

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 9296  
**COMPANY NAME** : RCE CAPITAL BERHAD  
**FINANCIAL YEAR** : March 31, 2022

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 of RCE Capital Berhad (the "Company") is responsible for the oversight of the Company's business and affairs. The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company. The Directors are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through the Board's leadership and management of the Group's business.</p> <p>The Directors together as a team, set the values and standards of the Group and ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board also supervises and assesses the performance of the Chief Executive Officer ("CEO") in ensuring that the Group's business is properly managed to safeguard the Group's assets and shareholders' value.</p> <p>To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees namely, Audit Committee, Nomination &amp; Remuneration Committee ("N&amp;R Committee"), Employees' Share Scheme Committee and Sustainability Management Committee to ensure that a good corporate governance framework is in place within the Group.</p> <p>The Board has clearly demarcated the day-to-day operational functions of the Management and the overall responsibilities of the Board through the Board Charter and other governance documents. The Company had in place a Delegation of Authority and Authority Limit ("DAAL") Policy with the objective to establish a sound framework of authority and accountability within the Group, which applies to all employees of RCE Group to uphold the value of good corporate governance, accountability, transparency and integrity. The DAAL Policy</p>

governs the operations of the Group within a set limit and the delegation of authority limits to key functional areas within the Group.

During the financial year, the Board reviewed and approved the revision to the DAAL Policy based on the recommendation of the Audit Committee.

The following paragraphs describe the Board's role in discharging its key fiduciary duties, leadership functions and responsibilities:

- (1) The Board plays an active role in the development of the Group's strategy, and monitoring of its performance and implementation. The annual budget and strategy of the Group were presented to the Board at its meeting held in May 2021.

In November 2021, the Board reviewed the year-to-date results against the budget and strategy including financial performance of the Group. Progress is monitored against the performance targets as approved by the Board.

The Management, led by the CEO is responsible for the day-to-day operations of the Group's business activities. He is supported by a Management Committee team which meets monthly to review and discuss on the Group's operational and financial results. The Board exercised oversight through quarterly review and deliberated on the Group's performance, Management's proposal, as well as challenged the Management's views and assumptions (where necessary) prior to the approval.

- (2) The Board continues to maintain and regularly review the adequacy and effectiveness of the Group's system of internal control and risk management processes to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments. For this purpose, the Company had put in place a Risk Management Policy.

The Company's Risk Management Committee comprising members with risk and business management knowledge and experience, oversees the implementation of risk management policies and strategies that were approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee advises the Audit Committee on areas of high risk and the adequacy of compliance and control procedures throughout the Group as well as assisting the Board to fulfil its responsibilities with regards to risk governance and risk management in order to manage the overall risk exposure of the Group. The Risk Management Committee is also responsible for overseeing the compliance with regulatory requirements.

	<p>Quarterly reports of Risk Management Committee are presented to the Audit Committee which in turn will brief the Board on its findings, if so required.</p> <p>Key risks deliberated by the Risk Management Committee during the financial year include, amongst others, credit risk, information technology risks, financial risks, strategic risks and compliance risks.</p> <p>(3) The Board through the N&amp;R Committee is responsible to ensure that there is an orderly succession planning within the Group. The Terms of Reference of the N&amp;R Committee outlines its responsibilities on selection and assessment of Board members and Managing Director/Executive Director/Chief Executive/Deputy Chief Executive.</p> <p>On-going succession planning and training which are aligned to the organisation’s objectives are put in place to ensure orderly management transition in the Group. The succession plan covers identification of internal and/or external candidates for leadership and management role so that the Board and Management team comprise high calibre people with the necessary and desirable experience and competencies that best meet the Group’s needs. The criteria used to assess potential successors are formulated based on the Company’s business strategies, corporate culture as well as diversity. Adequate resources and time will be provided to the selected employees for development and mentoring.</p> <p>(4) The Board as a whole, together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.</p> <p>With the introduction of the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) which came into force on 1 June 2020 and the subsequent amendments to the Main Market Listing Requirements (“Listing Requirements”) by Bursa Malaysia Securities Berhad (“Bursa Securities”) to encapsulate anti-corruption measures, the Company had strengthened its internal processes to ensure that it is equipped with adequate procedures as recommended by the Prime Minister’s Department. These included putting in place a Compliance Framework for Corporate Liability Law and the Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and gift declaration form, in order to provide the Group with a measure of assurance and a defence against corporate liability for corruption under Section 17A of the MACC Act. Training was conducted to brief the employees in creating anti-fraud, anti-bribery and anti-corruption awareness and instilling ethical practices. The Group’s business partners are also required to conduct business</p>
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	<p>in the manner set out in the Code of Conduct for Business Partners.</p> <p>To further strengthened its internal processes, the Company had also adopted Anti-Money Laundering and Counter Financing Terrorism Policies &amp; Procedures, which sets out the guidelines for compliance with relevant regulatory requirements concerning the prevention, detection and protection in safeguarding the Group from money laundering, terrorism financing or other criminal activities.</p> <p>The Anti-Bribery and Corruption Policy, Code of Conduct for Business Partners and gift declaration form are available on the Company's website at <a href="http://www.rce.com.my">www.rce.com.my</a>.</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

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>The Chairman of the Board is responsible for the leadership and governance of the Board, ensuring its effectiveness, orderly conduct and working of the Board.</p> <p>The responsibilities of the Chairman include, amongst others, the following:</p> <ul style="list-style-type: none"><li>(a) to lead the Board and ensure its effectiveness of all aspects of its role;</li><li>(b) to lead the Board in establishing and monitoring good corporate governance practices in the Group;</li><li>(c) to ensure the efficient organisation and conduct of the Board's function and meetings and ensure that Board members receive complete and accurate information in a timely manner to facilitate decision-making;</li><li>(d) to set the Board meeting agenda and facilitate the effective contribution of all Directors at Board meetings. This includes encouraging active participation by all Directors and allowing dissenting views to be freely expressed;</li><li>(e) to act as facilitator at Board meetings and to ensure that no Board member, CEO or Management member dominates discussion;</li><li>(f) to promote constructive and respectful relations between Directors, and between the Board and Management;</li><li>(g) to provide guidance and mentoring to the CEO;</li><li>(h) to ensure the process of Board evaluation is conducted;</li><li>(i) to ensure that general meetings support meaningful engagement between the Board, Senior Management and shareholders; and</li><li>(j) to ensure effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole.</li></ul>

	<p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter, which is available on the Company's website at <a href="http://www.rce.com.my">www.rce.com.my</a>.</p> <p>The Board was satisfied with the performance of the Chairman of the Board. The finding of the annual Board evaluation conducted for the financial year ended 31 March 2022 affirmed the Chairman's effective leadership in managing boardroom dynamics by providing an open environment that encouraged participation and active debate amongst Directors and ensuring that there was continued focus on addressing critical matters and issues.</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>	<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 1.3

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 Board is chaired by Encik Shahman Azman who is a Non-Independent Non-Executive Chairman while the management of the Company lies with the CEO, Mr. Loh Kam Chuin.</p> <p>The roles of the Chairman and CEO are separated with clear distinction of responsibility between them to ensure that there is a balance of power and authority so that no one has unfettered powers of decision. The division of responsibilities between the Chairman and CEO also ensures sufficient time commitment of the Chairman and CEO to allow effective discharge of their respective duties.</p> <p>The Chairman is responsible for instilling good corporate governance practices and the leadership, effectiveness and conduct of the Board, while the CEO is overall responsible for the day-to-day running and management of the Group's operations and businesses and implementation of Board's policies and decisions. The CEO leads the Management team in carrying out the Company's strategy and meets the Management members regularly to discuss and resolve operational issues.</p> <p>The roles of Chairman and CEO are clearly defined in the Company's Board Charter.</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> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board is not a member of the Audit Committee and N&R Committee.  The revised Board Charter of the Company which was approved and adopted on 15 March 2022 stipulates that the Chairman of the Board should not be a member of the Audit Committee and N&R Committee. Effective therefrom, the Chairman of the Board is not to be invited to any Audit Committee meeting nor N&R Committee 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

