

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5190  
**COMPANY NAME** : BENALEC HOLDINGS 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Benalec Holdings Berhad ("Benalec" or "the Company") is primarily responsible for Benalec's overall corporate governance and strives to ensure that it is practiced throughout Benalec Group ("the Group") as a fundamental part of discharging their responsibilities for the protection and enhancement of shareholder's value and the performance of the Group.</p> <p>The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016 ("the Act"), Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory guidelines and requirements that are in force.</p> <p>The Board is also guided by the Board Charter which outlines the duties, responsibilities and matters reserved for the Board in discharging their duties. The details of the Board Charter are available for reference at <a href="http://www.benalec.com.my">www.benalec.com.my</a></p> <p>The Board assumes, inter alia the following duties and responsibilities</p> <ol style="list-style-type: none"><li>i. <u>Overseeing the conduct of the Group's business in determining whether the business is properly managed</u> To ensure the smooth execution of the Group policies, strategies and business plans, the Board has delegated the authority to monitor and evaluate the implementation of the Group's policies, strategies and business plans to the Group Managing Director / Chief Executive Officer, Executive Director / C-Suite Officers and other Senior Management (collectively, "Key Management Team") with the responsibilities to keep the Board informed on all matters which may materially affect the Group and its business.</li><li>ii. <u>Ensuring that the Group has appropriate business risk management process and framework</u></li></ol>

	<p>The Board recognises the importance of managing risks and thus has put in place a sound system of internal controls which cover risk management, financial, organisational, operational and compliance control to safeguard shareholders' investments and company's assets.</p> <p>iii. <u>Ensuring that there is appropriate investor relations and communications policy</u></p> <p>The Board recognises the importance of maintaining transparency and accountability to the shareholders and all other stakeholders. The Group uses various channels for effective communication with the stakeholders including releasing timely announcements and disclosures to Bursa Securities, media and conducting regular dialogues with the financial community, participating in investor forums and regularly updating the Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a></p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Wong Yoke Nyen, an Independent Non-Executive Director, helms the Board as Chairman. He provides a strong leadership to the Board and ensures orderly conduct and proceedings of the Board.</p> <p>The Chairman continues to demonstrate the highest standards of corporate governance practices and ensures appropriate steps are taken to provide effective and transparent communication with stakeholders of the Company and the Group, and that the Group, and their view are communicated to the Board as a whole.</p> <p>The Chairman's profile can be found in the Company's Annual Report 2021 and the detailed role and responsibilities of the Chairman are mentioned in the Board Charter, as disclosed in the Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a></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 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the Group Managing Director/Chief Executive Officer ("GMD/CEO") are held by two (2) different individuals. Mr Wong Yoke Nyen is the Independent Non-Executive Chairman while Dato' Leaw Seng Hai is the GMD/CEO of the Group.</p> <p>The Board acknowledges the importance of a clear division of responsibility between the two (2) positions in order to ensure an optimal balance of power and authority to promote accountability and enhance decision-making.</p> <p>The separation of duties of the Chairman and the GMD/CEO are clearly defined in the Board Charters as disclosed in the Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a></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, 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>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Mr Wong Yoke Nyen, who is the Chairman and also member of the Audit, Nomination and Remuneration Committee, possesses solid experience from a financial background. With such depth and breadth of knowledge and business acumen, the Company believes that the value he brings to the Committees strongly outweighs the perceived disadvantages by being both the Chairman and member of the Board Committee.  Currently, the Board comprises three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director.  The Chairman of the Board, who is also an Independent Non-Executive Director, is a member of all the Board Committees in order to fulfill the requirement of having at least three (3) members who are solely Non-Executive Directors and majority Independent Directors in the respective Board Committees.  The Board will continue to identify candidates to be additionally appointed as Independent Non-Executive Director if deemed necessary, and thereafter would restructure the composition of each Board Committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

