

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2674
COMPANY NAME : ALCOM GROUP BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The responsibilities of the Board of Directors of Alcom Group Berhad (“AGB” or “the Company”) (“Board”) are set out in the Board Charter. Further details of the roles and responsibilities of the Board are set out in the Corporate Governance Overview Statement (“CG Overview Statement”) in the Annual Report 2021.</p> <p>For the effective functioning of the Board, the Board is assisted by the Board Committees namely, the Audit and Risk Management Committee (“ARMC”), Remuneration Committee (“RC”) and Nomination Committee (“NC”). The Board Committees’ roles, duties and responsibilities in discharging their functions are defined in their respective Terms of Reference.</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 1.2

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	:	The responsibilities of the Chairman of the Board which include among others, instilling good Corporate Governance practices, leadership and effectiveness of the Board, are set out in the Board Charter.	
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	:	The Chairman of the Board, Dato' Seri Subahan Bin Kamal is an Independent Non-Executive Director, while Heon Chee Shyong is the President cum Chief Executive Officer ("CEO"). There is a clear and distinct division of responsibilities between the Chairman and the President cum CEO to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level. Their respective responsibilities are set out in the Board Charter.	
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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board, Dato' Seri Subahan Bin Kamal vacated office as member of the ARMC, RC and NC on 1 December 2021, and a new member was appointed on even date for the 3 said Committees in his place.
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 1.5

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	:	The Board is supported by 2 qualified Company Secretaries, Tan Bee Keng and Teh Yi Ting who are both members of The Malaysian Institute of Chartered Secretaries and Administrators (“ MAICSA ”). The Company Secretaries’ responsibilities are set out in the Board Charter.	
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>Prior to Board meetings, all Directors receive notices of meetings together with the full set of Board papers containing information relevant to the businesses prior to the scheduled Board and Board Committee meetings. Reports include key result areas, operational profitability and performance review statements, human resource developments, environment, occupational health and safety, business plans, successions, strategies, as well as proposed announcements and releases comprising quarterly and period-end financial results to Bursa Malaysia Securities Berhad ("Bursa Securities"). Meeting materials are circulated to the Board and Board Committees' members, at least 5 working days prior to their respective meetings.</p> <p>The minutes of the said meetings are circulated and confirmed as a correct record of the proceedings by the Board and Board Committees at their subsequent respective meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The respective roles and responsibilities of the Board, Board Committees, Chairperson, Managing Director/Chief Executive Officer, Executive Director, Non-Executive Directors, Independent Non-Executive Directors, Senior Independent Non-Executive Directors and Company Secretaries are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter.</p> <p>The Board Charter was reviewed and updated on 1 December 2021 in line with the needs of the Group and the new regulations that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.</p> <p>The Board Charter is made available for reference in the Company's website at www.alcom.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by the Code of Ethics established by the Companies Commission of Malaysia for Company Directors. The Group has also in place the Code of Conduct which comprises the following 5 key elements outlining the expectations for employees executing their duties in an ethical manner:</p> <ol style="list-style-type: none">1. Act with integrity and in the Company's best interest2. Promote a desirable work environment3. Safeguard the Company's assets4. Engage in ethical interactions with Government5. Deal fairly with third parties <p>The Code of Conduct is available on the Company's website at www.alcom.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>		
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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	:	The Group has in place a whistleblowing policy and procedure which is available on the Company’s website at www.alcom.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	:		