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 is supported by suitably qualified Company Secretaries under Section 235 of the Companies Act 2016 ("Act") who are experienced, competent and knowledgeable. They play an advisory role and are source of information and advice to the Board and its Committees on issues relating to the Company's Constitution, Board policies and procedures, corporate governance matters, compliance with laws, rules, procedures, codes, guidelines, legislations and regulations affecting the Group. All Directors have unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and its Board Committees, and adherence to Board policies and procedures at all times.</p> <p>The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures and policies are met. He is accountable to the Board, through the Chairman, on all matters relating to proper functioning of the Board and works closely with the Chairman to manage the flow of information between the Board, its Committees and Management across the Group. The Company Secretaries also play an important role in assisting the Chairman and the Board in the conduct of general meetings. During the financial year, the fully virtual 67th Annual General Meeting ("AGM") and the Extraordinary General Meeting ("EGM") of the Company were successfully conducted on 23 September 2021 and 22 December 2021 respectively in compliance with the Company's Constitution as well as the relevant laws, regulations and guidelines.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.</p> <p>Following the introduction of the revised Malaysian Code on Corporate Governance ("Code") in April 2021, the Company Secretary presented to the Board at the Board meeting held in August 2021, a gap analysis to identify the new corporate governance practices against the existing practices of the Group. Action plan to close the gap and to further enhance the corporate governance practices was recommended to the Board for consideration and decision.</p>

	<p>The Board is satisfied with the performance and support by the Company Secretaries to the Board in discharging its functions.</p> <p>Further details on the role of the Company Secretaries are set out in the Company's Board Charter.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></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 1.6

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 Board meetings (including Board Committees meetings) are planned in advance prior to the commencement of each new calendar year and the schedule is circulated to the Directors well in advance to enable them to plan ahead. Board Committees meetings are conducted separately from the Board meetings to enable objective and independent discussion during the meetings.</p> <p>Board members are given at least seven (7) days' notice before any Board meeting is held. As a best practice and to allow ample time for Directors to study and evaluate the matters to be discussed and where necessary, to obtain further information and explanations to facilitate informed decision making, full agenda and comprehensive Board papers are circulated to all Directors at least five (5) business days in advance of each Board and Board Committees meeting. Occasionally, the Board and Board Committees meetings may be called at a shorter notice when critical decisions need to be made.</p> <p>Board papers are circulated via paperless platform where the Directors can access the meeting materials from their tablet devices online from any location in a timely and secured manner. This accorded enhanced mobility, document e-storage, cost and time savings and improved convenience in accessing meeting papers.</p> <p>Senior Management members are invited to attend the Board and Board Committees meetings to brief and provide comprehensive explanation on pertinent issues. Professional advisers appointed by the Company for corporate proposals to be undertaken would also be invited to render their advice and opinion to the Directors. The Directors, whether collectively as a Board or in their individual capacity, have the liberty to seek external and independent professional advice, if so required by them, in furtherance of their duties at the Company's expense.</p> <p>The deliberations and decisions at Board and Board Committees meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation. The Company Secretary communicates to the Management the matters arising from the Board and Board Committees meetings via circulation of draft</p>

	<p>minutes of meetings for appropriate actions to be taken and for updating at the subsequent meeting.</p> <p>The minutes of meetings are circulated to all Directors and Board Committees members for perusal prior to confirmation at the next meetings. The signed minutes are properly filed and kept.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

### 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>	:	<p>The Board Charter sets out the role, functions, composition, operation and processes of the Board as well as the matters that the Board may delegate to the Board Committees, all of which operate within their respective defined terms of reference, and the Managing Director/CEO and Management.</p> <p>The Board Charter provides guidance to the Board members and Senior Management in performing their duties and responsibilities based on the key values and principles as committed, to uphold the value of good corporate governance in the Company. It also assists the Board in assessment of its own performance and that of its individual Directors.</p> <p>There is a formal schedule of matters reserved for the Board's consideration and decision which is set out in the Board Charter and these matters are communicated widely throughout the Management. Additionally, the DAAL Policy put in place by the Company clearly delineates the relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the CEO and Senior Management.</p> <p>The Board will periodically review and update the Board Charter in accordance with the needs of the Company and any regulations that may bring an impact in the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.</p> <p>In March 2022, the Board reviewed and approved certain revisions to the Board Charter and the terms of reference of the Board Committees to ensure they are in line with the corporate governance practices as enunciated in the Code.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.rce.com.my">www.rce.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

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>In discharging their duties and responsibilities, the Directors are guided by a high standard of ethical behaviour in accordance with the Directors' Code of Conduct and Ethics.</p> <p>The Directors' Code of Conduct and Ethics provides principles and standards relating to Directors' duties and serves as a guideline for the Board to act in the best interest of the Group, and fulfil their fiduciary obligations to all its stakeholders. It covers, amongst others, the areas of transparency, integrity, responsibility, conflict of interest, anti-corruption/bribery, confidentiality, insider trading, anti-money laundering, proper use of the Company's assets, fair dealing and anti-competition, and compliance with laws, rules and regulations. The Directors are also required to immediately report any concern about possible/actual breaches of the Directors' Code of Conduct and Ethics by any Director to the Chairman of the Board.</p> <p>In upholding high standards of business, professional and ethical conduct, the Directors also take cognisance of the requirements under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia.</p> <p>The Board had on 15 March 2022 reviewed and enhanced the Directors' Code of Conduct and Ethics.</p> <p>The Company's Code of Conduct and Ethics for the employees of the Group set out in the Company's Employee Handbook prescribes the core values and principles, and ethical standards of conduct expected from the employees which includes provisions on employment practices, conflict of interest, confidentiality and privacy, commitment and diligence. All employees are also guided by a range of supporting internal policies and guidelines that apply to all companies within the Group.</p>

	<p>The Group continues to be committed in promoting values of integrity and intolerance towards any form of bribery or corrupt practices throughout the organisation. An Anti-Bribery and Corruption Policy was adopted which requires RCE Group’s Directors, employees and associated persons to uphold the highest standards of business ethics by not engaging in any form of corruption, bribery, fraud or facilitation payments. They are also prohibited from giving or receiving gifts that will compromise or seen to compromise their ethics, integrity and objectivity in carrying out their duties.</p> <p>The Company had also put in place a Code of Conduct for Business Partners to provide fundamental guiding principles to business partners on their conduct of business with the Group. It covers principles on compliance with laws and regulations, anti-corruption/bribes/gifts, conflict of interest, anti-trust and fair competition, confidential information, insider trading, anti-money laundering and counter financing terrorism.</p> <p>The Board has also adopted an Anti-Money Laundering and Counter Financing Terrorism Policies &amp; Procedures which sets out the guidelines for compliance with relevant regulatory requirements concerning the prevention, detection and protection in safeguarding the Group from money laundering, terrorism financing or other criminal activities.</p> <p>The Directors’ Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and Code of Conduct for Business Partners are available 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**

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 Board has established a whistleblowing policy (“Whistleblowing Policy”) to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct, criminal offences, miscarriage of justice, endangerment of an individual’s health and safety or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The Company’s whistleblowing mechanism is administered by the Internal Audit Function and overseen by the Audit Committee. Any concerns raised will be investigated and the outcome will be reported to the Audit Committee. If a violation is determined at the conclusion of an investigation, effective remedial action commensurate with the severity of the offence will be taken. Necessary steps will also be implemented to prevent similar situation from arising.</p> <p>The Whistleblowing Policy will be reviewed by the Board at least once every 3 years, or in accordance to the need of the Company and any new regulations that may have impact to stakeholders affected by this policy.</p> <p>The Internal Audit Function maintains records of the date and content of report they received from different whistleblowing reporting channels and the records are tabled to the Audit Committee on a quarterly basis.</p> <p>Dedicated whistleblowing email address and hotline are available on the Company’s website.</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

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, together with the Management, recognises the importance of ensuring sustainability opportunities and risks, as well as environmental, social and governance (“ESG”) considerations are embedded in the strategic planning and risk management. They take responsibility for the governance of sustainability in the Group and are responsible for setting the Group’s sustainability strategies to ensure the strategic plan supports long-term value creation and goals. The governance structure for the Group’s sustainability management is as follows:</p> <div style="text-align: center;"><pre>graph TD; A[Board of Directors] --- B[Sustainability Management Committee]; B --- C[Sustainability Working Committee];</pre></div> <p>The Board is ultimately accountable for managing sustainability matters of the Group. It ensures the development and implementation of the strategic plan for the Group is effective and takes into account sustainability considerations. The Board has oversight on the materiality of risks and how they should be addressed across the Group’s business through the development of long-term strategies, policies, processes and initiatives to address key sustainability risks and opportunities. The Board also reviews and approves sustainability statement as part of the publication of the Company’s Annual Report. The Board’s responsibility in promoting sustainability is also reflected in the Board Charter which is available on the Company’s website at <a href="http://www.rce.com.my">www.rce.com.my</a>.</p>