### 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 Company Secretaries of the Company have professional qualifications and are qualified to act as company secretary under Section 235(2) of the Act.</p> <p>The roles and responsibilities of the Company Secretaries include advising the Board on issues relating to compliance with relevant laws, rules, policies and regulations ensuring adherence to Board policies, rules and procedures as well as advocate adoption of best practices in the Company's corporate governance. The roles and responsibilities are available on the Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a></p> <p>All Board members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretaries, for the purposes of the Board's affairs and businesses.</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>The annual corporate calendar is prepared and circulated in advance before the end of each calendar year in order to facilitate orderly planning of the Directors' time and schedules. The annual corporate calendar provides Directors with scheduled dates for meetings of the Board, the Board Committees' and the Annual General Meeting, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.</p> <p>The Board conducts at least five (5) scheduled meetings annually, with additional matters being addressed by way of circular resolutions and additional meetings to be convened as and when necessary.</p> <p>A full agenda of the meeting and all Board papers, including complicated issues of specific matters are distributed at least five (5) working days prior to the meeting date to allow sufficient information and time for the Directors to review and evaluate the matters to be deliberated at the respective meetings.</p> <p>Minutes of the Board or Board Committees meetings which include a record of the decisions and resolutions of the meetings would be distributed by the Company Secretaries to all Directors on a timely basis for review and thereafter for confirmation at the next Board or Board Committee Meeting.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has established a Board Charter which clearly sets out the duties, roles and responsibilities of the Board, Board Committees, individual Directors, Chairman, GMD/CEO and Company Secretaries. It is a source of reference and primary induction literature, providing insights to prospective Board members and Key Management Team.  A copy of the Board Charter is available on the Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a>
<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 3.1

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>The Code of Conduct and Ethics for Directors ("the Code") was established in order to ensure that the Group adheres to high standards of ethics and corporate behaviour and are continuously committed to ethical values. A copy of the Code is available on Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a></p> <p>The Code covers a wide area of good practices including the following subject matters:-</p> <ul style="list-style-type: none"><li>a) Conflict of interest</li><li>b) Confidential and Proprietary information</li><li>c) Price sensitive Non-Public Information and Securities Trading</li><li>d) Protection of Group's Assets</li><li>e) Maintenance of Business Records</li><li>f) Compliance with applicable laws</li><li>g) Personal gifts, gratuities, benefits and contributions</li><li>h) Occupational health and safety</li><li>i) Religious/racial/sexual discrimination</li><li>j) Outside activities and interests</li><li>k) Good manners, courtesy and inter-personal conduct</li><li>l) Money laundering</li><li>m) Dishonesty, misconduct and corrupt practices</li></ul>
<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

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 whistle-blower policy and procedures are available on Company's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a>. It encourages employees and associates to report incidences of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, wastage and/or abuse involving the resources of the Group.</p> <p>The Company has an open-door policy and encourages any employee to share their questions, concerns, suggestions or complaints with their respective Head of Departments ("HODs"). If the employee is not comfortable speaking with their HOD or are not satisfied with the HOD's response, they are encouraged to speak and/or submit their concerns in writing directly to the Compliance Officer and/or the Directors.</p> <p>Violations or suspected violations may be submitted on a confidential basis by the complainant for his/her safety. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.</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>The Board is responsible for the sustainable practices within the operations of the Group and the overall impact of its business practices. Meanwhile, the Management is tasked and empowered to ensure economic, social and environmental issues are managed always with sustainability in mind.</p> <p>In order to see through the sustainability practices, a working Sustainability Committee comprising of key personnel from the relevant departments identify, deliberate and execute initiatives and actions as well as monitors the results of such sustainability practices and assess the sufficiency of action plans to achieve sustainability targets.</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>	:	The Annual Report 2021 of the Company encompasses a Sustainability Statement which discloses the Company’s sustainability strategies, priorities and targets and serves as a main communication tool of the Group’s sustainability practices and performance to both internal and external stakeholders.	
<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>	:	The Board continuously participates in public forums, exhibitions and/or seminars related to current issues within the theme of sustainability to keep themselves abreast on the subject matter. These topics are regularly discussed in meetings for Directors to deliberate on the risks and opportunities foreseeably present in the business and strategies in tackling the same.	
<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company takes cognisance of the fast-changing environment in the industry and has in place processes and procedures to measure the achievement of sustainability targets.</p> <p>The NC has revised the performance evaluation form for the Board which incorporates the elements of Environment, Social and Governance (“ESG”) and undertook an evaluation of the performance of the Board and senior management in addressing the Company’s material sustainability risks and opportunities.</p> <p>Some of the criteria used in the assessment of individual Directors during the year were:</p> <ul style="list-style-type: none"> <li>• Presence of business strategy underpinned by ESG;</li> <li>• Frequencies of discussions on ESG risks and opportunities; and</li> <li>• Monitoring sustainability targets and goals.</li> </ul>	
<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 4.5- 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.*

