

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5259  
**COMPANY NAME** : AVANGAAD BERHAD (FORMERLY KNOWN AS E.A. TECHNIQUE (M) BERHAD)  
**FINANCIAL YEAR** : December 31, 2024

### **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the core of its responsibilities, the Board sets strategic goals for the Company, ensuring alignment with its overarching vision and mission. Recently, the Board approved the Group's 1-Year Strategic Business Plan (2024-2025), underscoring a commitment to sustainable growth and profitability amidst prevailing economic challenges and industry dynamics.</p> <p>The corporate governance framework is reinforced by the Company's Limits of Authority ("LOA"), which delineates decision-making boundaries for each level of management within the organization. The LOA manual serves as a comprehensive guide, clearly defining matters reserved for the Board's approval and those delegated to senior management. Within this framework, the LOA manual outlines authority over various aspects such as payments, investments, capital and revenue expenditure spending limits, budget approvals, contract commitments, and non-financial matters. By establishing these clear parameters, the LOA manual fosters accountability and facilitates decision-making processes at the appropriate levels within the organizational hierarchy.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board, under the guidance of Dato’ Mohd Redza Shah Bin Abdul Wahid, an Independent Non-Executive Chairman, undertakes the responsibility to shareholders and diverse stakeholders to create and deliver sustainable value and long-term success through adept leadership and management of the Group’s business and operations. This commitment aligns closely with the Group’s overarching vision and mission.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In adherence to sound governance principles, Avangaad Berhad ("Avangaad") upholds a clear demarcation between the roles of the Group Chairman and the Chief Executive Officer. This strategic separation ensures a balanced distribution of authority and delineation of responsibilities within the organization.</p> <p>The Group Chairman, entrusted with a non-executive function, leads the Board in its management oversight, presides over board meetings, and sets the tone for governance standards. In this capacity, the Group Chairman is a conduit between the Board and Management, fostering effective communication and aligning objectives.</p> <p>The Board and Top Management engage collaboratively to ensure the Group's operations are conducted prudently, with regular reviews of key policies, business plans, and strategies. This cooperative dynamic reinforces the Board's commitment to enhancing long-term shareholder value and safeguarding stakeholder interests</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	With the issuance of the revised MCCG in April 2021, Practice 1.4 specified that the Chairman of the Board would be excluded from the Audit, Nomination and Remuneration Committee.  However, it is pertinent to acknowledge that adherence to this practice is currently undergoing evaluation. At present, Dato' Redza Shah Bin Abdul Wahid, the Independent Non-Executive Chairman, who is also the member of Audit Committee, Nominating and Remuneration Committee, Risk and Governance Committee.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the crucial role of Company Secretaries in providing guidance on statutory compliance, regulatory adherence, and corporate governance standards. Previously, the Board was supported by two (2) qualified Company Secretaries, certified under the Companies Act 2016. Effective 30 August 2024, there have been changes in this role. The former Company Secretaries have resigned from their positions. To ensure the continuity of expert guidance and support, Securities Services (Holdings) Sdn. Bhd. has been appointed as the new Company Secretary.</p> <p>The Board benefits from the dedicated support of two (2) qualified Company Secretaries, certified under the Companies Act 2016, who provide essential guidance on statutory compliance, regulatory adherence, and corporate governance standards. With legal training and accreditation, they assist the Board and Management in navigating complex regulatory landscapes, ensuring the Group's operations align with established governance norms. These Company Secretaries play a pivotal role in advising on matters ranging from the Group's constitution to Board policies and procedures. They are equipped to keep abreast of regulatory developments through ongoing training and industry engagement.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees Meeting and also the Annual General Meeting.</p> <p>The meeting agenda was set by the Chairman with the assistance of the Company Secretaries and management. The Notices of meetings are sent to the Directors via email at least seven (7) days prior to a meeting. Relevant Board papers were disseminated to all Directors at least seven (7) days prior to the Board meeting so as to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or the Company, or to consult independent advisers, if they deemed necessary.</p> <p>Minutes of Board / Board Committees Meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board Meeting. The signed minutes are kept properly in the minutes books at the registered office of the Company to be made available for inspection under the Companies Act 2016.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter serves as a comprehensive guide for Directors, delineating matters concerning the Board and its procedures. Additionally, it defines the roles and obligations of the Group Chairman, the Chief Executive Officer (“CEO”), and the Board collectively.</p> <p>The Board Charter has been reviewed and approved by the Board and is made available on the Company’s website, <a href="https://avangaad.com/ir/corporate-governance">https://avangaad.com/ir/corporate-governance</a>.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Aligned with the paramount duty to uphold honesty, fairness, and integrity, the Directors are dedicated to fostering exemplary business conduct and nurturing a robust corporate culture. This ethos prioritizes integrity, transparency, and fairness in all organizational endeavors.</p> <p>To reinforce these principles, the Directors have implemented a set of ethical standards, detailed within the CG Report, which include:</p> <ol style="list-style-type: none"><li>1. Code of Ethics</li><li>2. Whistleblowing Policy</li><li>3. Anti-Bribery Policy</li></ol> <p><b>Code of Ethics</b> Avangaad maintains a robust Code of Ethics (COE), readily accessible to all stakeholders on our corporate website, <a href="http://www.avangaad.com">www.avangaad.com</a>. This Code provides a vital framework that outlines the ethical principles, expected conduct, and behavioral standards for all members of the Avangaad Group, including Directors and employees. It reinforces the importance of ethical behavior, integrity, and accountability across all our business activities and operations. Strict adherence to the provisions of this Code of Ethics is mandatory for every member of the Avangaad Group.</p> <p><b>Whistle Blowing Policy</b> Avangaad's Whistle-Blowing Policy is designed to foster a culture of transparency, integrity, and accountability throughout our operations. This policy enables employees to report unethical or illegal conduct without fear of reprisal. Confidential disclosures can be made through established channels. The Company is committed to promptly investigating all reports and ensuring the protection of the whistleblower's identity. This policy demonstrates our commitment to upholding high ethical standards and addressing concerns effectively.</p>