	<p>The Board is supported by a Sustainability Management Committee (“SMART”) which is led by the Chairman, Encik Shahman Azman and comprising a Director, CEO, Group Chief Financial Officer and Chief Business Officer. SMART is responsible for the overall sustainability matters of the Group and assists the Board in overseeing sustainability initiatives and performance, and ensuring the Group’s strategies, goals and principles are aligned with its commitment towards sustainability. SMART also oversees the formulation, implementation and effective management of the Group’s sustainability strategies. In discharging its duties, the SMART reviews the sustainability commitments, performance and endorses the operational initiatives formulated to drive the progressive achievement of the Group’s sustainability objectives, with progress and key developments escalated to the Board accordingly.</p> <p>A Sustainability Working Committee consists of Management team members has been set up to support the SMART to identify, assess, and manage sustainability risks and opportunities, in addition to implementing and monitoring related ESG initiatives in a regular manner.</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>The Board believes that stakeholder engagement is important to the Group's sustainability journey. The Company ensures that the information is disseminated to its key stakeholders, namely business partners, investors and analysts, financiers, sales team, employees, government and regulators, customers, suppliers and community, in a comprehensive, timely and transparent manner through effective and constructive engagement.</p> <p>Amidst various lockdown and movement control orders during the pandemic, the Group continued its ESG communication with stakeholders through various communication channels, such as emails, teleconferencing and virtual meetings, as part of the Group's regular investor relation interactions, to increase mutual understanding on ESG related matters.</p> <p>The Sustainability Statement in the Annual Report 2022 of the Company which is available on the Company's website at <a href="http://www.rce.com.my">www.rce.com.my</a>, provides a comprehensive description of the Group's stakeholders engagements, sustainability management and performance, as well as providing insights into the Group's ESG strategies, initiatives, performance, commitments and targets.</p> <p>The Group has also published its ESG initiatives on its official website as an on-going communication with its internal and external stakeholders.</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**

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 is kept abreast via SMART of the sustainability issues relevant to the Group. Whilst the Board is apprised of the progress of the Group’s sustainability priorities and initiatives, the Board is also mindful of the need to keep up with the external trends.</p> <p>During the financial year, the Company has engaged an external consultant for sustainability reporting enhancement to support the Group’s sustainability efforts by reviewing the existing sustainability reporting and recommending action plans/initiatives to the Group in addressing critical gaps and areas of improvement.</p> <p>Directors are encouraged to attend training, webinars or any other professional development programmes in relation to the sustainability issues relevant to the Group and its business, as a way to enhance their ESG competency.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the N&amp;R Committee, conducted an internal Board evaluation for the financial year ended 31 March 2022 which took into consideration ESG criteria as part of the evaluation questionnaire to assess the Directors' awareness and knowledge of current and emerging ESG issues, impacts, risks, opportunities and trends that are relevant to the Group and its business.</p> <p>The N&amp;R, through annual appraisal, also assessed the CEO on overall sustainability management in meeting the Group's sustainability targets. The CEO's compensation is linked to his performance on both financial and non-financial, including short and long-term ESG goals and targets, and the Group's performance in managing sustainability risks and opportunities.</p> <p>The performance evaluation of Senior Management is also linked to the Group's core values, which include sustainable strategies, priorities and targets predetermined by the Board and Management. The related key performance indicators are included in the annual appraisal exercise across the Group, including Senior Management as part of remuneration measurement.</p> <p>The results of the evaluation would assist in identifying the necessary ESG training to enhance the Board and Senior Management's ESG knowledge, thus contributing to the sustainability ambitions.</p> <p>The N&amp;R Committee has assessed and agreed that the Board is knowledgeable and understand the sustainability issues relevant to the Group, and the CEO and his team have adequately addressed ESG risks considerations towards attaining the Company's ESG goals and 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 4.5- 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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Sustainability Management Committee (“SMART”) is responsible for the overall sustainability management of the Group including setting up sustainability strategies, plans, and initiatives, and analysing sustainability risks and opportunities.</p> <p>SMART oversees the sustainability efforts and advises the Board on sustainability related matters, with the support of a Sustainability Working Committee, which is led by the CEO and supported by various function heads.</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 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 N&amp;R Committee conducts annual review of the composition of the Board and tenure of each Director to ensure appropriate diversity of skills, gender and attributes.</p> <p>The Constitution of the Company provides that all Directors shall retire from office at least once every three (3) years and that at every AGM, one-third of the Directors for the time being or if the number is not three (3) or a multiple of three (3), then the number nearest one-third shall retire from office and shall be eligible for re-election. The Constitution further provides that those Directors appointed to fill a casual vacancy or as an addition to the Board shall retire from office at the next AGM and they may offer themselves for re-election.</p> <p>Retiring Directors who are seeking re-elections are subject to Directors' performance assessment overseen by the N&amp;R Committee.</p> <p>In May 2022, the N&amp;R Committee after taking into account the satisfactory performance and contributions of the following Directors based on the outcome of the N&amp;R Committee's review for the assessment period from 1 April 2021 to 31 March 2022, recommended their re-election for the Board's consideration:</p> <ul style="list-style-type: none"><li>(1) Datuk Mohamed Azmi bin Mahmood</li><li>(2) Encik Mahadzir bin Azizan</li><li>(3) Mr. Soo Kim Wai</li></ul> <p>Based on the recommendation of the N&amp;R Committee, the Board resolved to recommend the re-election of the above retiring Directors at the forthcoming 68th AGM of the Company.</p> <p>Datuk Mohamed Azmi bin Mahmood, Encik Mahadzir bin Azizan and Mr. Soo Kim Wai had also made the fit and proper confirmation prior to the issuance of the Notice of the 68th AGM 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

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>	:	<p>The Board at all times, comprises at least 50% of Independent Directors.</p> <p>The Board composition as at 31 March 2022 was as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>No. of Director</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Non-Independent Non-Executive Director</td><td>4</td><td>44</td></tr><tr><td>Independent Non-Executive Director</td><td>5</td><td>56</td></tr><tr><td>Total</td><td>9</td><td>100</td></tr></tbody></table> <p>To conform to the Company's 9-year tenure policy for Independent Directors, Mr. Tan Bun Poo, the Independent Director who was appointed to the Board on 1 June 2013 and had reached the 9-year term on 31 May 2022, stepped down from the Board on 31 May 2022. Upon the resignation of Mr. Tan Bun Poo from the Board, the Board now comprises eight (8) Directors, four (4) of whom are Independent Directors.</p> <p>The presence of Independent Directors on the Board ensures that the interests of minority shareholders, and not only the interest of a particular fraction or group, are taken into account by the Board. They play a crucial role in the exercise of independent assessment, impartial opinion, and objective participation in Board deliberations and the decision-making process and provide for effective check and balance in the functioning of the Board.</p> <p>The Independent Directors do not participate in the day-to-day management of the Company and do not engage in any business dealings and are not involved in any other relationship with the Company (other than in situations permitted by the applicable regulations) which could materially interfere with the exercise of their independent judgement. None of the Independent Directors have any equity interest, whether direct or indirect, in the Company.</p> <p>All Independent Directors meet the criteria for independence as prescribed under the Listing Requirements of Bursa Securities and the Company's policy on assessment of Directors' independence. They have also provided the annual declaration/confirmation on their independence to the Company in May 2022.</p>	Designation	No. of Director	Percentage (%)	Non-Independent Non-Executive Director	4	44	Independent Non-Executive Director	5	56	Total	9	100
Designation	No. of Director	Percentage (%)												
Non-Independent Non-Executive Director	4	44												
Independent Non-Executive Director	5	56												
Total	9	100												

	<p>The N&amp;R Committee and the Board have upon their assessment for the financial year under review concluded that all Independent Directors of the Company continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Board was satisfied with the level of independence demonstrated by all Independent Directors.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

**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>	:	Not applicable - Step Up 5.4 adopted	
<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**

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>	: During the financial year, the Board had revised its 12-year tenure policy for Independent Directors by limiting the tenure of the Independent Directors to 9 years without further extension.  All the Independent Directors currently serving on the Board are less than 9 years. The tenure of Independent Directors as at 31 March 2022 are set out in the Corporate Governance Overview Statement on page 66 of the Annual Report 2022.  Mr. Tan Bun Poo, an Independent Director who was appointed to the Board on 1 June 2013 had reached the 9-year term on 31 May 2022 and stepped down from the Board on 31 May 2022.

