

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5027
COMPANY NAME : KIM LOONG RESOURCES BERHAD
FINANCIAL YEAR : January 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	: The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following: <ul style="list-style-type: none">▪ Reviewing and approving the strategic business plan developed by Management for the Group;▪ Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;▪ Identifying and approving policies pertaining to the management of all key risks categories including but not limited to credit, financial, market, liquidity, operational, legal, environmental and reputational risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;▪ Serving as the ultimate approving authority for all significant investment and acquisition/disposal of assets;▪ Developing and implementing a shareholder communications policy for the Company;▪ Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;▪ Approving the remuneration package of both Executive and Non-Executive Directors; and▪ Ensuring that the Group adheres to high standards of conduct, ethics and corporate professional behaviour. The Board has delegated specific responsibilities to the following committees: i. Audit Committee

	ii. Nominating Committee iii. Remuneration Committee These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.
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 1.2

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 Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group.</p> <p>He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.</p> <p>The Company's Chairman is an Executive Director and there are three (3) Independent Non-Executive Directors out of seven (7) board members (excluding the two (2) Alternate Directors).</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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The roles and responsibilities of the Executive Chairman and the Managing Director are held by two different individuals to exercise clear separation of duties to enable a balance of power and authority.</p> <p>This is in line with the recommendation of the Code, which requires the Board to establish clear functions reserved for the Board and those delegated to the management.</p> <p>The Board is led by Mr Gooi Seong Lim, as the Executive Chairman, whilst the executive management is helmed by Mr Gooi Seong Heen, the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses.</p> <p>The Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group. He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.</p> <p>The Managing Director has the overall responsibility for the profitability and development of the Group. He is responsible for the stewardship of all the Group's assets, day-to-day running of the business and effective implementation of Board decisions, annual operating plan, budget, policies decisions as approved by the Board. The Managing Director's in depth and intimate knowledge of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.</p> <p>The segregation of duties between the Executive Chairman and the Managing Director facilitates an appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.</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

<p><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></p>	
<p>Application :</p>	<p>Departure.</p>
<p>Explanation on application of the practice :</p>	
<p>Explanation for departure :</p>	<p>The Board Chairman is not a member of the Audit Committee, Nominating Committee or Remuneration Committee.</p> <p>The Board Chairman was invited to attend the Nominating Committee and Remuneration meetings to present the Management’s proposal for the deliberations of the said Committee.</p> <p>Given that the Nominating Committee and the Remuneration Committee consist wholly of Independent Non-executive Directors, the said Committees objectivity in deliberating the matters has been diminished in anyway. The Board is of the view that the said Committees are able to discharge their duties and responsibilities independently.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board is supported by three (3) qualified Company Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.</p> <p>The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.</p> <p>The Company Secretaries, who are qualified, experienced and competent, is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, corporate governance best practices, procedures and regulation and the resultant implications to the Company and the Board in discharging their duties and responsibilities.</p> <p>The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the</p>

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

Intended Outcome

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

Practice 1.6

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

Application	: Applied.
Explanation on application of the practice	<p>The Executive Chairman and the Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.</p> <p>In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.</p> <p>All Directors are provided with an agenda and a set of comprehensive Board papers at least seven (7) days before the meeting. These are issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.</p> <p>The Board papers prepared for the quarterly scheduled meetings include, among others, the following:</p> <ul style="list-style-type: none">• Minutes of previous Board meeting• Minutes of the Board Committee's meeting• Reports on matters arising

	<ul style="list-style-type: none"> • Quarterly financial report • Reports on operations <p>Other matters highlighted for the Board’s decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.</p> <p>Minutes of meetings are prepared by the Company Secretaries. Upon completion of the meeting, a draft minutes of meeting will be circulated to all Members in a timely manner for review and finalisation.</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