	<b>Anti-Bribery Policy</b> The Anti-Bribery Policy at Avangaad, further solidifying our Code of Conduct & Business Ethics, underscores our unwavering commitment to eradicating bribery and corruption. The Company achieved Anti-Bribery Management System (ABMS) certification on 6 May 2021 and has been actively engaged in its implementation since 2020. This policy is designed to ensure that all employees understand their critical responsibility in upholding stringent anti-bribery measures within the organization.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistleblowing Policy of Avangaad establishes a formal mechanism for employees to disclose instances of unethical, unlawful, or undesirable conduct in good faith, free from the fear of retaliation. Confidentiality is strictly maintained regarding the identity of the whistleblower and the concerns raised.</p> <p>Employees are encouraged to report incidents of malpractice to their immediate supervisors. However, should an employee feel hesitant for any reason, they may confidentially express their concerns to designated individuals such as the Chief Executive Officer or Top Management. Alternatively, concerns can be raised with appointed persons via email at <a href="mailto:topmanagement@avangaad.com">topmanagement@avangaad.com</a>.</p> <p>In the event that concerns remain unresolved after following these channels, employees are advised to contact the Independent Director at <a href="mailto:ACchairman@avangaad.com">ACchairman@avangaad.com</a>.</p> <p>This policy has undergone thorough review and approval by the Board and is made accessible on our corporate website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key responsibilities outlined in the Board Charter is the review and adoption of a strategic plan for the Company. This entails the Board's meticulous scrutiny and approval of the annual budget.</p> <p>Central to our business strategy is a firm commitment to responsibility and sustainability, with stakeholders' concerns serving as pivotal inputs in shaping our corporate direction. We firmly believe that active engagement with stakeholders is instrumental in identifying potential risks and opportunities for our business. As such, the Board bears the ultimate responsibility for ensuring the seamless integration of sustainability principles into Avangaad's strategic trajectory and operational framework. To realize this objective, the Board consistently reinforces a robust governance framework for sustainability across the Group.</p> <p>At Avangaad, we have established a dedicated Risk &amp; Governance Committee ("RGC") at the board level, chaired by Mr. Michael Cheah Choy Chin. The RGC convenes regularly, in collaboration with the senior management team, to ensure alignment between the Group's strategic plan and its long-term value creation and sustainability objectives.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Avangaad's sustainability strategies, priorities, and targets undergo meticulous development, monitoring and review, guided by a thorough materiality assessment.</p> <p>Reflecting our commitment to sustainability, we prioritize initiatives across 13 key areas, ranked according to their significance: Occupational Health and Safety, Regulatory Compliance, Data Privacy and Cybersecurity, Corporate Governance and Anti-Corruption, Service Quality and Customer Satisfaction, Labour Standards and Human Rights, Economic Performance, Supply Chain Management, Energy Management and Climate Action, Waste and Effluent Management, Community Engagement, Water Consumption, and Diversity and Inclusion.</p> <p>For detailed insights into Avangaad's Sustainability Report and initiatives, please refer to the Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board, senior management, and relevant Board Committees collaborate extensively to oversee the implementation of the Sustainability Policy, which includes facilitating regular performance evaluations and establishing appropriate sustainability targets. As part of this commitment, Avangaad has adopted the Statement of Policy on Quality, Health, Safety and Environment Protection (QHSE Policy). This policy aims to ensure safe practices in ship operation and maintain a safe working environment, continuously enhancing the safety management skills of personnel both ashore and onboard. It also encompasses readiness for safety and environmental emergencies, risk mitigation measures, and compliance with regulatory requirements.</p> <p>Continuous and transparent communication of environmental, social, and governance targets and performance to all stakeholders of the Group is a priority for the Company. The Board is responsible for approving the Sustainability Report included in the Annual Report for the financial year 2024.</p> <p>In line with our commitment to robust sustainability governance, a Sustainability Governance Structure has been established. The Sustainability Steering Committee and Top Management, works diligently to oversee sustainability initiatives. This committee reports to the Risk and Governance Committee, which in turn reports to the Board of Directors. Furthermore, the Sustainability Policy was formally tabled during the financial year 2024.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board has yet to incorporate the assessment of Senior Management's performance in addressing the Company's material sustainability risks and opportunities into the Company's performance evaluation process.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.5- Step Up