## 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 N&amp;R Committee assists the Board in ensuring the existence of the right mix of skills, knowledge, experience, expertise, gender, ethnicity, age and other factors that are relevant and contribute to the effective functioning of the Board.</p> <p>As part of the N&amp;R Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board's current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&amp;R Committee will assess the suitability of candidate, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, personal qualities, the potential for the candidate's skills to augment the existing Board, the candidate's availability to commit to the Board's activities, and in the case of candidate proposed for appointment as Independent Director, the candidate's independence. The N&amp;R Committee is responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merits.</p> <p>The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members.</p> <p>The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges faced by the Company. The Board also believes that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, experience and knowledge in areas identified by the Board should remain a priority and all appointments to the Board should be made on merit so as not to compromise on effectiveness in carrying out the Board's functions and</p>

	<p>duties. Hence, the Board is committed to ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal. Nevertheless, the Board has during the financial year adopted a gender diversity policy to achieve at least 30% women representatives on the Board. The Board intends to achieve this target by 31 March 2025.</p> <p>The Group provides fair and equal opportunity in employment and nurturing within the Group regardless of race, nationality, ethnic origin, age, religion, gender, marital status, disability, or any other characteristic unrelated to the performance of the job. The selection of senior management is also based on objective criteria, merit and with due regard for diversity in skills, experience, qualification, age, cultural background and gender. All Senior Management staff are appraised on a yearly basis.</p> <p>The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Directors are required to notify the Chairman before accepting any new directorship in other public listed companies and such notification shall include an indication of time that will be spent on the new appointment. Directors shall notify the Company Secretary after accepting new directorships in other companies. All the current Directors of the Company do not hold existing board positions in more than 5 listed companies.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

**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.

<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>: The Board in identifying candidates for appointment of Directors will ensure that the best quality candidates, taking into consideration their character, knowledge, capabilities, professionalism, integrity, expertise, experience and time commitment are appointed. To this end, the N&amp;R Committee may rely on recommendations and referrals from existing Board members, Management, major shareholders and where appropriate and necessary, utilise independent search firms and other independent sources to identify suitably qualified candidates and to meet the skill sets and requirements of the Board.</p> <p>In summary, the nomination, election and appointment process are as follows:</p> <div data-bbox="491 1249 1406 1693" data-label="Diagram"> <pre> graph LR     A[Conduct annual assessment and identify gaps] --&gt; B[Identify potential candidates]     B --&gt; C[Evaluate and shortlist potential candidates]     C --&gt; D[Provide views and recommendation to the Board]     D --&gt; E[Board makes final decision on appointment]     </pre> </div> <p>The Board’s overriding objective in any new appointment is to select the best candidate with a view of achieving a high performing Board. Such appointment is always based on merit against objective criteria with consideration being given to the intrinsic capabilities of the individual. All identified candidates are objectively evaluated by the N&amp;R Committee before recommending to the Board for approval.</p>

	There was no new appointment to the Board during the financial year under 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

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>	:	<p>The profile of the Directors are published in the Annual Report 2022 and on the Company's website. These include their age, gender, date of appointment, directorships in other public companies, working experience and any conflict of interest, whilst their interest in shares are disclosed in the Analysis of Shareholdings in the said Annual Report.</p> <p>The proposed appointment of new Board member (other than those nominated by shareholders for appointment at general meeting) and the proposed re-election of existing Directors who are seeking re-election at the AGM of the Company will be reviewed and assessed by the N&amp;R Committee. The N&amp;R Committee will, upon its review and assessment, submit its recommendation on the proposed appointment or re-election of Directors to the Board for approval.</p> <p>Shareholders are notified of the appointment of new Board members with precise information on the newly appointed director via announcement to Bursa Securities as well as through the Company's website.</p> <p>The Board has not recommended any appointment of new director and retention of Independent Director to the shareholders for approval during the financial year under review, save for the re-election of Directors.</p> <p>The details of the Directors eligible for re-election are stated in the explanatory note in the Notice of the 68th AGM and the profile of the Directors published in the Annual Report 2022 to enable shareholders to make an informed decision. The justifications from the Board to support the re-election of Directors are disclosed in the explanatory note in the Notice of the 68th AGM.</p> <p>The Board, upon recommendation by the N&amp;R Committee, and having been satisfied with the evaluation of the performance and contributions of the Directors who are retiring at the forthcoming 68th AGM, supports and recommended the proposed re-election of Datuk</p>

	Mohamed Azmi bin Mahmood, Encik Mahadzir bin Azizan and Mr. Soo Kim Wai at the forthcoming 68th 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**

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 N&amp;R Committee is chaired by Datuk Mohamed Azmi bin Mahmood, an Independent Director.</p> <p>The specific responsibilities of the Chairman of the N&amp;R Committee are set out in its Terms of Reference, which is available 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**

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>Throughout the financial year under review, the Board had one (1) female Director, forming approximately 11% of the Board composition.</p> <p>The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. The Board, had during the financial year, approved and adopted a gender diversity policy for the Board by setting the aim to achieve at least 30% women representatives on the Board by 31 March 2025. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.</p> <p>The Board through the N&amp;R Committee will actively and diligently source for, assess and where appropriate, appoint suitable female candidates, who meet the skills and experience requirements to the Board.</p> <p>The Board expects to see progress made in achieving the 30% target by 31 March 2025.</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>	:	Within 3 years

### 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of diversity in terms of a broad range of skills and competencies, experience, background and gender to ensure its effectiveness, which in turn leads to the long-term success of the Group.</p> <p>As disclosed in the Company's Annual Report 2022, the Board has adopted a policy on gender diversity for the Board which is incorporated in the Board Charter. The policy sets out the target of the Company to achieve at least 30% women representatives on the Board.</p> <p>The Board also acknowledges the importance of participation of women in Senior Management. The Board's commitment in having gender diversity for Senior Management is stated in the Company's Board Charter. Whilst the Board acknowledges the importance of gender diversity for the Board and Senior Management, appointments to the Board and Senior Management shall always be based on objective criteria and merit.</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

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, through its N&amp;R Committee reviews annually, the effectiveness of the Board as a whole and the Board Committees, as well as the performance of individual Directors and CEO.</p> <p>The N&amp;R Committee conducted an internal Board evaluation for the financial year ended 31 March 2022. The evaluation involved the Committee members completing evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered.</p> <p>The evaluation questionnaires will be enhanced from time to time to be in line with the current needs of the Company and any changes in regulations. To this end, enhancement to the questionnaires have been made to include ESG considerations. Evaluation questionnaires are sent to the N&amp;R Committee members and Independent Directors via secured and confidential online portal for their completion and at the same time to obtain their feedback, views and suggestions to improve the performance of the Board and Board Committees.</p> <p>The parameters used in the assessment are as follows:</p> <ul style="list-style-type: none"><li>• Board as a whole - Board mix and balance, composition, compliance and governance, accountability and responsibility, conduct at meeting, business knowledge, communication and value added contribution, quality of information and decision making, performance management, Board dynamics and relationships, and oversight of ESG;</li><li>• Board Committees - terms of reference, attendance of members at the meetings, knowledge, skills and competencies, communications with the Board as well as contribution of each Audit Committee's member to the effectiveness of the Audit Committee;</li></ul>