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 has formalised and adopted a Board Corporate Governance Manual (“Board CG Manual”) which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations.</p> <p>The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.</p> <p>The Board CG Manual, covers amongst others, the following matters:</p> <ul style="list-style-type: none">• Policies on Corporate Social Responsibilities, Gender Equality and Sustainability• Board Charter• Role, Responsibilities and Power of the Board, Individual Directors, Chairman & Managing Director• Role of Board Committees• Role of Company Secretary• Board & General Meetings• Corporate Disclosure Policy• Whistle-blowing Policy• Code of Ethics and Conduct• Corporate Integrity Policy - Anti Fraud Policy• Risk Management Policy• Investors Relations Policy <p>This Board CG Manual will be regularly reviewed and periodically and</p>

	<p>updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved by the Board. The Board CG Manual was adopted on 17 May 2018.</p> <p>Extract of the Board CG Manual is available on the Company's website at www.kimloong.com.my.</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

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	: <u>Code of Ethics and Conduct ('COEC')</u> The COEC of the Group contains detailed policy statements on the standards of behaviour and ethical conduct expected of all Directors and employees and business partners of the Group. The COEC not only promotes legal and procedural compliance but also provides a moral compass to ensure that the individual's behaviour is in line with the Group's Core Values and business objectives. All employees are expected to understand the principles and standards stipulated and must comply with them not only in their form but also in the substance of the ethical principles and conduct stated in the COEC. Further details on the COEC are available on the Company's website at www.kimloong.com.my . <u>Conflict of Interest and Related Party Transactions</u> The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Kim Loong Resources Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

	<p><u>Insider Trading</u> Directors and senior management are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the MMLR and the relevant regulatory provisions.</p> <p><u>Related Party Transactions</u> Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the MMLR. The related party transactions are recorded and presented to the Audit Committee on a half yearly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.</p> <p><u>Anti-Bribery and Anti-Corruption Policy</u> With the adoption of the Anti-Bribery and Anti-Corruption (ABC) policy, the Group practises zero tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of Group.</p> <p>Continuous engagement activities are conducted to spread awareness of the policies and to address any concerns.</p> <p>The ABC Policy is available on the Company's website at www.kimloong.com.my.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied.
Explanation on application of the practice	:	<p>As part of best practices in good corporate governance, a Whistleblowing Policy has been established by the Board since 2014 that outlines the principles underpinning the grievance procedure.</p> <p>The Group's Whistleblowing Policy ("WP") provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation and intimidation. Confidentiality and anonymity are assured to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure procedures, accordingly. The WP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed by the appropriate personnel and definitive action can be taken.</p> <p>Details of the whistle-blowing channel are available on the Company's website at www.kimloong.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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Group has established a Risk Management and Sustainability Committee (“RMSC”), helmed by the Managing Director and other Executive Directors of the Company as well as Heads of Business Units of the Group as Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Managing Director and other Executive Directors, Heads of Business Units and key Management staff. The working group is involved in the identification of Material Sustainability Matters (‘MSMs’), as well as the management of MSMs, which are deliberated at the RMSC.</p> <p>The RMSC monitors and the outcome and thereof disseminate to the Board for notification and comments, as the case may be.</p> <p>On a quarterly basis, the Board meetings are held to discuss the progress of approved strategic initiatives and directives are made to address identified risks and opportunities.</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	:		
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Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At the Board’s quarterly meetings, it conducts a review of the Company’s sustainability strategies, priorities and targets. Any directives from the Board are cascaded down by the Managing Director the Management Team via management meetings / performance review meetings.</p> <p>The Management Team ensures that these directives are further cascaded down the organisation.</p> <p>In addition, the Management Team is responsible for setting Company-wide performance goals and targets relating to sustainability and measuring the same, which is reported to the Board.</p> <p>The Company’s sustainability strategies, priorities and targets are disclosed to external stakeholders through its Sustainability Statement.</p> <p>Details of our stakeholder management approach in general are disclosed in our Annual Report</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