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

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <p>Avangaad has appointed a dedicated executive as the environmental, social, and governance (ESG) Coordinator, who will be supervised by the management. The appointed executive in charge of managing sustainability matters have a pivotal role within the company, guided by the oversight and strategic direction of management. The responsibilities include staying abreast of the latest developments in sustainability and advising management on compliance with the regulations set by Bursa Malaysia.</p> <p>In this role, the staff tasked with presenting various strategies and best practices to management, fostering discussions to determine the most effective path toward long-term sustainability. This collaborative process is essential as we strive to align our business practices with both local and global sustainability expectations.</p> <p>A key component of his responsibilities is the collection, analysis, and reporting of data concerning the company's performance on ESG criteria. This includes the preparation of a sustainability report that adheres to international standards such as the Global Reporting Initiative (GRI) Standards, Bursa Malaysia's Sustainability Reporting Guide (3rd edition) and United Nations Sustainable Development Goals ("UN SDGs"). The sustainability report is then included in the company's annual report.</p> <p>Through these efforts, we aim to embed sustainability into the core of our business operations, ensuring that our growth is balanced with environmental stewardship, social responsibility, and robust governance.</p>

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Every Board Member of Avangaad undergoes a thorough selection process, meticulously evaluating their academic and professional qualifications, depth of knowledge, skills, experience, and personal attributes crucial for effective governance.</p> <p>The Nomination and Remuneration Committee is entrusted with evaluating the performance of Directors whose terms are nearing expiration. Following a comprehensive assessment, the Nomination and Remuneration Committee submits recommendations to the Board for consideration regarding the reappointment of the respective Director.</p> <p>In accordance with the Company's Constitution, at least one third (1/3) or the number nearest to one third (1/3) of Directors, including the Managing Director, shall be subject to retirement by rotation once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the year are required to retire and seek for re-election by the shareholders at the next annual general meeting ("AGM") to be held following their appointments</p> <p>Further, in making a recommendation to the Board on the candidate for directorship, Nomination and Remuneration Committee shall have regard to size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The composition of the Board of Avangaad, as of 31 December 2024, remains robust, comprising seven (7) Directors, including one (1) independent Non-Executive Chairman, two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors. These individuals were meticulously selected for their exceptional expertise, extensive experience, unwavering integrity, and commendable character, ensuring a balanced and competent leadership team. The Board is steadfast in adhering to regulatory guidelines regarding Board composition, with most Independent Directors possessing diverse expertise and skills from various fields.</p> <p>The Board is cognisance that the current composition does not align with the desired practice by underlining that independent directors are expected to account for at least half of the board. However, the Board exceeds the minimum of 1/3, as stipulated in the Listing Requirements of Bursa Securities.</p> <p>Each independent director has affirmed his/her independency and brings invaluable judgement to deliberation on issues of strategy, performance, allocation of resources, risk management, internal controls and standards of conduct. The minority shareholders are well represented by the presence of the existing INED on the Board who have shown that they are individuals with integrity and are highly capable and competent to carry out their duties and responsibilities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board endeavours to use its best efforts to identify an additional independent director of high calibre that is able to contribute to the Board.