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>: Sustainability has always been an integral part of the Group’s operations and is therefore, strongly embedded within the culture of the Group. The ARMC provides oversight and supervision of the sustainability initiatives and makes appropriate recommendations to the Board of AGB.</p> <p>The table below illustrates the Group’s Sustainability Governance Structure:</p> <table border="1" data-bbox="560 1184 1396 1966"> <thead> <tr> <th data-bbox="560 1184 770 1223">STRUCTURE</th> <th data-bbox="770 1184 1396 1223">ROLES AND RESPONSIBILITIES</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1223 770 1440">Board</td> <td data-bbox="770 1223 1396 1440"> <ul style="list-style-type: none"> • Oversees the Group’s sustainability initiatives • Reviews and approves sustainability strategies and policies • Endorses the proposed sustainability initiatives • Addresses material sustainability matters </td> </tr> <tr> <td data-bbox="560 1440 770 1688">ARMC</td> <td data-bbox="770 1440 1396 1688"> <ul style="list-style-type: none"> • Monitors sustainability performance to ensure the Group meets both its compliance and sustainable development responsibilities • Reviews the draft Sustainability Report for inclusion in the Annual Report and recommends to the Board for approval </td> </tr> <tr> <td data-bbox="560 1688 770 1966">Risk Management Working Group (“RMWG”) (comprising Senior Management)</td> <td data-bbox="770 1688 1396 1966"> <ul style="list-style-type: none"> • Develops sustainability policies and implements sustainability related strategies, policies and initiatives • Reports sustainability plans and progress to the Board on a quarterly basis • Reviews and approves sustainability internal guidelines </td> </tr> </tbody> </table>	STRUCTURE	ROLES AND RESPONSIBILITIES	Board	<ul style="list-style-type: none"> • Oversees the Group’s sustainability initiatives • Reviews and approves sustainability strategies and policies • Endorses the proposed sustainability initiatives • Addresses material sustainability matters 	ARMC	<ul style="list-style-type: none"> • Monitors sustainability performance to ensure the Group meets both its compliance and sustainable development responsibilities • Reviews the draft Sustainability Report for inclusion in the Annual Report and recommends to the Board for approval 	Risk Management Working Group (“ RMWG ”) (comprising Senior Management)	<ul style="list-style-type: none"> • Develops sustainability policies and implements sustainability related strategies, policies and initiatives • Reports sustainability plans and progress to the Board on a quarterly basis • Reviews and approves sustainability internal guidelines
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	Sustainability Officer	<ul style="list-style-type: none"> • Reports to the RMWG on the progress of the sustainability initiatives • Develops sustainability related guidance documents for internal use • Collects and monitors data to evaluate sustainability progress
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied																																					
Explanation on application of the practice	:	<p>Stakeholders play a vital role in the success of the Group's business. Stakeholders are assessed based on the core business' dependency and influence in order to determine their significance to its business operations.</p> <p>It is imperative for the Group's manufacturing segment to anticipate potential risks or issues that may arise from stakeholders. An assessment review of the stakeholders' engagement was conducted in 2021 to determine the relevance and appropriateness of the issues.</p> <p>The table below depicts the interests and expectations of each of the stakeholders, the types of engagement by which the manufacturing segment addresses its interests and the frequency of each of those engagement types:</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Engagement Issues</th> <th>Type of Engagement</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Employees</td> <td>Career development and ongoing communication</td> <td>- Performance Appraisals - Town Hall Meetings</td> <td>- Annually - Quarterly</td> </tr> <tr> <td>Occupational safety and health ("OSH")</td> <td>- OSH Committee Meeting - Internal Training</td> <td>- Monthly - Periodically</td> </tr> <tr> <td>Government/Regulatory Authorities</td> <td>Legal compliance</td> <td>- License - Certifications</td> <td>- Periodically</td> </tr> <tr> <td>Media</td> <td>Business updates</td> <td>- Communications</td> <td>- Ad hoc</td> </tr> <tr> <td>Community</td> <td>Community engagements*</td> <td>- Donations - Blood Donations - Gotong Royong</td> <td>- Ad Hoc - Annually - Annually</td> </tr> <tr> <td>Industrial peers</td> <td>Industry Stewardship</td> <td>- Meetings</td> <td>- Periodically</td> </tr> <tr> <td>Customers</td> <td>Products/services transparency</td> <td>- Visits - Meetings</td> <td>- Ad Hoc - Ad Hoc</td> </tr> <tr> <td>Investors</td> <td>Business outlook, return on investment</td> <td>- Web site - Bursa Securities Announcements - AGM</td> <td>- Quarterly - Ongoing - Annually</td> </tr> </tbody> </table>			Stakeholder	Engagement Issues	Type of Engagement	Frequency	Employees	Career development and ongoing communication	- Performance Appraisals - Town Hall Meetings	- Annually - Quarterly	Occupational safety and health ("OSH")	- OSH Committee Meeting - Internal Training	- Monthly - Periodically	Government/Regulatory Authorities	Legal compliance	- License - Certifications	- Periodically	Media	Business updates	- Communications	- Ad hoc	Community	Community engagements*	- Donations - Blood Donations - Gotong Royong	- Ad Hoc - Annually - Annually	Industrial peers	Industry Stewardship	- Meetings	- Periodically	Customers	Products/services transparency	- Visits - Meetings	- Ad Hoc - Ad Hoc	Investors	Business outlook, return on investment	- Web site - Bursa Securities Announcements - AGM	- Quarterly - Ongoing - Annually
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	Stakeholder	Engagement Issues	Type of Engagement	Frequency
	Board and ARMC	Business outlook, compliance, return on investment	- Meetings	- Quarterly
	Trade Union	Welfare, collective agreement, safety	- Meetings	- Periodically
	Suppliers	Green procurement, value for money	- Supplier Assessment	- Annually
	Academic & Scientific Community	New technology	- Ongoing	- Ongoing
	* For financial year ended 31 December 2021, all community engagements initiatives were conducted online due to the Covid-19 pandemic.			
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 4.3