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

Practice 4.3

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Board participates in training and engagement with subject matter experts from the industry to ensure it stays abreast with and understands sustainability issues, including:</p> <ul style="list-style-type: none"> • Bursa Malaysia • Socio-economic experts (including consultants) • Investors • Financial Institutions <p>In addition, the Management Team is being tasked to engage with sustainability related associations to ensure emerging trends and requirements are reported to the Board and addressed. These associations include:</p> <ul style="list-style-type: none"> • Certification bodies • Sustainability consultancy firms • Regulatory bodies 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>Performance of the Board in addressing the Company’s material sustainability risks and opportunities is reviewed as part of the annual assessment on Board members conducted by the Nominating Committee.</p> <p>Similarly, the Management Team’s performance in addressing the Company’s material sustainability risks and opportunities is reviewed as part of the annual performance review 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

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

Practice 4.5- Step Up

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

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

Application	:	Adopted.
Explanation on adoption of the practice	:	The Board has designated Mr Gooi Chuen Kang, the Plantation Director who is responsible for focusing on sustainability across the Group. This designated person reports directly to Managing Director to ensure sustainability is driven from the top.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Nominating Committee is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The Nominating Committee assesses the effectiveness of the Board as a whole and each of the Board Committees as well as the contribution of each individual Director, including the Independent Non-Executive Directors, Executive Chairman and Managing Director on an annual basis. All assessments and evaluations carried out by the Nominating Committee in discharging its duties are documented in the minutes of meetings.</p> <p>The objective of the assessment of the effectiveness of the Board as a whole, the Board Committee and the contribution of each Director was to improve the Board and the Committee's effectiveness and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the Nominating Committee and its recommendations to the Board.</p> <p>The Board, through the Nominating Committee's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by Independent Non-Executive Directors which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment in which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.</p> <p>The Board appoints its members through a selection process. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected from them. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made and that legal and regulatory obligations are met.</p>

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

Intended Outcome

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

Practice 5.2

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

Application	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	<u>Independent Directors and balance of power</u> The Board comprises 9 members, out of which 4 are Executive Directors, 3 Independent Non-Executive Directors and 2 Alternate Directors. The Board is of the opinion that current number of Independent Directors are sufficient to ensure check and balance of power and authority on the Board	
		The Board is satisfied with the Board’s composition in respect of representation of minority shareholders and effective oversight of management by the Independent Non-Executive Directors	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.</p> <p>The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively is very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.</p> <p>Both the Nominating Committee and the Board have assessed the independence of Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow who have served for a cumulative of more than nine (9) years and recommended them be retained as the Independent Non-Executive Directors of the Company based on the following justifications:</p> <p>a) They have fulfilled the criteria under the definition of an Independent Director as stated in the MMLR, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board;</p> <p>b) They perform their duties and responsibilities diligently and in the</p>

	<p>best interests of the Company without being subject to influence of the management;</p> <p>c) Their in-depth knowledge of the Group’s businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;</p> <p>d) They, having been with the Company for more than nine (9) years respectively, are familiar with the Group’s business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;</p> <p>e) They are independent as they have shown great integrity and they has not entered into any related party transaction with the Group; and</p> <p>f) They currently do not sit on the board of any other public and/or private companies having the same nature of business as that of the Group; and</p> <p>Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow, their continued service will serve the interest of the Company and its shareholders.</p> <p>The Board is unanimous in its opinion that Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow who have served on the Board as Independent Directors, exceeding a cumulative term of more than nine (9) years, continue to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR.</p> <p>In this respect, the Board has approved the continuation of Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow as Independent Directors of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly, the Board strongly recommends retaining Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow as Independent Non-Executive Directors and will be tabling Ordinary Resolutions 9, 10 and 11 to shareholders at the 47th AGM for the said purpose. Shareholders’ approval for the Ordinary Resolutions will be sought on a single-tier voting process.</p> <p>The Board takes cognizance of the recommendation of the Code regarding the tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for the retention of Independent Directors who have served for a cumulative term of more than nine (9) years.</p> <p>This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be decided by a simple</p>
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	majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.	
<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.