<b>Timeframe</b>	:	Others	
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#### **Intended Outcome**

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

#### **Practice 5.3**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Code's recommendation and the Constitution of the Company, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and 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 to retain the Independent Director beyond nine (9) years, the Board will seek annual shareholders' approval through a two-tier voting process in accordance with Practice 5.3 of MCCG.</p> <p>The Board recognizes the importance of independence and objectivity in its decision-making process.</p> <p>In order to ensure independent and objective judgment is brought to the Board's deliberation by genuine independence of the independent directors and to ensure conflict of interest or undue influence from interested parties is well taken care of, the Board is committed to ensure the independence of the independent directors are assessed by Nomination and Remuneration Committee prior to their appointment based on formal Nominating and selection process with the results of the review reported to the Board for consideration and decision.</p> <p>During the financial period under review, none of the Independent Directors of Avangaad has served more than nine (9) years on the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	:  As delineated in our Board Charter, the tenure of an independent director is stipulated not to exceed a cumulative term of nine (9) years.  Nevertheless, upon reaching the culmination of this nine-year period, the independent director may be eligible to continue serving on the Board, contingent upon their re-appointment as a non-independent director.  Should the intention be for the director to maintain their status as an independent director beyond this tenure, the Board is required to provide rationale and seek shareholders' approval prior to such continuation.