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 individual Directors participated in various programs/webinars/dialogues in 2021 to ensure that they keep abreast with and understand the latest development and issues relating to sustainability that is relevant to the Company and its business.</p> <p>The individual Directors are assessed annually by the NC on whether they have sufficient understanding and knowledge of sustainability issues that are relevant to the Company and its business to discharge his/her role effectively. The Board is also assessed annually on whether it has the required capacity and competency in its ability to tackle questions and deliberate on sustainability, as well as evaluate the sustainability risks and opportunities, and make informed decisions on the matter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The NC had in November 2021, used the revised Directors’ / Key Officers’ Evaluation Form and Board & Board Committee Evaluation Form that include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities, to conduct the evaluation on the Board and Directors / Key Officers for year 2021.	
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	:	Suhaimi Sukiran is the Sustainability Officer of the Group. Each business segment will report to the Sustainability Officer.

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 responsibilities of the NC included among others, to evaluate the effectiveness of the Board and the Board Committees (including its size and composition), contribution and performance of each individual Director and the independence of the Independent Directors of the Company, on an annual basis.</p> <p>On 30 November 2021, the NC recommended to the Board, the appointment of Datin Shelina Binti Razaly Wahi and Gong Wooi Teik as Independent Non-Executive Directors to beef up the number of Independent Directors and female Directors on the Board and to limit the tenure of Independent Director to 9 years without further extension.</p> <p>Recommendations were also made on the change of the composition of the Board Committees. The Independent Directors were assessed via the Independent Directors' Self-Assessment Checklist, while individual Directors and the composition of the Board/Board Committees were assessed using the Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet – Board Committees.</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	: Applied
Explanation on application of the practice	<p>For the period from 1 January 2021 to 8 November 2021, the Board comprised less than 50% Independent Directors but had at least 2 Independent Directors or one-third of the Board comprised of Independent Directors. On 9 November 2021, an Executive Director resigned and the percentage of Independent Directors in the Board increased to 50%. From 1 December 2021 to 31 December 2021, the percentage of Independent Directors further increased to 62.5% with the addition of 2 Independent Directors, as follows:</p> <ul style="list-style-type: none"> ➤ 1 Independent Non-Executive Chairman; ➤ 4 Independent Non-Executive Directors; ➤ 1 President cum CEO; ➤ 2 Executive Directors; and ➤ 1 Alternate Director. <p>The Directors with their differing backgrounds and specialisations collectively bring with them a wide range of experience and expertise in areas such as accounting and audit, corporate finance, investment banking, legal, civil engineering, manufacturing, trading, property development and investment, building and construction. The profiles of all Board members are disclosed in the Profile of Directors section of the Annual Report 2021 on pages 5 to 9.</p> <p>More than half of the Board comprises Independent Directors which reflects a good measure of objectivity and impartiality. Collectively, they ensure that plans and strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of all shareholders and stakeholders of the Company including employees, customers, suppliers and the local community in which the Group conducts its businesses.</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

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	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Board Charter has adopted Step Up Practice 5.4 of the Malaysian Code on Corporate Governance (“MCCG”) on 1 December 2021 where the tenure of Independent Directors is limit to 9 years without further extension. After 9 years, such independent director may continue to serve on the Board subject to his re-designation as a Non-Independent Director.