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee ("NC") is responsible to oversee and review the overall composition of the Board in term of size, required mix of skills, experience and qualities and core competencies of the Company.</p> <p>The effectiveness of the Board as a whole and the contribution and performance of each individual director to the effectiveness of the Board and Board Committees will also be assessed by the NC on an annual basis. The NC is satisfied with the current Board composition and is positive that it is adequate to support objective and independent deliberation, review and decision making.</p> <p>In the Board Charter, it is stated that subject to the assessment of the NC with reasonable justification and the shareholders' approval, the Board may retain an Independent Director who has served nine (9) years or more. If the Board continues to retain an independent director after the twelfth (12<sup>th</sup>) year, the Board should seek annual shareholders' approval through a two-tier voting process.</p> <p>Both Mr Wong Yoke Nyen ("Mr Wong") and Mr Koo Hoong Kwan ("Mr Koo") has served as Independent Non-Executive Directors for more than nine (9) years. In line with this, both Mr Wong and Mr Koo were subject to retirement at the 15<sup>th</sup> AGM held on 18 May 2021 but were retained with approval from the shareholders.</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 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently has five (5) members, comprising three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director.	
<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 5.3

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>Mr. Wong Yoke Nyen ("Mr. Wong") and Mr. Koo Hoong Kwan ("Mr. Koo"), both Independent Directors of the Company have each served as Independent Director for a period exceeding nine (9) years respectively.</p> <p>The Board, having assessed the independence of its Independent Directors annually through a self-assessment under the annual Board evaluation process, is satisfied with the level of independence of the abovesaid Independent Directors and agreed with the proposed reappointment of both Mr. Wong and Mr. Koo as Independent Directors of the Company, subject to the shareholders' approval at the forthcoming 16th Annual General Meeting via two-tier voting process in accordance with the Malaysian Code on Corporate Governance 2021.</p> <p>The justifications for retaining Mr. Wong and Mr. Koo are set out on in the Annual Report 2021.</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 5.4 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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>	:	<p>The Nomination Committee (“NC”) is tasked to evaluate the qualification of each Director on the Board to ensure that they have the requisite knowledge, experience and capacity that can bring meaningful value to the business strategy and operations of the Group.</p> <p>When evaluating the effectiveness of the Board as a whole, diversity in skills, experience, age, gender and cultural background are taken into consideration. This is portrayed by the fact that the Board is represented by professionals from different fields/industries ranging from engineers, financiers, legal and corporate. The Board comprises both genders, diverse cultural backgrounds as well as range of ages between 30 to 77.</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 5.6