**Intended Outcome**

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

**Practice 5.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board acknowledges the critical significance of diversity in crafting its composition, with due consideration given to the requisite skills, knowledge, and experience essential for augmenting Board effectiveness. Diverse representation is thoroughly contemplated across multiple dimensions, encompassing gender, age, educational background, professional expertise, skills, and knowledge. Under the purview of the Nomination and Remuneration Committee, the Board remains steadfast in its commitment to actively seek candidates representing various genders, age groups, and ethnicities, possessing the requisite skills, experience, and attributes requisite for optimal governance, as an integral facet of its selection process.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In response to the regulatory changes introduced by Bursa Malaysia in January 2022, the Company has diligently formulated and adopted a Fit and Proper Policy for the Board, a crucial step in enhancing governance and integrity within our organization.  This policy stands as a cornerstone guiding the meticulous selection and evaluation of Director candidates. The policy establishes transparent guidelines for appointing and evaluating directors in compliance with Bursa Malaysia Securities Berhad's Main Market Listing requirements and other relevant regulations. The policy ensures that directors possess requisite character, integrity, competence, and independence, with criteria including probity, personal and financial integrity, reputation, qualifications, relevant experience, and time commitment. It mandates fit and proper evaluations before initial appointments and re-elections, considering both individual and collective criteria and allowing for contextual assessments of any lapses in meeting specific criteria.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The profiles of Directors are prominently featured in the Annual Report and on Avangaad's corporate website. These profiles comprehensively detail pertinent information, including the Directors' age, gender, date of appointment, directorships held in other entities, professional background, qualifications, disclosure of any potential conflicts of interest, and their holdings in Avangaad, if applicable.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Member of the Board, who is an Independent Non-Executive Director is appointed as the Chairperson of the Nomination and Remuneration Committee on 23 July 2024. Ms. Tong Siut Moi is well-placed to act on behalf of the Company and act in the best interest of all shareholders. She is able to align the evaluation of existing Directors and selection of new Directors with the Company's requirements. This ensures adequate checks and balances in the decision-making process as the Board is also required to endorse the recommendations and final decisions of the Nomination and Remuneration Committee.</p> <p>Her strong views and character, dynamic personality, inquisitive nature, and outstanding leadership skills, coupled with the support of his fellow committee members, create a strong foundation for an effective Nomination and Remuneration Committees.</p> <p>The current composition of the Nomination and Remuneration Committee comprises of two (2) Independent Non-Executive Directors and one (1) Independent Non-Executive Chairman.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board actively promotes and endorses increased participation of women in key decision-making roles within the Company, as it endeavors to achieve a target of 30% female representation in the Board composition. As of 31 December 2024, out of the seven (7) Directors, one (1), constituting 14%, is female. While the Board has not established a specific quota for the appointment of additional female directors, it wholeheartedly embraces gender diversity, recognizing that such inclusion is always aligned with the best interests of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Avangaad currently do not have a specific policy on gender diversity. However, we firmly assert that fostering a genuinely diverse and inclusive Board is essential for leveraging variances in perspectives, knowledge, skills, regional and industry experiences, cultural backgrounds, age, and gender. This approach is integral to safeguarding Avangaad's competitive advantage.</p> <p>The Nomination and Remuneration Committee assumes responsibility for rigorously reviewing and assessing the composition and performance of the Board, while also identifying suitable candidates for the senior management team.</p> <p>In terms of gender diversity, our Board and senior management exhibit a diverse profile. Ms. Tong Siut Moi serves as one of our directors and Ms. Ang Jia Ping holds the position of Senior Head of Finance.</p> <p>Looking ahead, we are committed to formulating a comprehensive policy on gender diversity and will propose its adoption to the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The efficacy of the Board stands as a critical determinant of the Group's success. Accordingly, a significant portion of the Board Policy Manual is dedicated to elucidating and delineating the format and procedure for evaluating the performance of Board Members. The structured format available for the evaluation of Board Members facilitates their efficient and effective discharge of duties.</p> <p>Annually, the Board, facilitated by the Nomination and Remuneration Committee, conducts a thorough evaluation to gauge the performance of the Board, its Committees, Directors, and the Chairman. This encompasses an assessment of the independence of Independent Directors, considering each Director's capacity to exercise independent judgment consistently.</p> <p>The evaluation encompasses a spectrum of factors, including the composition, skillset, experience, communication, roles, responsibilities, and overall effectiveness of the Board. Directors are required to complete a questionnaire pertaining to the processes of the Board and Committees, their efficacy, and areas for potential enhancement. Subsequently, the Company Secretary presents the evaluation findings to the Nomination and Remuneration Committee, which are then noted by the Board.</p> <p>Following the internal performance evaluation process for 2024, the Board has determined that both the Board and its Committees operate effectively. Moreover, the Chairman affirms that each Director continues to make a substantive contribution to the Board's endeavors, demonstrating thorough preparedness and insight into matters under consideration. Additionally, Directors exhibit a robust understanding of the Group's operations, coupled with a steadfast commitment to the Company's objectives.</p>

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

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has implemented a structured and transparent procedure for determining the suitable remuneration packages for its members. Led by the Nomination and Remuneration Committee, the Board regularly evaluates the overarching remuneration policy for Directors, aiming to maintain an attractive framework that fosters talent retention and acquisition. This approach ensures that the remuneration levels are commensurate with the experience and scope of responsibilities shouldered by the Directors. Moreover, the Board ensures that Director remuneration remains competitive, fitting, and in alignment with prevailing market standards. The Remuneration policy has been reviewed and approved by the Board and is published in our corporate website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Committee shall have access to pertinent information and counsel, both internal and external to the Group, as deemed necessary or appropriate in accordance with procedures established by the Board and at the expense of the Company. Authorized by the Board, the Committee is empowered to engage external legal or other professional advisors, as well as gather insights into remuneration practices from external sources. Should it deem it necessary, the Committee has the prerogative to enlist the attendance of external advisors possessing relevant experience and expertise. Furthermore, it retains the discretion to determine the attendance of individuals other than its own members at its meetings. It is stipulated that no director or executive shall participate in decisions pertaining to their own remuneration.</p> <p>Additionally, the Nomination and Remuneration may seek guidance from the Chairperson of the Board on matters concerning the remuneration of executive directors. Furthermore, in evaluating the Executive Director/CEO, the Committee may solicit input from other non-executive directors. The Committee reserves the right to invite other directors and key executives to participate in its meetings as needed to fulfill its duties.</p> <p>The Terms of Reference has been reviewed and approved by the Board and is published in our corporate website, <a href="https://avangaad.com/ir/corporate-governance">https://avangaad.com/ir/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the remuneration received by the Non-Executive Directors (NEDs) for the financial year 2024 is set out in a table in the Annual Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Mohd Redza Shah Bin Abdul Wahid	Independent Non-Executive Chairman	95.86	53.00	-	-	-	-	148.86	95.86	53.00	-	-	-	-	148.86
2	Dato' Seri Nazir Hussin bin Akhtar Hussin	Executive Director	-	-	142.74	-	-	-	142.74	-	-	142.74	-	-	-	142.74
3	Datuk Wira Mubarak Hussain bin Akhtar Husin	Executive Director	-	-	142.74	-	-	-	142.74	-	-	142.74	-	-	-	142.74
4	Dato' Lai Keng Onn	Executive Director	-	-	142.74	-	-	-	142.74	-	-	142.74	-	-	-	142.74
5	Mohd Faris Adli Bin Shukery	Non-Independent Non-Executive Director	23.59	6.00	-	-	-	-	29.59	23.59	6.00	-	-	-	-	29.59