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>In the process of identifying and recommending candidates for new appointments to the Board, the NC takes into cognisance, the following criteria:</p> <ul style="list-style-type: none">(i) Size, balance, composition, mix of skills, qualification, experience, age, cultural background, gender, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and the Group.(ii) The candidate's skills, knowledge, expertise and experience, character, professionalism, integrity and, in the case of a candidate for the position of Independent Non-Executive Director, the independence as defined in the Main Market Listing Requirements ("MMLR") of Bursa Securities to bring about independence and objectivity in judgement on issues considered and hence, the ability to discharge responsibilities as expected from an Independent Non-Executive Director.(iii) The candidate's understanding of the Group's businesses and activities; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board. <p>All the Directors of the Company hold not more than 5 directorships in public listed companies.</p> <p>Full attendance of the Board were recorded at all the 4 Board meetings held during FY 2021. Full attendance of Committee members were also recorded at all meetings of the 3 Board Committees held during FY 2021.</p>
Explanation for departure	:	

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

Intended Outcome

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	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Policy on Nomination and Assessment Process of Board members which sets out the process and criteria for selection and assessment of potential candidates for election to the Board of the Company. It is specified in the said Policy that in identifying candidates for appointment as Director, the following approaches will be deployed in sourcing for Board candidates:</p> <ul style="list-style-type: none">➤ Referrals from Board members, management and major shareholders➤ Directors' registry (e.g. Institute of Corporate Directors Malaysia)➤ Industry and professional associations➤ Independent search firms <p>The aforesaid Policy is to be practiced in conjunction with the Board Diversity Policy of the Company.</p> <p>The 2 new candidates, Datin Shelina Binti Razaly Wahi and Gong Wooi Teik who were appointed on 1 December 2021, were selected from an adequate pool of qualified candidates which the Board and the Management have. The persons who recommended them were not involved in the conduct of the screening interview nor the appointment process. The NC screened them using the Due Diligence Checklist which comprises a set of questions on their background information, qualifications, job experience, and their declarations.</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 5.7

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 profiles of the retiring Directors are set out in the Profiles of Directors on pages 5, 6 and 8 of the Company's Annual Report 2021 which include their age, gender, date of appointment, qualification, directorships in other public companies and listed issuers, working experience and occupation, any family relationship with any director and/or major shareholder of AGB and any conflict of interest with the Company.</p> <p>For the purpose of determining the eligibility of the Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe who are standing for re-election at the Fourth AGM, the Board through its NC had assessed them using the Independent Directors' Self-Assessment Checklist, Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet in order to assess each of their calibre and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and training records for FY 2021.</p> <p>Based on the evaluation results, the aforesaid retiring Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe met the performance criteria required of an effective member of the Board.</p> <p>The recommendations for the re-election of Datin Shelina Binti Razaly Wahi, Gong Wooi Teik and Goh Teck Hong were based on the prior assessments of the NC and the Board before their appointment as Directors. During the Directors' selection process, all 3 Directors' qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution were assessed.</p>

