p>In discharging her duties as the Chairperson of the Nomination Committee, she undertakes to perform, among others, the following:</p> <ul style="list-style-type: none"> • leading the annual assessment of the Board and Board Committees; • assessing the training needs for the Board; and • leading the review and recommendation to the Board regarding the Terms of Reference of the Nomination Committee. 	
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The annual evaluation on effectiveness of the Board, its committees and each individual director falls under the purview of Nomination Committee.</p> <p>The performance assessments were conducted in-house via self-assessment questionnaires. Each Director was required to complete a set of questionnaires and the aggregate responses were tabled to and reviewed by the Nomination Committee. The outcome of the assessments is properly documented.</p> <p>The Board, through the Nomination Committee’s annual appraisal, concluded that the Board has the right mix of backgrounds, skills and experiences to discharge its duties effectively.</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 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that remuneration is a key ingredient in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business. In this regard, the Board has formalised a Remuneration Committee. The primary objective of the Remuneration Committee is to provide recommendations on remuneration packages and benefits for Executive Directors, Non-Executive Directors and key senior management.</p> <p>A Remuneration Policy has been adopted wherein it sets out the remuneration principles and guidelines for members of the Board and key senior management of the Company. In setting the remuneration of Directors, the Board is guided by the Directors' Remuneration Policy. The Executive Directors shall not participate in decisions regarding their individual remuneration. The fees and other benefits payable to the Non-Executive Directors, which had been reviewed by the Nomination Committee, are recommended by the Board to the shareholders for approval at the Annual General Meeting.</p> <p>The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>Both Terms of Reference of the Remuneration Committee and the Remuneration Policy are accessible through the Company's website at www.econpile.com.</p>
Explanation for departure	:	

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

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 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Committee to review and recommend matters relating to the remuneration of the Board and key senior management. The Chairman of the Remuneration Committee is Dato' Rosli bin Mohamed Nor.</p> <p>The duties and responsibilities of the Remuneration Committee are stated in the Terms of Reference of the Remuneration Committee which was last reviewed on 26 August 2020.</p> <p>The Terms of Reference of the Remuneration Committee is accessible at the Company's website at www.econpile.com.</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 7.1

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

Application	:	Applied																																																																														
Explanation on application of the practice	:	<p>The details of the remuneration of each Directors paid for the financial year ended 30 June 2021 is as follow:-</p> <p>(a) <u>Company</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fees (RM)</th> <th>Salaries (RM)</th> <th>Other emoluments* (RM)</th> <th>Benefits- in-kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>The Cheng Eng</td> <td>-</td> <td>120,000</td> <td>8,513</td> <td>-</td> <td>128,513</td> </tr> <tr> <td>Pang Sar</td> <td>-</td> <td>120,000</td> <td>8,513</td> <td>-</td> <td>128,513</td> </tr> <tr> <td>The Kun Ann</td> <td>-</td> <td>36,000</td> <td>8,819</td> <td>-</td> <td>44,819</td> </tr> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td>Krishnan A/L C K Menon</td> <td>77,000</td> <td>-</td> <td>6,500</td> <td>-</td> <td>83,500</td> </tr> <tr> <td>Ong Poay Wah @ Chan Poay Wah</td> <td>54,500</td> <td>-</td> <td>6,500</td> <td>-</td> <td>61,000</td> </tr> <tr> <td>Dato' Rosli bin Mohamed Nor</td> <td>63,000</td> <td>-</td> <td>6,500</td> <td>-</td> <td>69,500</td> </tr> </tbody> </table> <p>(b) <u>Group</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fees (RM)</th> <th>Salaries (RM)</th> <th>Other emoluments* (RM)</th> <th>Benefits- in-kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>The Cheng Eng</td> <td>-</td> <td>741,000</td> <td>98,530</td> <td>28,952</td> <td>868,482</td> </tr> <tr> <td>Pang Sar</td> <td>-</td> <td>741,000</td> <td>98,530</td> <td>28,952</td> <td>868,482</td> </tr> </tbody> </table>	Name	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits- in-kind (RM)	Total (RM)	Executive Directors						The Cheng Eng	-	120,000	8,513	-	128,513	Pang Sar	-	120,000	8,513	-	128,513	The Kun Ann	-	36,000	8,819	-	44,819	Non-Executive Directors						Krishnan A/L C K Menon	77,000	-	6,500	-	83,500	Ong Poay Wah @ Chan Poay Wah	54,500	-	6,500	-	61,000	Dato' Rosli bin Mohamed Nor	63,000	-	6,500	-	69,500	Name	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits- in-kind (RM)	Total (RM)	Executive Directors						The Cheng Eng	-	741,000	98,530	28,952	868,482	Pang Sar	-	741,000	98,530	28,952	868,482
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	Non-Executive Directors					
	Krishnan A/L C K Menon	77,000	-	6,500	-	83,500
	Ong Poay Wah @ Chan Poay Wah	54,500	-	6,500	-	61,000
	Dato' Rosli bin Mohamed Nor	63,000	-	6,500	-	69,500
	*Other emoluments include bonuses, allowances, contributions to the Employees Provident Fund and Social Security Organisation.					
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 7.2