6	Tong Siut Moi	Independent Non-Executive Director	45.98	21.00	-	-	-	-	66.98	45.98	21.00	-	-	-	-	66.98
7	Michael Cheah Choy Chin	Independent Non-Executive Director	50.20	24.00	-	-	-	-	74.20	50.20	24.00	-	-	-	-	74.20
8	Datuk Mohd Nasir Bin Ali	Independent Non-Executive Director	54.84	17.00	-	-	-	-	71.84	54.84	17.00	-	-	-	-	71.84
9	Ir Dr Mohd Shahreen Zainooreen Bin Madros	Independent Non-Executive Director	59.91	17.00	-	-	-	-	76.91	59.91	17.00	-	-	-	-	76.91
10	Abdul Azmin Bin Abdul Halim	Independent Non-Executive Director	0.46	-	-	-	-	-	0.46	0.46	-	-	-	-	-	0.46
11	Rozan Bin Mohd Sa'at	Independent Non-Executive Director	54.34	17.00	-	-	-	-	71.34	54.34	17.000	-	-	-	-	71.34
12	Aziah Binti Ahmad	Independent Non-Executive Director	54.63	10.000	-	-	-	-	64.63	54.63	10.000	-	-	-	-	64.63

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Due to the intense competition, the Company believes that individual disclosure on a named basis for the remuneration of the top five senior management personnel is not in the best interest of the Company.</p> <p>The remuneration packages of the Senior Management of the Company are justified by acceptable industry benchmarks for the relevant positions with the consideration of expertise and experience. Additional remuneration such as year-end bonuses is based on achievement of individual KPIs.</p> <p>The Board will ensure that the remuneration of Senior Management is fair and commensurate with the performance of the Company and the contribution made by the Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee comprises of three (3) members, all of whom are Independent Directors. The Audit Committee is chaired by the Independent Non-Executive Director, Mr. Michael Cheah Choy Chin.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All members of the Audit Committee have no prior affiliations as key audit partners with any external audit firms. The Company will adhere to a cooling-off period of three (3) years should it contemplate the appointment of such an individual to the Audit Committee in the future.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Through the Audit Committee, the Board fosters a transparent relationship with both Internal and External Auditors, seeking professional guidance on internal controls and ensuring adherence to appropriate accounting standards.</p> <p>The Audit Committee diligently oversees the independence of the external audit function from the activities it audits. It meticulously reviews contracts for non-audit services provided by the External Auditors to prevent conflicts of interest. Excluded contracts encompass management consulting, strategic decision-making, internal audit, and the documentation of standard operating policies and procedures.</p> <p>Empowered to engage in direct communication with both external and internal auditors, the Audit Committee and auditors can promptly address any concerns as they arise.</p> <p>The External Auditors convene with the Audit Committee at least once annually. During these sessions, auditors present and discuss the audit's nature, scope, programme, internal controls, and any pertinent issues requiring the attention of the Audit Committee or the Board.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

There is an effective and independent Audit Committee.