	The Board has provided a statement to support the re-election of the abovementioned Directors in the Explanatory Notes of the Notice of AGM dated 27 April 2022.	
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	:	The NC is chaired by Independent Non-Executive Director, Wong Choon Shein.	
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	:	The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board.
		<p>The Board had, on 30 November 2021 approved the revised Board Diversity Policy for adoption on 1 December 2021 which sets the aim of the Company to appoint and/or maintain at least 30% woman participation on the Board by 2023. The Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates on merit against objective criteria and with due regard for the benefits of diversity of the Board.</p> <p>Towards this aim, the number of women directors on the Board was increased from 1 to 2 via the appointment of Datin Shelina Binti Razaly Wahi as Independent Non-Executive Director of the Company on 1 December 2021.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	The Board has disclosed in its Annual Report 2021 the Gender Diversity Policy on page 58.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>In November 2021, the NC undertook the evaluation to assess the Board, Board Committees and each individual Directors. The evaluation was conducted using the Independent Directors' Self-Assessment Checklist, Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet. Thereafter, the results of the valuation and recommendations were tabled to the Board.</p> <p>The NC, after having conducted the abovementioned evaluation and assessment in November 2021, concluded that:</p> <ul style="list-style-type: none">(i) the Independent Directors of the Company, viz., Dato' Seri Subahan Bin Kamal, Wong Choon Shein and Lam Voon Kean, continued to demonstrate conduct and behaviour that are essential indicators of their independence and each of them continues to fulfil the definition and criteria of independence as set out in the MMLR of Bursa Securities.(ii) each Director has the requisite competence, calibre to serve on the Board and Board Committees and had demonstrated his/her commitment to the Group in terms of time, participation and dialogue during the current year under review. The NC endorsed the re-election of Directors, Dato' Seri Subahan Bin Kamal, Heon Chee Shyong and Yeoh Jin Hoe who will be retiring at the Fourth AGM in 2022.(iii) the Board and the Board Committees' respective responsibilities were well defined and set out in the Board Charter. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa

	<p>Securities is met. The Practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted.</p> <p>The Board members unanimously concurred with the above conclusions of the NC.</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 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	:	The Company has in place a Remuneration Policy for Directors and Senior Management aimed to create a strong performance-oriented environment, and to attract, develop and retain talent. The Remuneration Policy for Directors and Senior Management is available on the Company's website at www.alcom.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	:		

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	:	The Board has a RC and the RC's Terms of Reference is available on the Company's website at www.alcom.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	:		

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	:	<p>The remuneration of the Directors of AGB (comprising remuneration received and/or receivable from AGB and its subsidiaries) during FY 2021 are categorised in the table at the following page, and the footnotes thereto are set out herein below:</p> <p>Notes:</p> <ul style="list-style-type: none">(1) Salaries comprised basic salary, EPF, SOCSO and EIS.(2) Benefits-in-kind comprised provision of company motor vehicle, petrol expenses, driver, medical reimbursement, insurance and phone bill.(3) Executive Director, Ang Loo Leong resigned on 9 November 2021.(4) Marc Francis Yeoh Min Chang is the Alternate Director to Executive Director, Yeoh Jin Hoe and Director of subsidiary company, Alcom Nikkei Specialty Coatings Sdn. Bhd.(5) Datin Shelina Binti Razaly Wahi and Gong Wooi Teik were appointed on 1 December 2021. <p>* Negligible</p> <p>Executive Director of AGB, Dato' Eng Kim Liong did not receive any remuneration from the Company nor the Group during the FY 2021.</p>

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	Heon Chee Shyong	Executive Director	-	-	-	-	-	-	-	-	-	1,158	524	28	*	1,710
2	Yeoh Jin Hoe	Executive Director	-	-	-	-	-	-	-	-	-	302	96	-	*	398
3	Ang Loo Leong	Executive Director	-	-	-	-	-	-	-	-	-	413	75	-	-	488
4	Marc Francis Yeoh Min Chang	Choose an item.	-	-	-	-	-	-	-	-	-	332	105	-	*	437
5	Dato' Seri Subahan Bin Kamal	Independent Director	105	8	-	-	-	-	113	105	8	-	-	-	-	113
6	Wong Choon Shein	Independent Director	94	8	-	-	-	-	102	94	8	-	-	-	-	102
7	Lam Voon Kean	Independent Director	96	10	-	-	-	-	106	96	10	-	-	-	-	106
8	Datin Shelina Binti Razaly Wahi	Independent Director	8	-	-	-	-	-	8	8	-	-	-	-	-	8
9	Gong Wooi Teik	Independent Director	8	-	-	-	-	-	8	8	-	-	-	-	-	8
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board considered the information of the remuneration of the top 5 Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and such confidentiality supports the Company's efforts to attract and retain executive talent.</p> <p>The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the disclosures of their remuneration in categories and bands of RM50,000 as disclosed in page 55 of the Annual Report 2021 under the CG Overview Statement.</p> <p>The Board ensures that the remuneration of the Senior Management commensurate with the overall performance of the Group and the general economic situation, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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	:	The Chairperson of the ARMC is Lam Voon Kean while the Chairman of the Board is Dato' Seri Subahan Bin Kamal.	
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	:	The policy that requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee is stipulated in the updated Terms of Reference of the ARMC.	
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 Company has in place the External Auditors' Assessment Policy and had carried out an annual assessment on the performance, suitability and independence of the external auditors based on the following 6 key areas:</p> <ul style="list-style-type: none"> (a) competence and quality of audit service; (b) sufficiency of resources; (c) ability to meet deadlines and responding to issues in a timely manner; (d) communication and interaction with the Management; (e) independence, objectivity and professionalism; and (f) whether there are any reprimand or sanction imposed by Audit Oversight Board.
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 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	:	<p>The ARMC of the Company wholly consists of Independent Directors. They are:</p> <ol style="list-style-type: none">1. Lam Voon Kean (<i>Chairperson</i>)2. Datin Shelina Binti Razaly Wahi (<i>Member – appointed on 1 December 2021</i>)3. Gong Wooi Teik (<i>Member – appointed on 1 December 2021</i>)4. Dato' Seri Subahan Bin Kamal (<i>Member – vacated office on 1 December 2021</i>)5. Wong Choon Shein (<i>Member – resigned on 1 December 2021</i>)