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

Application	:	Departure																																																
Explanation on application of the practice	:																																																	
Explanation for departure	:	<p>The remuneration of the top five senior management is not disclosed on a named basis. The Board is of the view that such disclosure may contribute to talent retention issues as employee poaching is a common phenomenon in the construction industry and is not in the best interest of the Group.</p> <p>As an alternative, the Company had disclosed the remuneration of the top three senior management (also a Director) on named basis and the remuneration of the remaining two senior management was disclosed in the band of RM50,000 in the Corporate Governance Overview Statement of the Annual Report 2021, as follows:</p> <p>(a) <u>Company</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fees (RM)</th> <th>Salaries (RM)</th> <th>Other emoluments* (RM)</th> <th>Benefits-in-kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>The Cheng Eng</td> <td>-</td> <td>120,000</td> <td>8,513</td> <td>-</td> <td>128,513</td> </tr> <tr> <td>Pang Sar</td> <td>-</td> <td>120,000</td> <td>8,513</td> <td>-</td> <td>128,513</td> </tr> <tr> <td>The Kun Ann</td> <td>-</td> <td>36,000</td> <td>8,819</td> <td>-</td> <td>44,819</td> </tr> </tbody> </table> <p>(b) <u>Group</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Fees (RM)</th> <th>Salaries (RM)</th> <th>Other emoluments* (RM)</th> <th>Benefits-in-kind (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors</td> </tr> <tr> <td>The Cheng Eng</td> <td>-</td> <td>741,000</td> <td>98,530</td> <td>28,952</td> <td>868,482</td> </tr> </tbody> </table>	Name	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)	Executive Directors						The Cheng Eng	-	120,000	8,513	-	128,513	Pang Sar	-	120,000	8,513	-	128,513	The Kun Ann	-	36,000	8,819	-	44,819	Name	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)	Executive Directors						The Cheng Eng	-	741,000	98,530	28,952	868,482
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	Pang Sar	-	741,000	98,530	28,952	868,482
	The Kun Ann	-	253,800	58,054	17,400	329,254
	*Other emoluments include bonuses, allowances, contributions to the Employees Provident Fund and Social Security Organisation.					
	Range of Remuneration		Number of Senior General Manager/ Deputy Senior General Manager in core group of senior management			
	RM250,000 – RM300,000		2			
	RM300,001 – RM350,000		2			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.				
Timeframe	:	Choose an item.				