	<ul style="list-style-type: none"> <li>Individual Directors (involves peer-to-peer assessment) and CEO - knowledge and experience, integrity and ethics, governance, strategic perspective, judgement and decision making, teamwork, communication and commitment. Independent Directors (involves self-assessment) are further measured on their ability to exercise independent judgement and ability to demonstrate the criteria associated with independence.</li> </ul> <p>The results of assessment were summarised and discussed at N&amp;R Committee meeting which will then be reported to the Board for discussion on areas for improvement and identification of actions for improvement. This would also assist the Board in identifying the training needs of Directors. All assessments and evaluations carried out are properly documented.</p> <p>Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole was effective and was of the right size, mix of skills, expertise and diversity. The Board composition was also well balanced and its Committees have been effective in discharging their duties and responsibilities in accordance with their terms of reference and that each of the Directors as well as the CEO possess the required competence and character to manage the Group's affairs and created value for the organisation and its stakeholders.</p> <p>The Independent Directors continued to demonstrate conduct and behaviour that were essential indicators of independence and that each of them was independent of the Company's management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>The Board is satisfied that the current Board size and composition remains appropriate, taking into account the mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations.</p> <p>As the feedback of all areas under evaluation for the Board and its Committees were generally satisfactory, no apparent shortcoming had been identified.</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 7.1

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>The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.</p> <p>Further details are explained in the Corporate Governance Overview Statement on page 67 of the Annual Report 2022.</p> <p>The Remuneration Policy for Directors and CEO is available 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

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 Board has a combined N&amp;R Committee comprising three (3) Non-Executive Directors, two (2) of whom are Independent Directors.</p> <p>The role of the N&amp;R Committee in respect of the matters relating to remuneration is to assist the Board in reviewing the remuneration framework of Directors and CEO, with the aim to attract, retain and motivate Directors and CEO who will create sustainable value and returns for the Company’s stakeholders.</p> <p>A summary of the N&amp;R Committee’s activities during the financial year is reported in the Corporate Governance Overview Statement on page 60 of the Annual Report 2022.</p> <p>The duties and responsibilities of the N&amp;R Committee in relation to remuneration policy are stated in its Terms of Reference which is available 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**

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>	:	Detailed disclosures of the remuneration received and receivable by each Director on a named basis for the financial year ended 31 March 2022 are set out in the table on the following page.  The Directors' fees in respect of financial year ended 31 March 2022 are subject to shareholders' approval at the 68th AGM to be held on 8 September 2022.

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	Shahman Azman	Non-Executive Non-Independent Director	75.0	-	-	-	-	-	75.0	75.0	216.0	-	-	251.3	41.0	583.3
2	Tan Sri Mazlan bin Mansor	Independent Director	75.0	9.0	-	-	-	-	84.0	75.0	9.0	-	-	-	-	84.0
3	Datuk Mohamed Azmi bin Mahmood	Independent Director	75.0	11.0	-	-	1.2	-	87.2	75.0	11.0	-	-	1.2	-	87.2
4	Tan Bun Poo (Resigned on 31 May 2022)	Independent Director	75.0	7.0	-	-	-	-	82.0	75.0	7.0	-	-	-	-	82.0
5	Mahadzir bin Azizan	Independent Director	75.0	10.0	-	-	0.9	-	85.9	75.0	10.0	-	-	0.9	-	85.9
6	Thein Kim Mon	Independent Director	75.0	13.0	-	-	1.0	-	89.0	75.0	13.0	-	-	1.0	-	89.0
7	Soo Kim Wai	Non-Executive Non-Independent Director	75.0	-	-	-	-	-	75.0	75.0	-	-	-	-	-	75.0
8	Shalina Azman	Non-Executive Non-Independent Director	75.0	-	-	-	-	-	75.0	75.0	-	-	-	-	-	75.0
9	Lum Sing Fai	Non-Executive Non-Independent Director	75.0	-	-	-	-	-	75.0	75.0	-	-	-	-	-	75.0
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				

12	Input info here	Choose an item.	Input info here													
13	Input info here	Choose an item.	Input info here													
14	Input info here	Choose an item.	Input info here													
15	Input info here	Choose an item.	Input info here													

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Group is of the view that the disclosure of remuneration consisting of top 5 senior management on a named basis would not be in the best interest of the Group given the highly competitive nature of the industry. Considering such disclosure may:</p> <ul style="list-style-type: none"><li>• expose the top 5 senior management to personal security risk;</li><li>• lead or encourage internal comparison and affect the employees' morale;</li><li>• subject the Company to risk of attrition and poaching by other competitors leading to potential increase in employee remuneration packages; and</li><li>• lead to increased cost to the Group.</li></ul> <p><u>Alternative Practice</u></p> <p>As an alternative to the recommended practice, the Board has resolved to disclose the aggregate remuneration package paid to the senior management which amounted to RM8,164,979 for the financial year ended 31 March 2022.</p> <p>The senior management includes those charged with group functions as well as those leading a business unit. As at 31 March 2022, they consisted of 11 personnel. The remuneration is a combination of fixed and variable elements including salary, defined contributions, bonus, allowances and benefits-in-kind. Factors that are considered in determining their remuneration include:</p> <ul style="list-style-type: none"><li>(a) Group and/or unit performance (both qualitative and quantitative);</li><li>(b) Scope of duty and responsibilities;</li><li>(c) Skills and experience;</li><li>(d) Individual's performance (both qualitative and quantitative);</li><li>(e) General economic situation and operating environment;</li><li>(f) Future prospect of the business;</li><li>(g) Sustainability related key performance indicators; and</li><li>(h) Prevailing market practices.</li></ul>

	<p>This has been consistently practised by the Group from previous financial years. The Group is committed to retaining the right people with the required skills, experience, professionalism and integrity to enhance the Group’s long-term shareholders’ and stakeholders’ value.</p> <p>The Board believes that such disclosure is able to provide stakeholders with a fair view of the remuneration paid as it is linked to the Group’s performance.</p> <p>The Board also assures that there is a robust internal process to ensure that the remuneration of senior management is fair and competitive when benchmarked internally for equitability and externally with the market and commensurate with the overall performance of the Group.</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>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Choose an item.</p>

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	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						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	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>Throughout the financial year under review, the Audit Committee comprised six (6) Non-Executive Directors, five (5) of whom are Independent Directors.</p> <p>With the resignation of Mr. Tan Bun Poo as a member of the Audit Committee on 31 May 2022, the Audit Committee now comprises five (5) Non-Executive Directors, four (4) of whom are Independent Director.</p> <p>The composition of the Audit Committee is in compliance with the Listing Requirements of Bursa Securities.</p> <p>The Audit Committee is chaired by Mr. Thein Kim Mon, an Independent Director who is not the Chairman of the Board. He has been appointed as Chairman of the Audit Committee since 30 September 2019.</p> <p>This practice has always been adopted by the Company and is reflected in the Terms of Reference of the Audit Committee.</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>	:	<p>None of the members of the Audit Committee are former partner of the Company's external auditors or its affiliate firm.</p> <p>The Terms of Reference of the Audit Committee was reviewed and revised on 15 March 2022 to stipulate that <i>"no former partner of the Company's external auditors and/or the affiliate firm (including those providing advisory services, tax consulting etc.) shall be appointed to the Audit Committee unless he/she has observed a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee"</i>.</p> <p>This is to ensure that the objectivity, effectiveness and independence of the external auditors are preserved.</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 9.3

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 Board, through the Audit Committee maintains a transparent and professional relationship with the external auditors. The Audit Committee conducts yearly assessment on the suitability and independence of the external auditors.</p> <p>The assessment process involves obtaining feedback from the Audit Committee and finance personnel who regularly interacts with the external auditors through the completion of a detailed questionnaire covering the criteria as set out below:</p> <p><u>Suitability Assessment</u></p> <ul style="list-style-type: none"><li>• The engagement partner's qualification, knowledge and experience;</li><li>• The level of engagement, communication and interaction with the Audit Committee and whether the external auditors have provided independent views in the discussions with the Audit Committee;</li><li>• Level of knowledge, skills, capabilities, experience, competency and quality of works;</li><li>• Level of understanding of the nature of business of the Company and the industry in which the Company operates;</li><li>• Ability and timeliness to update/advise the Audit Committee on significant issues concerning the Group, new developments (including the applicability of new and significant accounting standards) and the impacts on the Group;</li><li>• Ability to identify risks/potential issues and provide constructive recommendations, observations and implications in areas requiring improvements particularly with regard to the internal control system relating to financial reporting of the Group;</li><li>• Adequacy of audit scope and conduct of audit, effectiveness in planning and coordinating audit efforts, ability to meet audit deadlines and use of audit resources; and</li><li>• Appropriateness of audit fee.</li></ul> <p><u>Independence Assessment</u></p> <ul style="list-style-type: none"><li>• Whether the provision of non-audit services has impaired the independence and objectivity of the external auditors;</li></ul>

- Whether there are indications that the external auditors are significantly dependent on the Company for their fee income; and
- Whether the external auditors had demonstrated unbiased stance when interpreting policies and standards adopted by the Company and are able to maintain independence from Management in order to carry out their functions impartially.