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

Application :	Not adopted.
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board is committed to ensure that there is diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value adding impact to the Company. While the board acknowledge the importance of boardroom and senior management diversity, appointment to the Board and senior management position shall always be based on objective criteria and merit, having regards for diversity in business experience, skills, qualifications, integrity, knowledge and soft skills that are essential element in supporting the attainment of the Company's objective.</p> <p>The Company practices equal employment opportunities for all qualified individual to create a workforce that is fair and inclusive and seeks to retain and attract the most suitable person to do the job.</p> <p>We reward and promote employee based on individual performance, capability and potential.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Currently the selection of candidates to be considered as directors are based on the existing networks and recommendations from the Directors, Management and major shareholders through a selection process facilitated by the Nominating Committee.</p> <p>The director appointment process is based on meritocracy in sourcing high calibre directors with a sound undertaking of the business.</p> <p>The Board is of the opinion that recommendation from existing board members and major shareholder is working as intended for the time being. The potential candidates go through a selection process facilitated by the Nominating Committee before they can be considered as Directors.</p> <p>The Nominating Committee will assess directorship suitability based on the following criteria:</p> <ul style="list-style-type: none">• skills, knowledge, expertise and experience;• character, integrity and professionalism;• perceived ability to work cohesively with other members of the Board;• number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;• diversity in age, gender and experience/background; and• such other relevant factors as may be determined by the Nominating Committee which would contribute to the Board's collective skills, whilst taking into account the current and future needs of the Company, boardroom diversity and other soft attributes required as Directors.

	Internal promotion of Senior Management as director are also being considered as career advancement for them.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board ensures that shareholders are kept informed on the changes to the Board and its supporting Board Committees. Any changes to the Board's composition and structure is disclosed via the Bursa Malaysia Announcement Link within the stipulated time required by the regulators. The Company's corporate website is also promptly updated to disclose the changes to the Board's composition.</p> <p>Information on Directors being put up for re-election is shared with shareholders via the Notice of AGM.</p> <p>The following Directors shall retire in accordance with Clause 88 of the Company's Constitution:</p> <ul style="list-style-type: none">a) Mr Gooi Seong Limb) Mr Gooi Seong Gum <p>The profiles of the Directors standing for re-election as mentioned in paragraph above at the Forty-seventh Annual General Meeting are set out in the Annual Report 2022 under the section named Profile of Directors.</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	:	<p>The Chair of the Nominating Committee is held by the Senior Independent Director, Mr Gan Kim Guan. The Nominating Committee currently comprises three Independent Directors.</p> <p>The Terms of Reference of the Nominating Committee is available on the Company's website at www.kimloong.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 5.9

The board comprises at least 30% women directors.

Application	:	Departure.
Explanation on application of the practice	:	
Explanation for departure	:	Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to providing fair and equal opportunities and nurturing diversity within the Group. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.
		The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.
<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	:	The Board acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.
	:	The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified. During employee recruitment process, the Company ensures diversity in its management level by having female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Director or Senior Management
<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	: The annual assessment on the board, its committees and each individual director was carried out internally using self-evaluation forms extracted from the Corporate Governance Guide issued by Bursa Securities. The results of the duly completed self-evaluation forms received from the Directors and Audit Committee members were tabled to the Nominating Committee for consideration. The Nominating Committee is satisfied that the Board has a good mix of skills, experience and qualities and each of the Directors has the professionalism, competence, experience, time commitment, integrity and character to effectively discharge their role as a Director. The Nominating Committee is also satisfied with the performance of the Audit Committee and each of Audit Committee members who have carried out their duties in accordance with their Terms of Reference. The results from the Nominating Committee were reported to the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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 remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and senior management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and senior management, the remuneration will depend on the achievement of goals including targets and personal achievement and is linked to Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties.</p> <p>a. The level and make up of Remuneration The remuneration package of the Executive Directors and senior management is reviewed by the Remuneration Committee for consideration of the Board.</p> <p>The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.</p> <p>b. Procedure The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and senior management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-</p>

	Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board has a Remuneration Committee chaired by Senior Independent Director and two Independent Directors are members to the Committee.</p> <p>The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of the Executive Chairman, Managing Director, Executive Directors and senior management, so as to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors and senior management with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors and senior management are linked to their level of responsibilities and contribution to the effective functioning of the Company and the Group. None of the Executive Directors participated in any way in determining their individual remuneration.</p> <p>The Board as a whole determines the remuneration packages of Independent Non-Executive Directors with the Directors concerned abstaining from discussions in respect of their individual remuneration. In deciding on an appropriate level of fees for each Independent Non-Executive Director, the Board has considered the responsibility level and time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers, as well as the number of Board Committees involved.</p> <p>The Terms of Reference of the Remuneration Committee is available on the Company's website at www.kimloong.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	:	A summary of the remuneration of the Directors of the Company and the Group for the year ended 31 January 2022, distinguishing between Executive and Non-executive Directors, with categorisation into appropriate components is set out as below:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Gooi Seong Lim	Executive Chairman	-	-	480.0	620.0	3.8	212.1	1,315.9	88.5	-	840.0	920.0	3.8	346.0	2,198.3
2	Gooi Seong Heen	Managing Director	-	-	576.0	744.0	29.0	253.0	1,602.0	88.5	-	936.0	1,044.0	30.5	388.3	2,487.3
3	Gooi Seong Chneh	Executive Director	-	-	480.0	620.0	3.9	221.1	1,315.0	88.5	-	840.0	920.0	3.9	346.5	2,198.9
4	Gooi Seong Gum	Executive Director	-	-	480.0	620.0	21.2	212.1	1,333.3	82.5	-	840.0	920.0	21.2	346.5	2,210.2
5	Gan Kim Guan	Senior Independent Non-Executive Director	100.0	-	-	-	-	2.5	102.5	100.0	-	-	-	-	2.5	102.5
6	Chan Weng Hoong	Independent Non-Executive Director	94.0	-	-	-	-	2.5	96.5	94.0	-	-	-	-	2.5	96.5
7	Cheang Kwan Chow	Independent Non-Executive Director	94.0	-	-	-	-	2.5	96.5	94.0	-	-	-	-	2.5	96.5

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 Company has an existing policy whereby the remuneration of employees is classified as confidential.</p> <p>The Board is of the view that disclosure on a named basis of the top five (5) Senior Management's remuneration components in bands of RM50,000 as being disadvantageous to the Group given the competitiveness in the palm oil industry for talent due to confidentiality of remuneration packages. It could also possibly give rise to unnecessary staff rivalry and disillusionment. Additionally, as the components of the remuneration of Senior Management are subject to the Personal Data Protection Act 2010, the Board has opted not to disclose personal data of its Senior Management to the public at large.</p> <p>The performance of senior management is evaluated on an annual basis and measured against pre-determined targets including responsibilities. The Board will ensure that the remuneration for senior management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.</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 Audit Committee is the Senior Independent Non-Executive Director.</p> <p>Members of the Audit Committee, including the Chairman were appointed by the Board based on the recommendation by the Nominating Committee.</p> <p>The Terms of Reference of the Audit Committee is available at the Company's website at www.kimloong.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

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>Since the formation of the Audit Committee, the Board has never appointed any former key audit partner as its Audit Committee member.</p> <p>The Board will observe a cooling-off period of at least three years in the event any potential candidate to be appointed as a member to the Audit Committee was a key audit partner as its Audit Committee member.</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 Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Ernst & Young PLT. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia. Messrs Ernst & Young PLT report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.</p> <p>The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.</p> <p>The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence.</p> <p>The External Auditors are required to declare their independence annually.</p> <p>The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.</p> <p>The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is</p>