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

### **Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>All of the Audit Committee members are Independent Directors, including the Chairman of the Audit Committee.</p> <p>The composition of the Audit Committee comprises of three (3) Independent Directors. This configuration is attributed to the limited number of Directors available.</p>

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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's effectiveness and composition undergo an annual evaluation as part of the Board Evaluation Assessment, aimed at upholding an independent and efficient Audit Committee. The Nomination and Remuneration Committee, overseen by the Board, ensures the appointment of a director possessing financial literacy, requisite knowledge and experience, and a profound understanding of the Company's operations to the Audit Committee.</p> <p>The Chairman and members of the Audit Committee are financially literate, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee.</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 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has approved a robust risk management and internal control framework to safeguard the Group's assets and interests. The Board regularly reviews these Systems to ensure their effectiveness, adequacy, and integrity and enable appropriate responses to changes in the business environment.</p> <p>Oversight of risk management and internal controls is delegated to the Risk and Governance Committee at the Board level and the Risk Management Committee at the Management level: The Risk &amp; Governance Committee – oversight on governance, internal control and financial matters; and the Risk Management Committee – oversight over risk management.</p> <p>Annually, the External Auditor and the Internal Audit function collaborate with the Risk and Governance Committee to evaluate the efficacy of risk management and internal controls, offering an independent perspective on specific risks and control matters.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group's Risk Management and Internal Control Framework specifics are elucidated in the Company's Annual Report within the Statement of Risk Management and Internal Control. Furthermore, the activities of the Risk Management Committee are comprehensively disclosed in the Company's Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Risk and Governance Management Committee at the board level was instituted on 1 June 2020, as outlined in the Announcement to Bursa. chaired by Micheal Cheah Choy Chin, an Independent Non-Executive Director, the Risk and Governance Committee is supported by two (2) other Independent Non-Executive Directors.

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is conducted by the in-house Internal Audit team of Avangaad and independent service provider. The role of the outsourced internal audit firm is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board during the financial year 2024.</p> <p>The Internal Audit Department ("IAD") directly reports to the Audit Committee and administratively to the CEO. Guided by its Internal Audit Charter, the IAD function aids the Board in fulfilling its fiduciary duties concerning financial, operational, information system, investigative, risk management, and governance processes, as outlined in the approved Annual Audit Plan.</p> <p>On a quarterly basis, the IAD furnishes the Audit Committee with independent and objective reports on the status of internal control, highlighting areas for improvement and providing updates on the implementation status of recommendations.</p> <p>The activities performed by the Internal Audit encompass, among others, assessing the adequacy and effectiveness of the internal control system, adherence to established policies, procedures, laws, and regulations, governance processes, information reliability and integrity, and the safeguarding of assets.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied									
<b>Explanation on application of the practice</b>	:	<p>As of 31 December 2024, IAD is supervised by Chief Operating Officer, Mr. Chin Sze How and supported by one (1) Internal Audit Deputy Manager and one (1) Internal Audit Executive. Holding a Bachelor of Accounting and Finance and serving as an associate member of the Malaysian Institute of Accountants (MIA), he ensures the department operates in compliance with the standards established by relevant professional bodies, specifically the Institute of Internal Auditors Malaysia.</p> <p>The Group has appointed an outsourced internal audit service provider, Baker Tilly Monteiro Heng PLT ("<b>Baker Tilly</b>") to carry out the internal audit function.</p> <p>The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group.</p> <p>The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.</p> <p>The profile of Baker Tilly is set out as follows:-</p> <table><tr><td>Date of appointment</td><td>:</td><td>2 September 2024</td></tr><tr><td>Principal Engagement Director</td><td>:</td><td>Ms. Heng Cheng Zin ("Ms. Heng")</td></tr><tr><td>Qualifications</td><td>:</td><td><ul style="list-style-type: none"><li>• Member of Certified Practising Accountant Australia (CPA)</li><li>• Chartered Member of Institute of Internal Auditors (IIA)</li><li>• Chartered Accountant of Malaysian Institute of Accountants (MIA)</li></ul></td></tr></table>	Date of appointment	:	2 September 2024	Principal Engagement Director	:	Ms. Heng Cheng Zin ("Ms. Heng")	Qualifications	:	<ul style="list-style-type: none"><li>• Member of Certified Practising Accountant Australia (CPA)</li><li>• Chartered Member of Institute of Internal Auditors (IIA)</li><li>• Chartered Accountant of Malaysian Institute of Accountants (MIA)</li></ul>
Date of appointment	:	2 September 2024									
Principal Engagement Director	:	Ms. Heng Cheng Zin ("Ms. Heng")									
Qualifications	:	<ul style="list-style-type: none"><li>• Member of Certified Practising Accountant Australia (CPA)</li><li>• Chartered Member of Institute of Internal Auditors (IIA)</li><li>• Chartered Accountant of Malaysian Institute of Accountants (MIA)</li></ul>									