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>	:	
<b>Explanation for departure</b>	:	<p>Currently the Board considers the appointment of new director upon the recommendation from Nomination Committee (“NC”), while the Management will identify the suitable candidates based on the criteria suggested by the NC. The candidates are then sourced internally or from open, independent sources including public forums or professional networking platforms, on top of word-of-mouth recommendations from retiring/existing board members.</p> <p>In making recommendations to the Board, the NC will consider the skills, knowledge, expertise and experience, professionalism, integrity of all candidates brought in for their assessment and in the case for the position of Independent Non-Executive Directors (“INED”), their ability to discharge such responsibilities or functions independently as expected from INEDs.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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 5.7

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>	:	Shareholders will be kept informed on the Board's decision in respect of the appointment of Directors' via announcement to Bursa Securities and updates on the Company's website.  The details of Directors who are standing for re-election are set out in the profiles of Directors in the Annual Report which details their age, gender, working experience including any family relationships with major shareholders or Directors and any conflict of interest. All information about the Director(s) to be re-elected viewed as material in respect of their capacity to provide an independent judgement on the Board are displayed transparently to assist the shareholders in making an informed decision on approving such re-election.	
<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>	:	Currently the Nominating Committee (“NC”) is chaired by Mr Koo Hoong Kwan who is the Senior Independent Non-Executive Director. His profile can be found in the Company’s Annual Report 2021.	
<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>	:	<p>Currently the Board has one (1) member being Ms Leaw Ai Lin who is a woman director. This represents 20% of the Board composition and departs by way of a slight gap to the 30% threshold set.</p> <p>The Board takes the view that the status quo of the Board in terms of composition and structure, can be maintained for the time being considering the existing diversity that it already has, further justified by the assessment of each director strictly based on meritocracy instead of gender.</p> <p>However, the Board acknowledges that there is always room for improving diversity while maintaining the highest level of meritocracy, in ensuring continuous efficient functioning of the Board and remains open to change as and when opportunity arises.</p> <p>The Board will continue to seek out suitable candidates that are in line with the objective of achieving diversity on the Board level, not just in the form of gender, but also in skills, ethics, experience and expertise.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has yet to establish any formal gender diversity policy for the board and senior management, but currently has one (1) female Director on the Board out of its five (5) members.</p> <p>It is also worth noting that the other C-Suite Officer of the Group, being the Chief Financial Officer ("CFO") is also a woman, and the same applies to many business unit/departmental Head of Department ("HODs") including the Company Secretary, Legal, Human Resources, Contract &amp; Operations.</p> <p>The Board takes the view that the status quo of the Group, in terms of composition of its Board and Senior Management, can be maintained for the time being considering the existing diversity that it already has, further justified by the assessment of each director/senior manager strictly based on meritocracy instead of gender.</p> <p>The Board acknowledges the recommendation of the Malaysian Code of Corporate Governance on the establishment of a gender diversity policy for the Board and that there is always room for improving diversity while ensuring continuous efficient functioning of the Group and remains open to changes as and when opportunity arises.</p> <p>The Board will continue to seek out suitable candidates that are in line with the objective of achieving diversity on the Board and Senior Management level, not just in the form of gender, but also in skills, ethics, experience and expertise.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

## 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 Board undertakes a formal and transparent process upon completion of every financial year to assess the effectiveness of their fellow directors and the Board as a whole by completing a detailed questionnaire (Form of Board Assessment and Evaluation).</p> <p>The NC, having deliberated the findings of the Board and individual Directors' Evaluation, will report to the Board the results and highlight those matters that require further discussion and direction by the Board.</p> <p>Following the evaluation, the Board concluded that the Board as a whole and its committees is effective and the Board has the necessary skills, experience, qualities and integrity to lead the Company and each of the Director including the Independent Directors in their individual capacities as Independent Directors have fulfilled their responsibilities and obligations and have carried out their statutory duties and in accordance with the Board Charter of the Company.</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>	:	<p>On the Board level, the Board considers the recommendation from the Remuneration Committee ("RC") in determining a fair remuneration of its Directors which accounts for the Director's contribution towards the Group in the form of time, commitment and performance. Aside from the remuneration being fair and reflective of the Director's skillset and experience, the RC and the Board takes cognisance that it should also be attractive enough to retain talent amidst a highly competitive and tight labour market.</p> <p>Additionally, on deliberating the remuneration of any particular Director, the Director in-concern will be abstained from the discussion to ensure objectivity and fairness.</p> <p>The same practice is adopted in determining the remuneration level of the Senior Management team members of the Group, wherein the Head of Human Resources shall recommend an appropriate remuneration level (taking consideration all of the above factors and the market level pay) of any Senior Manager / C-Suite Officer to the CEO for approval.</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