As part of the annual audit exercise, the Company also obtains assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. In compliance with the requirements of the Malaysian Institute of Accountants By-Laws, the external auditors shall rotate their audit partners assigned to the Group every seven (7) years, in order to ensure objectivity, independence and integrity of the audit opinions. Mr. Wong Kar Choon, who became the lead engagement partner in November 2017 was replaced by Mr. Mak Wai Kit in November 2021, who will be subjected to a 7-year rotation.

The external auditors have circulated their 2021 Transparency Report that contains information on the audit firm's legal and governance structure, measures implemented to uphold audit quality and manage risks and information concerning their audit quality indicators for the Audit Committee's consideration as part of its annual evaluation of the external auditors.

The external auditors also confirmed to the Board their obligation to maintain independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards).

The Company had in place a Policy on Provision of Non-Audit Services by External Auditors for the purpose of regulating the engagement of the Group's external auditors to provide non-audit services to the Group. The policy was last reviewed and updated in February 2022.

The Board through the Audit Committee has considered the nature of the non-audit services rendered by the external auditors and their affiliated companies during the financial year under review and has determined that the provision of such services did not compromise the external auditors' independence and objectivity. Details of fees paid for non-audit services are set out on page 72 of the Annual Report 2022. The Audit Committee was also satisfied that the external auditors had the relevant qualifications in performing their duties and were able to remain independent and objective.

Based on the outcome of the annual assessment of Deloitte PLT and the information in its 2021 Transparency Report, and having been satisfied with the suitability and independence of Deloitte PLT, the quality and competency of services delivered and sufficiency of the professional

	staff assigned to the annual audit for the financial year under review, the Board had in May 2022 approved its Audit Committee's recommendation on the re-appointment of Deloitte PLT for shareholders' approval at the forthcoming 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**

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> :	Not Adopted
<b>Explanation on adoption of the practice</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 9.5

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 Board conducts annual evaluation to review the composition, term of office and performance of the Audit Committee and each of its members in accordance with Paragraph 15.20 of the Listing Requirements of Bursa Securities.</p> <p>The Chairman and members of the Audit Committee are financially literate and are able to understand, analyse and objectively review and made recommendations on matters under the purview of the Audit Committee, including the financial reporting process. Their qualifications and experience are disclosed in the Profile of Directors in the Annual Report 2022.</p> <p>A summary of the Audit Committee's activities during the financial year is set out in the Audit Committee Report on pages 79 to 82 of the Annual Report 2022.</p> <p>Based on the outcome of the evaluation carried out by the N&amp;R Committee on the performance of the Audit Committee and each of its members for the financial year under review, the Board is satisfied that the Audit Committee had carried out its duties and responsibilities effectively as per its Terms of Reference and the Audit Committee as a whole and each member of the Audit Committee possess the necessary knowledge, experience, expertise and skills which have added value and contributed to the overall effectiveness of the Audit Committee.</p> <p>All Audit Committee members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p>

	<p>To keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules, the Audit Committee members have attended various trainings during the financial year which have been disclosed in the Corporate Governance Overview Statement on pages 64 to 65 of the Annual Report 2022. In addition, the Audit Committee is also regularly briefed by the external auditors on key changes in relation to accounting and financial reporting standards.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

### 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 established an effective risk management and internal control framework to manage the risk of failure to achieve the Group's corporate objectives, as well as safeguarding shareholders' investments and the Group's assets but not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.</p> <p>A Risk Management Committee comprising Directors and members of senior management which reports directly to the Audit Committee, monitors the risks faced by the Group and provides the Audit Committee and the Board with an impartial view of the risks involved in order to assist them in making informed decisions. The Audit Committee shall assist the Board in evaluating the adequacy of the Group's risk management and internal control framework and its alignment with business objectives to ensure it remain relevant in monitoring the effectiveness of risk treatment and mitigation action plans for the management and control of the key risks.</p> <p>The duties and responsibilities of the Risk Management Committee are clearly stated in its Terms of Reference, which amongst others, include:</p> <ul style="list-style-type: none"><li>(a) to establish risk management framework, implement, monitor and review its effectiveness;</li><li>(b) to review and recommend strategies, policies as well as risk tolerance;</li><li>(c) to review and approve or escalate to the Board with its recommendation for the Board's approval on significant business transactions;</li><li>(d) to review and deliberate reports on non-compliance findings, business continuity testing results and recommendations by Compliance, Operations and Methods ("COM") Department or any consultants or advisors appointed from time to time;</li><li>(e) to benchmark compliance and business continuity practices against applicable regulations, guidance or directives issued by government bodies;</li><li>(f) to review and stay abreast of emerging threats, including ESG risks, technology and cyber risk and resilience impact assessment; and</li></ul>

	<p>(g) to conduct investigation on any matters as authorised by the Audit Committee or the Board.</p> <p>A Risk Management Policy is in place that applies to the entire Group. Significant business transactions are clearly defined in the Risk Management Policy to represent the base risk tolerance. The appropriate risk tolerance will depend on the nature of the business and projects undertaken by the Group and the objectives pursued, which shall be reviewed periodically by the Risk Management Committee in response to the operating environment.</p> <p>The Group’s risk management process involves:</p> <p>(a) identifying risks that could influence the achievement of the Group’s objectives;  (b) risk ranking (quantification);  (c) risk and control optimisation; and  (d) monitoring and reporting.</p> <p>A two-pronged risk management approach is adopted where:</p> <p>(a) key risks including ESG risks are identified and evaluated together with mitigating controls as part of the decision making process for each significant business transaction by Departmental Heads; and  (b) day-to-day operational risk management by Departmental Heads entail:</p> <ul style="list-style-type: none"> <li>• identification of risks;</li> <li>• implementation of mitigating controls; and</li> <li>• self-assessment to determine changes in risks and internal controls effectiveness.</li> </ul> <p>In addition, a COM Department has been established to assist Management in ensuring compliance with applicable laws and regulations, proper standard operating procedures are in place, and that risk management policies are intact. Activities and reports by the COM Department are deliberated by the Risk Management Committee.</p> <p>Further details on the Group’s approach to risk management and internal controls are available in the Statement on Risk Management and Internal Control on pages 73 to 77 of the Annual Report 2022.</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>

<b>Timeframe</b>	:		
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### 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 Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee, which is assisted by the Risk Management Committee. Risk management practices are inculcated and entrenched in the activities of the Group, which require, amongst others, establishing appropriate risk tolerance levels and actively identify, assess, monitor and manage key business risks faced by the Group.</p> <p>The Risk Management Committee is guided by "Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Enterprise Risk Management Framework - Integrating with Strategy and Performance" in managing risks throughout the Group. It will conduct a review of the Group's Risk Management Policy once every three (3) years.</p> <p>The Risk Management Committee administers the risk management process to ensure risks that may affect the achievement of the Group's business objectives are identified, evaluated and managed, thereby mitigating these risks to an acceptable level.</p> <p>In the day-to-day operations, the responsibility for risk management is delegated to the Departmental Heads who are responsible for the following in their specific areas of accountability, namely:</p> <ul style="list-style-type: none"><li>(a) identifying the risks including corruption risks that prevent business units from achieving their objectives;</li><li>(b) analysing and evaluating the potential impact of the risks which have been identified, and ranking the risks;</li><li>(c) identifying cost effective controls to mitigate the key business risks;</li><li>(d) measuring, monitoring and controlling the level of key business risks; and</li><li>(e) establishing control framework to ensure that the operations are conducted effectively and prudently.</li></ul>

Risk papers are prepared by Departmental Heads and reviewed by Management to document the identification and assessment of risks made in regards to significant business transactions and deliberated by the Risk Management Committee and reviewed by the Audit Committee.

Besides identifying and evaluating risks, Departmental Heads also design, operate and monitor suitable internal controls to mitigate and control the risks requiring risk management actions. These are documented in the risk profile (risk register) and reviewed by Management.