			<ul style="list-style-type: none"> <li>Member of Environment, Social &amp; Governance (ESG) Association Malaysia</li> </ul>
	Experiences	:	<p>Zin has 18 years of internal audit, internal control review, risk management and compliance experience. She has been extensively involved in managing and executing Internal Audit and Compliance review engagements across Asia, Australia, America, Europe, and the Middle East.</p> <p>Zin is well-equipped with extensive knowledge in areas such as governance, risks, controls, business process design, policy and regulation compliance.</p> <p>She amassed expertise in a variety of industries which include REITs, Energy &amp; Utilities, Oil &amp; Gas, Mining, Pharmaceutical and Healthcare, Transportation, Property Management, and Development, Hotels, Retail, Food &amp; Beverage, Government Departments, and non-for-profit organisations. Zin was formerly with Ernst &amp; Young Risk Advisory, Perth, and Abbott Laboratories Singapore.</p>
	Number of resources	:	Baker Tilly deployed 2 to 3 personnel per audit review.
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Avangaad upholds an ethos of openness and transparency in its interactions with shareholders, investors, and stakeholders. Recognizing the pivotal role of effective communication, the Board diligently ensures adherence to the disclosure requirements stipulated by Bursa Malaysia.</p> <p>The Annual General Meeting serves as the primary platform for shareholder engagement. During the AGM, the Board welcomes inquiries from shareholders concerning the Group's business operations.</p> <p>Avangaad's Investor Relations meticulously curates a calendar of activities tailored for the investor community. These initiatives aim to furnish investors with comprehensive insights into the Company's strategic direction, financial performance, and latest developments. The investment community remains actively engaged through Quarterly and Financial Results announcements, Investor Relations conferences, in-house analyst briefings, and conference calls.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notification to Shareholders regarding Avangaad's fully virtual 30<sup>th</sup> AGM was dispatched to shareholders on 29 April 2024, exceeding the 28-day threshold prior to the meeting. Additionally, the Notice of AGM was published in The Star newspaper and made accessible on the Company's official website at 30 April 2024. Since 2017, it has been the Company's established practice to issue the Notice of AGM no less than 28 days before the meeting.</p> <p>In order to facilitate meaningful shareholder participation at the AGM, shareholders and investors are regularly apprised of the Group's latest business and corporate developments.</p> <p>In addition to the Annual Report, company updates are disseminated through circulars to shareholders, press releases, quarterly financial results, and various announcements made periodically to Bursa Malaysia. These updates are also prominently featured on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Board of Directors attended the recent AGM and EGM, held on 24 June 2024, at the St. Giles Southkey Johor Bahru Hotel in Johor Bahru. On this occasion, all board members were present in person to join the AGM, along with the Chairs of respective Board Committees and engaged directly with the shareholders.</p> <p>To facilitate a transparent and interactive shareholder experience, the Chairman of the Board explicitly addressed voting rights. Shareholders and their proxies were informed of their right to request a poll on any resolution presented.</p> <p>Board members, especially the Chairman, Chief Executive Officer, and Chief Financial Officer, respond to questions raised by shareholders, and where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate—

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In the 30th AGM, voting was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements. Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at the General Meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the AGM, the Chief Executive Officer delivered a comprehensive presentation on the Avangaad's financial performance and business operations for the preceding financial year. This presentation aimed to enhance shareholder understanding of the Company's current state of affairs.</p> <p>The meeting facilitated direct interaction between shareholders and Board members. Shareholders were provided the opportunity to ask questions about specific resolutions or the Company's general operations. Furthermore, the Group Chairman ensured adequate time for shareholder discussion before each resolution was formally proposed.</p>
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	
	:	

## Intended Outcome

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

## Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the Annual General Meeting ("AGM") held on 24 June 2024, were published on the Company's website at <a href="https://avangaad.com/ir/annual-reports">https://avangaad.com/ir/annual-reports</a> within 30 business days from the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **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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