	<p>of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 January 2022, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2022, the External Auditors were not engaged for any other significant services other than the statutory audit.</p> <p>The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</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	:	Adopted.
Explanation on adoption of the practice	:	The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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	:	<p>The Audit Committee possesses a wide range of necessary skills to discharge its duties in accordance with the Terms of Reference of the Audit Committee. All members are financially literate and are able to understand matters under the preview of the Audit Committee including the financial reporting process.</p> <p>The qualification and experience of the Audit Committee Members are disclosed in the Board of Directors profile portion of the Annual Report.</p> <p>The Audit Committee is always kept abreast of relevant developments in accounting and auditing standards, practices and rules by the Finance Director, Internal Auditors and External Auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	<p><u>Risk Management Framework</u></p> <p>The Board recognises that risk management is an integral part of the Group’s business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee (“RMSC”) that is chaired by the Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments and staff from key operations.</p> <p>They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.</p> <p>Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.</p> <p><u>Internal Control</u></p> <p>The Board acknowledges that it is responsible for the Group’s system of internal controls which is to maintain a sound system of internal control to safeguard shareholders’ investment and the Group’s assets. It involves key management of each business unit to meet the Group’s particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.</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 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>The Management periodically reviews the existing risks identified in the Risk Profile. A system is also in place to identify new risks which may arise over time and circumstances. The results of and the recommendations arising from these reviews are tabled to the Risk Management and Sustainability Committee and the Risk Profile updated. The updated Risk Profile will then be presented to the Board.</p> <p>The features of the Company's risk management and internal control framework and the adequacy and effectiveness of this framework are described in the Statement on Risk Management and Internal Control found on pages 77 to 85 of the Annual Report 2022.</p> <p>The Statement on Risk Management and Internal Control has been reviewed by Ernst & Young PLT, the External Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	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 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 adopts a co-sourcing model whereby risk management, and specialised audits are performed by the Assurance & Governance Department (Internal Auditors) of the Company which acts independently from the activities and operations of the Group and KPMG Management & Risk Consulting Sdn Bhd a professional services firm has been appointed to perform risk based internal audit where the results were directly reported to the Audit Committee.</p> <p>The main purpose of the Internal Auditors are:</p> <ul style="list-style-type: none">• To review effectiveness of the Group's systems of internal controls.• Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;• Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;• Identify the key business processes within the Group and Company that Internal Audit should focus on;• Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and• Coordinate risk identification and risk management processes and activities. <p>The Internal Auditors adopt a risk based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.</p> <p>During the financial year under review, the Internal Auditors carried</p>

	<p>out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings.</p> <p>Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>The Internal Auditors communicate regularly and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group.</p> <p>The Internal Auditors are also invited to attend all meetings of the Audit Committee.</p> <p>The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group. The Internal Auditors undertook the following work in accordance with the approved Audit Plan:</p> <ol style="list-style-type: none"> i. Carrying out the internal auditing of the Group subsidiaries. ii. Facilitating the improvement of business processes within the Group. iii. Establishing a follow up process in monitoring the implementation of audit recommendation by Management. iv. Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management. v. Conducting investigation audits or special assignment from time to time as requested by Management. <p>The Audit Committee also has direct access to the Head of Assurance & Governance and reviewed his performance and was satisfied with the performance of the Internal audit function.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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 adopts a co-sourcing model whereby risk management, and specialised audits are performed by the Assurance & Governance Department of the Company’s and KPMG Management & Risk Consulting Sdn Bhd a professional services firm has been appointed to perform risk based internal audit where the results were directly reported to the Audit Committee.</p> <ul style="list-style-type: none"> • The out-sourced internal audit function is headed by Mohd Khaidzir Shahari (CIA, CGMA, ACMA, CA(M), an Executive Director of KPMG Management & Risk Consulting Sdn Bhd. He has vast experience in internal auditing, consulting and risk management. • The Assurance and Governance Department of Kim Loong Resources Berhad is managed by S Subhash Chandran a/l K Sekaran Nair who is responsible for the Internal Audit’s activities of the Group. He holds a Masters in Business Administration and is an Associate Member of the Institute of Internal Auditors of Malaysia. The Head of Assurance & Governance communicates with the Audit Committee on internal audit’s resource requirement and staff’s proficiency to optimize audit’s approved plan. <p>The internal audit activities must be independent and internal auditors must be objective in performing their work to avoid any impairment.</p> <p>The internal audit functions performed was guided by the International Standards for the Professional Practice of Internal Auditing outlining the internal auditing process, Code of Ethics and Standards.</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