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	:	The members of the ARMC possess the necessary skills to discharge their duties and are financially literate. The profile of the ARMC Chairperson, Lam Voon Kean is set out in page 7 of the Annual Report 2021 while the profiles of the members, Datin Shelina Binti Razaly Wahi and Gong Wooi Teik are provided in page 8 of the Annual Report 2021. The training programs/webinars/dialogues that the ARMC members have participated during the FY 2021 are disclosed in pages 60 and 61 of the Annual Report 2021.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks. The details of the framework are disclosed in the Directors' Statement on Risk Management and Internal Control in pages 69 to 70 of the Annual Report 2021.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The key elements of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control, as follows:</p> <ul style="list-style-type: none">• various Board Committees are chaired by the Independent Non-Executive Directors to oversee, monitor and review the Group's and Management's performances;• an organisational structure with clearly defined roles and responsibilities with a hierarchical structure of reporting lines and accountability;• setting annual plans that are in line with the Group's strategic direction;• development of specific action plans to drive the achievement of various initiatives in line with the annual plans;• weekly, monthly and ad hoc meetings consisting of departmental meetings, various cross functional meetings and head of departments' meetings for review and resolution of issues as well as to measure and monitor performance achievements;• annual performance appraisals which are linked to the annual agreed performance targets with both quantitative and qualitative criteria to raise individual performance;• structured training program for employees to maintain high standards on safety, code of conduct and to upgrade the competency levels of their respective professions;• terms of reference and delegation of responsibilities to committees of the Board and business operating units, including proper authorisation for all aspects and levels of the business within the Group;• quarterly board meetings to set the Group's goals and objectives, review business operations, to approve significant transactions as well as to approve releases of quarterly and annual financial results;• documentation and quarterly update of risk management and internal controls' policies and procedures as set out in the standard operating policies and procedural manuals. These manuals include credit, quality, safety, health and environment;

	<ul style="list-style-type: none"> • quarterly certification for the manufacturing segment by various employees and representation letters by the Management to the Board on assurances of risk management, internal controls and compliance; and • a whistle-blowing procedure is in place that forms part of the Group's Code of Conduct. This provides an avenue for employees/public to report/complain of any wrongdoing by any employee of the Group, or any breach or suspected breach of any laws or standards in a safe and confidential manner.
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 Internal Audit function is outsourced to a competent third party service provider and is independent from the management of the Company. The Internal Auditors have direct access to both the ARMC and the Chairperson of the ARMC, and reports to the ARMC on all matters of internal control and audit.</p> <p>Prior to each financial year, the annual Internal Audit Plan is reviewed and approved by the ARMC.</p> <p>Details of the Internal Audit function are set out in the ARMC Report on page 67 and Directors’ Statement on Risk Mangement and Internal Control on pages 70 to 72 of this Annual Report.</p> <p>The ARMC evaluates the efficiency and effectiveness of the Internal Audit function on an annual basis.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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>During the FY 2021, the internal audit function was outsourced to an independent service provider, Finfield Corporate Services Sdn. Bhd. (“Finfield”).</p> <p>The internal audit team of Finfield is headed by its Director, Tan Yen Yeow. He is a Chartered Accountant registered with the Malaysian Institute of Accountants. He is also a member of The Institute of Internal Auditors Malaysia and a Certified Internal Auditor. The internal audit team are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The internal audit adopts a risk-based approach in developing its audit plan and addresses core auditable areas of the Group based on their risk profile.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Information is made available to the shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company’s corporate website at www.alcom.com.my . The Annual General Meeting provides the principal platform for dialogue and interactions with the 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