Intended Outcome

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

Practice 7.3 - Step Up

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

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 8.1

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 Audit & Risk Management Committee is Dato' Rosli Bin Mohamed Nor while the Chairman of the Board is Mr. Krishnan A/L C K Menon.</p> <p>Having the positions of Board Chairman and Chairman of the Audit & Risk Management Committee assumed by different individuals, it allows the Board to objectively review the Audit & Risk Management Committee's findings and recommendations.</p> <p>Mr. Krishnan is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.</p> <p>Mr. Krishnan's full profile can be found in Directors' Profile in the Annual Report 2021.</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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of Audit & Risk Management Committee currently provides that a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit & Risk Management Committee.</p> <p>To date, none of the Audit & Risk Management Committee members were former key audit partner.</p> <p>The Terms of Reference of the Audit & Risk Management Committee is accessible at the Company’s website at www.econpile.com.</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 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit & Risk Management Committee is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>In safeguarding and supporting external auditors' independence and objectivity, the Company has formalised an External Auditors Policy which primarily outlines the selection process of new external auditors, criteria for the annual assessment on the performance of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services.</p> <p>The Board has determined the scope and nature of non-audit services that are prohibited, among others, internal audit and policy and standard operating procedures documentation. The Board was of view that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.</p> <p>The Audit & Risk Management Committee had on 28 September 2021 undertaken an annual assessment on the performance, suitability and independence of the external auditors based on the following criteria:-</p> <ul style="list-style-type: none">• Calibre of the external auditors• Audit quality• Adequacy of resources• Communication and interaction• Audit scope and planning• Provision of non-audit services• Audit fees <p>Based on the assessment results, the Audit & Risk Management Committee was satisfied with the competencies, audit quality and resource capacity of the external auditors, namely KPMG PLT and that the provision of non-audit services by KPMG PLT for the financial year ended 30 June 2021 did not in any way impair their objectivity and independences as external auditors 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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit & Risk Management Committee comprise solely of Independent Directors, as follows:</p> <ul style="list-style-type: none">- Dato' Rosli Bin Mohamed Nor (Chairman)- Mr. Krishnan A/L C K Menon (Member)- Ms. Ong Poay Wah @ Chan Poay Wah (Member) <p>As independence is the cornerstone of a well-functioning audit committee, the Board is of the view that the existing composition of the Audit & Risk Management Committee allows its members to apply professional scepticism, vigilance and moral courage when undertaking their responsibilities on pertinent matters.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The current members of the Audit & Risk Management Committee, collectively, possess a wide range of skills, knowledge and industry practice and the requisite accounting or related financial management expertise. Together, they provide an effective level of challenge to Management.</p> <p>The members of the Audit & Risk Management Committee continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the Audit & Risk Management Committee meeting.</p> <p>The Board through the Nomination Committee is responsible for ensuring that all Audit & Risk Management Committee members receive ongoing training and development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Whilst the Board maintains ultimate control over risk and control issues, it has delegated to the Audit & Risk Management Committee to oversee the implementation of the system of risk management and internal control within established parameters and framework.</p> <p>The key risks relating to the Group's strategic matters are discussed at the Board meetings. In addition, the responsibility for identifying and managing the risks of each department within the Group lies with the respective Heads of Department and it is during the monthly management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Executive Directors and senior management.</p> <p>A risk register is in place to identify, evaluate and manage the significant risks of the Group on an ongoing basis. The risk management framework is guided by the principles of Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management framework, an internationally recognised risk management framework.</p> <p>The Group's internal audit function, which reports directly to the Audit & Risk Management Committee, is outsourced to Tricor Axcelasia Sdn. Bhd. The Engagement Executive Director has diverse experience in internal audit, risk management and corporate governance advisory. The internal audit reviews are conducted using a risk-based approach and are guided by the International Professional Practice Framework.</p> <p>Further details of the risk management and internal control framework can be found in the Statement on Risk Management and Internal Control of the Annual Report 2021.</p>
Explanation for departure	:	