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>	:	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 at <a href="http://www.benalec.com.my">www.benalec.com.my</a> .	
<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**

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 detailed disclosure of the remuneration breakdown of individual directors including fees, salary, bonus, benefits in-kind for the financial year ended 31 December 2021 are set out in the table below.



No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Leaw Seng Hai	Executive Director	-	-	-	-	-	141,113	141,113	-	-	4,200,000	-	44,325	1,464,113	5,708,438
2	Wong Yoke Nyen	Independent Director	180,000	7,000	-	-	-	-	187,000	180,000	7,000	-	-	-	-	187,000
3	Koo Hoong Kwan	Independent Director	180,000	8,000	-	-	-	-	188,000	180,000	8,000	-	-	-	-	188,000
4	Fazrin Azwar bin Md. Nor	Independent Director	144,000	5,000	-	-	-	-	149,000	144,000	5,000	-	-	-	-	149,000
5	Leaw Ai Lin	Non-Executive Non-Independent Director	168,000	2,000	-	-	31,000	-	201,000	168,000	2,000	-	-	31,000	-	201,000

### 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>	:	The Board is of the view that such disclosure on a named basis is neither to the Group's advantage nor in its business and operational interests, given the sensitive nature of such information considering the fierce competition for talents in the market.	
		The Board will closely monitor developments in the market in respect of such disclosure for future consideration.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Others	Please specify number of years.

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>	:	<p>The Audit Committee ("AC") is chaired by Mr. Koo Hoong Kwan, who is not the Chairman of the Board.</p> <p>The AC comprises of three (3) members who are Independent Non-Executive Directors', all of whom are equipped with the depth and breadth of legal, financial expertise and commercial acumen for them to discharge their responsibilities and fulfil their roles as the AC members.</p> <p>Details of the composition and activities of the AC are set out in the AC Report on the Company's Annual Report 2021.</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 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>	:	To date, the Company has not appointed any former audit partner as a member of the AC.	
<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>The AC conducted an annual assessment of the suitability and independence of the external auditors, in respect of the financial period under review.</p> <p>Upon satisfactory assessment of the effectiveness of the external auditors, the AC will recommend their re-appointment and fees payable in respect of their scope of work to the Board for approval.</p> <p>The external auditors of the Group have provided written confirmation of their team's independence when presenting the auditor planning memorandum as well as upon completion of the audit in accordance with the firm's requirements and the provisions of the By-Laws on Professional Independent of the Malaysian Institute of Accountants.</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 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>	:	The AC of the Company comprises solely of Independent Non-Executive Directors', namely: 1. Mr Koo Hoong Kwan 2. Mr Wong Yoke Nyen 3. Encik Fazrin Azwar bin Md. Nor

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee ("AC") are suitably qualified and possess sufficient financial management and business judgement to discharge their responsibilities as the AC member.</p> <p>Mr Koo Hoong Kwan who is the Chairman of the AC is a member of the Malaysia Institute of Accountants.</p> <p>All members of the AC are financially literate and has thorough understanding of the Group's business including the financial reporting process. The AC is kept up to-date by the Management, Company Secretaries, External and Internal Auditors on the changes to accounting standards, Main Market Listing Rules and other regulations which can have an impact on the Group's business and financial statements.</p> <p>All members of the AC have undertaken continuous professional development to keep themselves abreast of the latest development and ensure that they are equipped with the relevant knowledge and skills in discharging their duties effectively.</p> <p>Details of their training programmes, seminars / forums attended by the AC members are disclosed in "Corporate Governance Overview Statement" of the Company's Annual Report 2021.</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 10.1