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 Company recognizes the importance of effective communication with its shareholders and investors.</p> <p>Various channels are used by the Board to disseminate information on major corporate developments and events. They include:</p> <ul style="list-style-type: none"> • Annual General Meetings; • Various disclosures and announcements made to Bursa Malaysia Securities Berhad; • Press release and press statements; • Circular to shareholders; • Company website at www.kimloong.com.my <p>Further the investing community, comprising individuals, analysts, fund managers and other stakeholders, dialogues with the Company's representatives on a regular basis.</p> <p>This enables the investors to get a balanced understanding of the main issues and concerns affecting the Company. Discussions at such meetings and dialogues are restricted to matters that are in the public domain.</p> <p>Whilst the Company endeavours to provide as much information as possible to its stakeholders, it is also conscious of the legal and regulatory framework governing the release of material and price sensitive information within which it must abide.</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

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	:	Departure.	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined in the Code.	
<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>Since 2016, it has been the practice of the Company to give more 28 days' notice to its shareholders before its Annual General Meeting ('AGM') is held.</p> <p>The Notice of AGM is posted and published in a nationally circulated newspaper on the date on which it is despatched to shareholders. Such Notice is also announced in advance through the Bursa LINK. The Notice is issued together with the annual report in electronic form and the notification letter on the availability of the annual report posted on the Company's website.</p> <p>The additional notice period and notes provided in the Notice of AGM, allows the shareholders ample time to consider the resolutions and make informed decisions in exercising their voting rights at the AGM.</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

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>The 46th AGM was held on 25 July 2021 as a fully virtual meeting via live streaming. All seven (7) Directors attended the meeting. Apart from Directors, several members of Senior Management were also present to provide the necessary support during the AGM proceedings.</p> <p>At the AGM, Directors are allocated responsibility to respond to questions that may be raised by shareholders in accordance with their Board or Board Committee roles.</p> <p>During the AGM, shareholders were invited to raise any questions and seek clarifications on all proposals tabled and shareholders had encouragingly raised questions on the agenda items of the AGM.</p> <p>Appropriate answers and/or clarifications were provided by the Board members, Committee Chairmen or Senior Management to allow the shareholders to make informed decisions when casting their votes. The Company's external auditors were also invited to participate to assist with any questions that shareholders may have had relating to the audit processes.</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	:	The Company leverages on technology to facilitate its shareholders' meeting as permitted by its Constitution. The Company's Constitution allows for a general meeting to be convened at more than one venue and for shareholders to participate and vote at the meeting using technology in accordance with the Companies Acts 2016.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied.
Explanation on application of the practice :	At the last Fully Virtual AGM, the Chairman introduced the members of the Board of Directors and Company Secretary as well as the Senior Management, representative(s) from external auditors, share registrar/poll administrator and scrutineers of the Company who were present for the benefit of all shareholders. The Chairman proceeded with the agenda of the meeting and then the question and answers session with shareholders and provided responses to the questions.
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.

<p><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></p>	
<p>Application :</p>	<p>Applied.</p>
<p>Explanation on application of the practice :</p>	<p>The 46th Annual General Meeting was convened in a fully virtual manner to safeguard the wellbeing of members, Directors and employees of the Company due to the on-going COVID-19 pandemic.</p> <p>The Chairman further informed the members that the convening of the Meeting was in compliance with Section 327 of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM, and also in accordance with the Company’s Constitution, the Government of Malaysia’s COVID-19 Guidelines for Physical Distancing at the Workplace, Home and Individuals, and the Securities Commission Guidance and FAQs on the Conduct of General Meetings for Listed Issuers.</p> <p>The Chairman ensured members were accorded with an opportunity to ask questions and receive meaningful responses from the Board and Senior Management present.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied.
Explanation on application of the practice	: The minutes of meeting of the General Meetings are posted on the Company's corporate website no later than 30 business days after the meeting. A copy of the AGM minutes can be found on the company's website at www.kimloong.com.my .
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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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