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	At least 28 days' notice period is given in respect of the Company's forthcoming Fourth Annual General Meeting ("AGM") to be held on 23 June 2022. The notice convening the said AGM is dated 27 April 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	At the Company's Third AGM held on 28 June 2021, all the Directors of the Company attended the said AGM virtually. Barring any unforeseen circumstances, all the Directors have confirmed their attendance and participation for the forthcoming Fourth AGM which will be conducted fully virtual and live-streamed from the broadcast venue on 23 June 2022. The Board members who are also Chairman of the Board Committees have always been present at the AGM to respond to questions raised by the shareholders if addressed to them.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In view of the COVID-19 pandemic, the Company's Third AGM on 28 June 2021 was conducted fully virtual on the Online Meeting Platform provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH"). This had allowed shareholders to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely via the Remote Participation and Voting ("RPV") facilities provided by TIH through its TIH Online website at https://tiah.online.</p> <p>For the well-being and safety of our shareholders, the Company will again conduct its forthcoming Fourth AGM on 23 June 2022 fully virtual and live-streamed from the broadcast venue.</p> <p>The virtual AGM is in compliance with the Company's Constitution, Companies Act 2016 and other legal 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

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 :	<p>The Company's Third AGM on 28 June 2021 was conducted fully virtual and the Company had made available the Administrative Details for the Third AGM in the Annual Report 2020 and on its website, which includes the steps to submit questions for the Board before the AGM and during the AGM via TIIH Online.</p> <p>During the Third AGM, the Chairman of the Board had also informed the shareholders that they could raise questions in real time by transmitting their questions via the RPV facilities provided by TIIH through its TIIH Online website at https://tiih.online.</p> <p>All the questions from shareholders were addressed by the Chairman of the Board, President cum CEO, Director Finance and the Executive Directors, after the conclusion of the agendas of the AGM.</p> <p>In view that the shareholders were allowed to submit questions commencing 28 April 2021, they were given sufficient opportunity to pose their questions before the AGM and during the AGM. The Company had ensured that all the questions were answered.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>RAHS Event Sdn Bhd was engaged to provide the audio and visual support services to broadcast the proceedings of the Third AGM of the Company virtually. In view of the COVID-19 pandemic and having regard for the well-being and safety of the shareholders, the Third AGM was conducted fully virtual on the Online Meeting Platform provided by our Share Registrar, TIIH.</p> <p>The Poll Administrator, TIIH had verified the eligibility of shareholders/corporate representatives/proxies to attend the Third AGM based on the General Meeting Record of Depositors as at 21 June 2021 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the RPV at the Third AGM.</p> <p>Each questions received from shareholders before and during the AGM were broadcasted to all meeting participants during the Question and Answer Session, as and when the Chairman of the Board, President cum CEO, Director Finance or the Executive Directors provided their responses to the respective questions accordingly in an orderly manner. Additional questions from shareholders received during the 30 minutes Polling Session were addressed before the announcement of results.</p> <p>The poll results of the Third AGM were verified by the Scrutineers, Quantegic Services Sdn Bhd and the results of the poll were displayed on the screen when the Chairman declared that all the resolutions were carried.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Minutes of the Third AGM held on 28 June 2021 were posted on the Company's website on 24 August 2021 upon confirmation of its proceedings by the Board on even date.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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

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