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 recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process. Risk management is given priority by the establishment of policies to identify, evaluate and manage the Company's corporate risk profile to mitigate possible adverse effects arising therefrom. In view of that, continuous reviews are carried out by the internal auditors to ensure that adequate and effective controls are in place. Thereafter, the findings are reported to the AC at the scheduled meeting.</p> <p>The Board has received assurance from the Group Managing Director/Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review. Based on the assurance from the Chief Executive Officer and Chief Financial Officer, results of the internal audit activities, as well as the review of risk Management process and internal control system, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's Annual Report.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2021 provides an overview on the state of internal controls and risk management within the Group.</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

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>	:	<p>The Company has outsourced the Internal Audit ("IA") function to a professional service firm known as GovernAce Advisory and Solutions Sdn. Bhd. to assist the Audit Committee in discharging its duties and responsibilities by providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.</p> <p>The engagement Director, Mr Chong Chee Sing, has diverse professional experience in IA, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a Certified Internal Auditors, Certified Practising Accountant and Chartered Account. The IA staff and the engagement Director are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and was guided by the International Professional Practice Framework.</p> <p>The information on the IA function is available in the Statement on Risk Management and Internal Control in the Annual Report 2021.</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 10.3 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</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 11.1**

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 Audit Committee (“AC”) whilst it operates independently within the confines of its Terms of Reference, the integrity of risk management and internal control system are further assured by the outsourcing of its internal audit (“IA”) function to an independent professional service provider, GovernAce Advisory and Solutions Sdn. Bhd. to assist the AC and the Board in discharging their responsibilities.</p> <p>The IA reports directly to the AC who approves the annual audit plan of the IA and monitors the progress of completion of the audit plan.</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>The internal audit function (“IA”) is outsourced to GovernAce Advisory &amp; Solutions Sdn Bhd (“GovernAce”) which is led by a director who is supported by his team members with relevant qualifications and/or experience in internal auditing.</p> <p>GovernAce’s engagement director in charge of the Group’s IA is Mr Chong Chee Seng, who is a certified internal auditor (“CIA”) of the Institute of Internal Auditors Inc, Certified Practising Accountant with CPA Australis, a Chartered member of Institute of Internal Auditor Malaysia and Accountant registered with Malaysian Institute of Accountants with more than 15 years of international and local audit experiences.</p> <p>The IA function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance to the AC that such systems continue to operate satisfactorily and effectively in the Group.</p> <p>None of the IA personnel has any relationships or conflict of interest that could impair their objectivity and independence in conduction their IA function.</p> <p>The IA practices were guided by the International Professional Practices Framework issued by the Institute of Internal Auditor.</p> <p>During the financial year ended 31 December 2021, the IA of the Group was carried out in accordance with a risk-based audit plan approved by the AC.</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

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>The Board acknowledges the need for the Company's stakeholders to be kept informed of the material business and corporate developments concerning the Group in a timely manner.</p> <p>The various channels includes:-</p> <ul style="list-style-type: none"><li>a) Quarterly announcement of the Group's financial results to Bursa Malaysia;</li><li>b) Relevant announcements, circulars and/or press release pertaining to any new corporate proposal the Group intends to undertake (as and when necessary);</li><li>c) Annual and Extraordinary General Meetings of the Group;</li><li>d) Regular dialogues between the Management and institutional shareholders, investment communities, financial analysts as well as the media; and</li><li>e) The Group's website at <a href="http://www.benalec.com.my">www.benalec.com.my</a> is regularly updated so that shareholders and prospective investors can access corporate information, media releases, financial reports, company's announcement and share price movements of the Company.</li></ul> <p>To maintain a high level of transparency and to effectively address any issues or concerns, the Company has a dedicated electronic mail platform, ie <a href="mailto:ir.benalec.com.my">ir.benalec.com.my</a> for stakeholder to direct any or their queries or concerns which will be responded promptly by representative of the Company.</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**