Risk profile and corresponding controls are self-assessed by Departmental Heads and reviewed by Senior Management to determine that the risk profile continues to be relevant and that the controls are practiced and effective in mitigating and controlling the risks.

Results of self-assessment are deliberated by the Risk Management Committee and reviewed by the Audit Committee. These results are also reviewed by the Internal Auditors which would then lead to a programme of work for internal audit to be completed in conjunction with the audit planning process. As they review each area of the Group's operations, Internal Auditors will assess the level of control demonstrated prior to forming an opinion as to how effectively each of the key corporate business risk is managed. This is then reported to the Audit Committee.

During the financial year, key risks reviewed and mitigating controls employed by the Group include but not limited to the following:

(a) Credit risk where it was managed by periodical credit evaluation measures and stringent monitoring of repayment such as:

- review of customers' profile, non-performing portfolio and fraud incidents;
- refinements to existing credit assessment system; and
- systematic recovery procedures.

(b) Technology and cyber risks where services of external security professionals were procured to identify security risk to information technology or data or applications to ensure the relevance and effectiveness remain intact. The services also included fixing of vulnerabilities on newly implemented systems and technologies.

Additionally, review of disaster recovery data centre was carried out and prompted a relocation to a strategic location equipped with:

	<ul style="list-style-type: none"> <li>- internet service;</li> <li>- availability of uninterrupted power supply with optimum temperature and humidity conditions; and</li> <li>- round-the-clock multi-layered security.</li> </ul> <p>Review and enhancement of cybersecurity crisis management response plan to enable prompt actions if threatened.</p> <p>(c) Liquidity, cash flow and reputational risks where new revolving credit and term financing facilities secured were assessed in terms of pricing, security and covenant requirements before acceptance. These are attained via diligent monitoring of cash flow, security, covenants and mixture of fixed and floating rate financing liabilities.</p> <p>(d) Strategic risk where severity of risks in relation to new business proposal of participating in a consortium for a digital banking license application was identified and assessed, and the mitigating controls such as consortium structure, capital requirements, investment terms, business model were evaluated to reduce the net risks.</p> <p>(e) Regulatory and compliance risks where the COM Department prepared Annual Plan with quarterly progress reports covering update of existing policies and procedures, follow up on unresolved observations and regulatory compliance reviews.</p> <p>Service level agreements with vendors review included elements of data protection and governance, anti-bribery and anti-corruption and non-automatic contract renewals to ensure compliance with Personal Data Protection Act 2010, MACC Act and the Group’s policy.</p> <p>Money laundering and terrorism financing institutional risk assessment review performed based on Bank Negara Malaysia Guideline on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions &amp; Non-Bank Financial Institutions.</p> <p>(f) Corruption risk where respective operating unit identified and assessed the risks that are inherent to its operations. Mitigating controls implemented included:</p> <ul style="list-style-type: none"> <li>- establishment, dissemination and communication of Code of Conduct for Business Partners and Anti-Bribery and Corruption Policy to stakeholders;</li> <li>- proper segregation of duties;</li> <li>- authorisation and approval with authority matrix put in place;</li> <li>- multiple quotations from different vendors before an engagement;</li> <li>- background checks and conduct of due diligence;</li> </ul>
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	<ul style="list-style-type: none"> <li>- donations, contributions and gifts given/received are declared and recorded; and</li> <li>- periodical trainings or briefings.</li> </ul> <p>(g) Operational and reputational risks where marketing representatives (“MRs”) conduct was periodically monitored and reviewed with the following operation framework:</p> <ul style="list-style-type: none"> <li>- preventive measures covering pre-screening procedures on MRs;</li> <li>- acceptance of the Group’s terms and conditions and code of conduct;</li> <li>- verification measures to validate information provided by MRs;</li> <li>- maintenance measures through dissemination of information memorandums and trainings/briefings to MRs; and</li> <li>- mitigation/ deterrence measures include establishment of Disciplinary Committee for Fraud and Task Force Investigation in overseeing the investigations of suspected fraud, disciplinary and legal actions on MRs, if required.</li> </ul> <p>The above are documented in the risk profile of each operating unit and reviewed every half yearly.</p> <p>Further details on the Group’s approach to risk management and internal controls are available in the Statement on Risk Management and Internal Control on pages 73 to 77 of the Annual Report 2022.</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 Company engages the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The Internal Audit Function (“IAF”) is independent of the operations of the Group and reports directly to the Audit Committee to ensure independence. It also provides reasonable assurance that the Group’s system of internal control and risk management is satisfactory and operating effectively.</p> <p>The IAF conducts independent internal audit reviews based on an agreed plan, including review of related party transactions, and all internal control deficiencies identified are reported to the appropriate levels of Management for timely corrective actions. The internal audit reports are presented to the Audit Committee for review and deliberation on a quarterly basis. The Audit Committee is briefed on the audit findings, management responses to the findings and the recommended corrective measures as well as the status of previous audit findings.</p> <p>Annually, the Audit Committee conducts a review of the IAF in terms of its authority, resources and scope as defined in the Internal Audit Charter adopted by the Group.</p> <p>The Audit Committee had in February 2022 assessed the performance of the IAF. This is in line with Paragraph 15.12 of the Listing Requirements on duties of Audit Committee that include reviewing the adequacy of the scope, functions, competency and resources of the IAF and that it has the necessary authority to carry out its work.</p> <p>To ensure that the responsibilities of IAF are fully discharged, the Audit Committee:</p> <ul style="list-style-type: none"><li>(a) reviews and approves the Internal Audit Charter;</li><li>(b) reviews the resources of the IAF and approves the appointment of the Corporate Auditors;</li><li>(c) reviews and approves the risk based Audit Plans that define the scope of work and budget of the IAF;</li><li>(d) reviews the report on quality assurance and improvement programme implemented for IAF;</li><li>(e) conducts performance appraisal on the IAF in line with Paragraph 15.12 of the Listing Requirements on functions of Audit Committee;</li></ul> <p>and</p>

	<p>(f) reviews the external assessment conducted on IAF for conformance to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.</p> <p>Through these activities, the Audit Committee is satisfied that the IAF is effective in terms of adequacy of scope, functions, competency, resources and authority to carry out its works and is able to function independently. The Audit Committee is also of the view that the purpose, authority and responsibility as defined in the Internal Audit Charter remained to be adequate for the IAF to accomplish its objectives.</p> <p>Throughout the financial year, the Internal Audit personnel also kept themselves abreast of developments in the profession and industry through attendance at training aimed at equipping them with relevant skills appropriate to their respective levels. The experience and qualification of the Internal Audit personnel and training attended by them during the calendar year 2021 were tabled at the Audit Committee meeting held on 24 February 2022 to facilitate the Audit Committee in conducting performance appraisal on the IAF.</p> <p>The activities of the IAF during the financial year are set out in the Audit Committee Report on pages 82 to 83 of the Annual Report 2022.</p>
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</p>	

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is satisfied that the IAF had maintained their independence and objectivity. Internal Audit personnel are free from any relationships or conflicts of interest. The IAF is appropriately positioned to be free from Management intervention and reports directly to the Audit Committee.</p> <p>In accordance with the Principle 3 of Guidance for an Effective Internal Audit Function and the Internal Audit Charter, the Head of Internal Audit, in February 2022, confirmed to the Audit Committee that there was individual objectivity and organisational independence and there was no interference in determining the scope of internal auditing, performing work, and communicating results.</p> <p>The Group has engaged the services of the internal audit department of Amcorp Group Berhad, a major shareholder of the Company, to perform its internal audit function. The IAF is headed by Ms. Chia Meng Yee since year 2001. She is a member of The Malaysian Institute of Certified Public Accountants (MICPA).</p> <p>Head of Internal Audit is supported by a pool of eight (8) to nine (9) audit executives. The IAF conforms to the International Professional Practices Framework (“IPPF”), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.</p> <p>In accordance with IPPF, the IAF had implemented a Quality Assurance and Improvement Programme and performed a self-assessment on the internal audit activity’s conformance to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics, and the self-assessment results had been presented to the Audit Committee in February 2022.</p>