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

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 9.2

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>The Board has established a framework to review and manage significant risks to the Group. The key features and elements of the Group's risk management and internal control as well as their adequacy and effectiveness are detailed in the Statement on Risk Management and Internal Control in the Company's Annual Report 2021.</p> <p>The Board is of the view that the Group's system of risk management internal control is effective and adequate to safeguard shareholders' investments and the Group's assets.</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 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit & Risk Management Committee is responsible for monitoring and reviewing the effectiveness of the Group's internal audit function. The function is independent of the external auditors and is led by the Group's outsourced Internal Auditors, Tricor Axcelasia Sdn. Bhd. The Internal Auditors attend Audit & Risk Management Committee meeting and reports to the Audit & Risk Management Committee directly.</p> <p>In addition, the Audit & Risk Management Committee meets with the Internal Auditors at least once annually without the presence of Management. The Internal Auditors have unfettered access to the Audit & Risk Management Committee, the Board and Management as well as the Group's documents, records, properties and personnel.</p> <p>For further details, please refer to Audit & Risk Management Committee Report of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd. The Engagement Executive Director is Ms. Melissa Koay who has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms. Melissa is also a Certified Internal Auditor.</p> <p>The number of staff deployed for the internal audit reviews is ranging from three (3) to four (4) staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework.</p> <p>A statement on the Internal Audit Function with the required disclosure is available under the Audit & Risk Management Committee Report in the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and through various disclosures via the Company's website at www.econpile.com as well as the official website of Bursa Malaysia Securities Berhad. In addition, the Group also engages in regular dialogues with institutional investors, fund managers and analysts. Briefings for analysts and institutional investors are held bi-annually in conjunction with the release of the second quarter and fourth quarter financial results.</p> <p>The Annual General Meeting serves as a principal forum for dialogue with shareholders and investors, where they may seek clarification on the Group's performance, major developments of the Company as well as on the resolutions being proposed. Members of the Board as well as the External Auditors and the Company Secretaries are present to answer questions raised.</p> <p>The Company has in place the Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Main Market Listing Requirements.</p> <p>In addition to the above, the contact details of a designated person is made available at the Company's website at www.econpile.com for stakeholders to provide their views and feedback.</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined under the Malaysian Code on Corporate Governance.	
		The annual report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial achievements in the fiscal year. In addition, Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of non-financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In 2020, the Notice of Eighth Annual General Meeting (“AGM”) was issued and made available on the Company’s website and a nationally circulated newspaper on 26 October 2020, which was more than 28 days prior to the AGM scheduled on 26 November 2020.</p> <p>Sufficient notice period was given to the shareholders in order for them to schedule their time to attend the Company’s AGM. The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>The forthcoming Ninth AGM of the Company will be convened on 29 November 2021 of which the notice will be given to its shareholders on 29 October 2021, which is more than 28 days before the AGM and well in advance of the 21-day requirement under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended the last virtual Annual General Meeting held on 26 November 2020. All issues and questions raised by the shareholders during the Annual General Meeting were clarified and explained. Senior Management, Company Secretaries and External Auditors were also in attendance to respond to any financial, operational and corporate governance queries raised by the shareholders. Shareholders are encouraged to raise questions before matters on the agenda are put to vote and sufficient time was allocated for such purpose.	
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 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Annual General Meeting ("AGM") has always been held at a location that is central and easily accessible by shareholders and at a convenient time.</p> <p>However, as part of the Company's precautionary measures against the Covid-19 pandemic, the last AGM was held virtually through live streaming from the Broadcast Venue at Meeting Room, Level 8, Tower Block, Plaza Dwtasik, Jalan Sri Permaisuri, Bandar Sri Permaisuri, 56000 Kuala Lumpur. Shareholders participated and posed questions to the Board via Remote Participation and Voting ("RPV") facilities. All resolutions set out in the Notice of Eighth AGM were voted remotely using the RPV facilities,</p> <p>In light of the Covid-19 pandemic, the forthcoming AGM of the Company will also be conducted virtually through live streaming from the broadcast venue via the RPV facilities provided by the Company's Share Registrar. Shareholders can register for remote participation via the online portal prior to the meeting day to join the live streaming of the AGM proceedings and pose questions to the Board and cast their votes online.</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	:	

**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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