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 Company has a practice of dispatching the notice of its Annual General Meeting (“AGM”) to shareholders at least 28 days, in advance of the 21 days requirements under the Companies Act 2016 and Main Market Listing Requirements. This provides the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM. In any event, where the shareholders are not able to attend the AGM, they may appoint proxies to attend, vote and ask questions on their behalf.</p> <p>In view of the Covid-19 transmission risk, the 15<sup>th</sup> AGM of the Company for the financial year ended 31 December 2020 was conducted via a virtual meeting through live streaming, remote voting and participation from Benalec’s Headquarters. This had allowed many more shareholders to participate at their own convenience and flexibility of location.</p> <p>The Notice of the forthcoming 16<sup>th</sup> AGM was given to shareholders at least 28 days before the meeting.</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>The Annual General Meeting (“AGM”) remains a principal forum for communication with shareholders and they are encouraged to participate in these meetings. The dates of AGM, Board and Board Committees’ Meeting for each financial year were planned in advance to ensure all Directors/Committees members are able to plan, prepare and schedule their dates to attend the meeting.</p> <p>The Chairman of the Audit, Nomination, Remuneration and other committees were present at the last virtual AGM and will endeavour to be present at the forthcoming virtual 16<sup>th</sup> AGM.</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>	:	<p>The 15<sup>th</sup> AGM of the Company held on 18 May 2021 was conducted fully virtual through live streaming and online voting from the broadcast venue using remote participation and voting facilities (“RPV”).</p> <p>This online platform allowed both individual shareholders and body corporate shareholders through their appointed representative to</p> <ul style="list-style-type: none"> <li>• submit proxy form electronically – paperless submission</li> <li>• register for remote participation and voting at meetings</li> <li>• participate in meetings remotely via live streaming</li> <li>• vote online remotely on resolution(s) tabled at meetings</li> </ul>	
<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>During the virtual AGM, the shareholders and proxy can rely on real time submission of typed text to exercise their right to speak or communicate in a virtual meeting by submitting questions in relation to the agenda items into the text box given in the live stream. The questions were then answered by the Chairman of the Board, Group Managing Director/Chief Executive Office or other Directors during the virtual meeting.</p> <p>Further to that, shareholders are also free to submit questions to the Company in advance if they wish for the answers to be sufficiently prepared for and answered to during the AGM. Additionally, the Management also reverts to any written queries by the same manner in written form, after presentation of the same during the AGM Q&amp;A.</p> <p>A shareholder, namely the Minority Shareholders Watch Group (“MSWG”) had some queries regarding the Company’s direction and financial position. To this, a written reply was furnished to MSWG, details of which were summarised and presented during the AGM.</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>	: Applied
<b>Explanation on application of the practice</b>	: The Company's 15 <sup>th</sup> AGM for financial year 2020 was held on 18 May 2021. The meeting is a fully virtual meeting conducted entirely through live streaming and remote voting using remote participation and voting facilities from the meeting venue at Benalec's Headquarters.  In consideration of the ongoing Covid-19 transmission risk and other relevant factors such as cost of the cost of meeting platform and ease of shareholders participation, the same meeting platform will be used by the Company for its 16 <sup>th</sup> AGM.  Questions posed by shareholders are made visible to all meeting participants when the Board are answering any particular question during the Q&A session of 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>	:  

**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 recording of the proceedings in the form of minutes reflects the mutual understanding, agreements as well as resolutions reached between the shareholders and Directors of the Company.  The minutes of the 15 <sup>th</sup> AGM which includes questions and answers addressed during the commencement of the meeting was available on the Company's website timely thereafter, to provide useful information to shareholders and investors.
<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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