	<p>An external assessment on the IAF had been conducted by The Institute of Internal Auditors Malaysia, a qualified, independent assessor from outside the organisation, for full conformance to the IPPF, and the result of the external assessment had been presented to the Audit Committee in February 2022. The overall external assessment revealed that the IAF achieved 'Generally Conforms' of The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (Attribute Standards, Performance Standards and Code of Ethics) in accordance with the Standard Conformance Rating.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

## 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 importance of timely dissemination of material information to the shareholders, investors and public at large. As such, the Board is committed to providing all stakeholders with accurate, useful and timely information about the Company, its businesses and its activities in conformity with the disclosure requirements.</p> <p><u>Corporate Disclosure Policies</u></p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>Apart from adhering to and complying with the disclosure requirements of the Listing Requirements, the Board also observes the Corporate Disclosure Guide issued by Bursa Securities which can be viewed from the website of Bursa Securities at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p> <p>The Board is entrusted to review and approve the relevant financial results and other important announcements to ensure full compliance with regulatory authorities' disclosure requirements. The financial statements and material and price-sensitive information are disseminated and publicly released on a timely basis to ensure effective dissemination of information relating to the Group.</p> <p><u>Effective Dissemination of Information</u></p> <p>The Company maintains a corporate website at <a href="http://www.rce.com.my">www.rce.com.my</a> which serves as a key communication channel for the Company to reach its shareholders and general public. The Company's website provides detailed information on the Group's businesses, commitments and latest developments. Corporate and financial information of the Group, corporate governance and policies, press releases, as well as the Company's Annual Reports, circulars to shareholders and announcements released to Bursa Securities are also made available to the public through the Company's website. Public could request for</p>

	<p>information or raise queries through the Company’s website via online IR enquiry form, by email or phone. The contact details for investor relation matters are provided on the Company’s website. The website also has an e-mail alert service where shareholders and anyone who are interested may register to receive an email whenever there is new information of the Company (i.e. announcements, updates) posted to the Company’s website.</p> <p><u>Effective Communication and Proactive Engagement</u></p> <p>The Board also encourages and values dialogues with its investors and other stakeholders as it believes that an effective investor relationship enhances value for its stakeholders. Throughout the financial year and various phases of movement control order, the Company and its investor relations team conducted briefings to analysts and fund managers via video communications and other online tools on a regular basis to ensure the Group’s aspirations, latest operational and financial developments are communicated in a timely manner.</p> <p>General Meetings are the primary platforms for two-way interaction between the shareholders and Board/Management of the Company. Shareholders are always encouraged to participate actively in the meetings.</p> <p>Employee engagements remain a key priority to the Company. The Company engages with its employees primarily through its internal platforms, newsletter and townhall meetings for news and happenings, Group’s updates, training and talks, conversations with Management, employees recreational activities and etc.</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**

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 issues the notice of its AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Act and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to review the Company's financial and operational performance and to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys.</p> <p>The AGM notice includes details of the resolutions proposed along with relevant explanatory note to enable shareholders to make informed decisions in exercising their voting rights. The notice is also published via nationally circulated newspaper as required under Listing Requirements and is made available on the Company's website.</p> <p>The Company held its 67th AGM on 23 September 2021 with the notice of AGM and Annual Report 2021 issued on 25 August 2021 (this being 28 days prior to the meeting).</p> <p>The 67th AGM was conducted on a fully virtual basis and the Administrative Guide for the virtual AGM which provided useful information to shareholders regarding the details on remote participation, voting procedures, appointment of proxy and submission of questions before and/or during the live streaming of meeting was also issued and made available 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>To ensure effective participation of and engagement with shareholders at the virtual 67th AGM and EGM of the Company held during the financial year, all members of the Board participated in the meetings remotely via a designated virtual meeting platform to respond to the questions raised by the shareholders and proxies.</p> <p>To further encourage engagement between the Directors and shareholders, shareholders were invited to submit questions prior to the 67th AGM and EGM via email in relation to the agenda items for the meetings. This was communicated in the Administrative Guide for the 67th AGM and the EGM respectively.</p> <p>Apart from Directors and Senior Management, the External Auditors and the representative from the Company’s principal adviser appointed for the proposed bonus issue exercise, also participated in the said 67th AGM and EGM respectively.</p> <p>The Board together with the CEO, Group Chief Financial Officer and Senior Management addressed various questions from the shareholders and proxies sent via the real time submission of typed texts through a text box before the start or during the live streaming of the meetings.</p> <p>The Company also shared its responses to the questions raised by Minority Shareholders Watch Group (“MSWG”) and shareholders prior to the 67th AGM which were briefed by the CEO.</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

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 Company has been leveraging on technology to facilitate electronic poll voting since its AGM held in 2016.</p> <p>In 2021, the Company's 67th AGM and EGM were conducted fully virtual by leveraging technology in accordance with the Company's Constitution and the Act. The Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn. Bhd. which were hosted on Securities Services e-Portal ("SSeP") at <a href="https://sshb.net.my/">https://sshb.net.my/</a> allowed shareholders to participate, pose questions (via real time submission of typed texts) and vote remotely without physically attending the meetings. The conduct of these virtual 67th AGM and EGM were in compliance with the Company's Constitution, the Act, and Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.</p> <p>The Company had sought confirmation from SS E Solutions Sdn. Bhd. on its cyber hygiene practices to ensure data privacy and security to prevent cyber threats. To this, SS E Solutions Sdn. Bhd. had confirmed that it has implemented an Information Technology and Information Security policy, endpoint controls and data classification for cyber hygiene practices. Stress test and penetration testing had been performed to test its resiliency. In addition, the SSeP is hosted on a secure site with good cyber hygiene practices in place and the data center is certified by ISO/IEC 27001: 2013 standard.</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

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>The Board believes that the general meetings is an effective channel of communication for shareholders and encourages active participation. Prior to the 67th AGM and EGM held during the financial year under review, notice of general meetings were disseminated to all shareholders detailing the time, meeting platform and the resolutions to be considered during the 67th AGM and EGM.</p> <p>The Chairman chaired the 67th AGM and the EGM held in September 2021 and December 2021 respectively and briefed the meetings on the meeting agenda and reminded shareholders of their rights to vote and submit their questions to the Board during the meetings.</p> <p>At the 67th AGM, a comprehensive review of the Group's activities and financial performance together with an overview of the Group's outlook, challenges faced by the Group amidst various lockdown periods, and the Group's prospects and strategies for the ensuing year were presented by the CEO. In the EGM, presentation had been made by the representative from the Company's principal adviser on the proposed bonus issue exercise.</p> <p>Shareholders have an avenue to submit questions prior to the general meetings at any time from the day of notice of the general meetings and up to the date and time as specified in the Administrative Guide for the general meetings (for AGM, from 25 August 2021 to 20 September 2021, and for EGM, from 2 December 2021 to 19 December 2021). Sufficient opportunity was provided for shareholders to pose questions during the general meetings via real time submission of typed texts to exercise their rights to speak and communicate virtually.</p> <p>The CEO presented the questions received from MSWG as well as the Company's replies to the questions for the benefit of the shareholders at the 67th AGM. Questions raised by shareholders prior to the 67th</p>

	<p>AGM were displayed on the screen, as the CEO read out the questions and provided responses for the same during the meeting.</p> <p>To ensure effective communication with the shareholders at the fully virtual general meetings, questions posed by shareholders and proxy holders during the 67th AGM and EGM via real time submission of typed texts were moderated to avoid repetition, and made visible during the meetings whilst the Group Chief Financial Officer and Company Secretary read out the questions. All questions raised by the shareholders and proxies were adequately responded.</p> <p>Minutes of the 67th AGM and EGM together with the responses to relevant questions raised were also published on the Company's website within 30 business days after the meetings.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

## Intended Outcome

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

## Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's 67th AGM and EGM which were conducted fully virtual were successfully held on 23 September 2021 and 22 December 2021 respectively, and were well participated by shareholders, proxies and corporate representatives.</p> <p>The Company used the remote participation platform (SSeP) provided by SS E Solutions Sdn. Bhd. which has been robustly tested to gain assurance on its reliability, stability and security to allow for a large number of participants to participate in the virtual general meeting at one time. The Company also took necessary actions to ensure that there was dedicated and sufficient internet bandwidth to support smooth live streaming and participation by Directors, shareholders and proxies remotely.</p> <p>Detailed instructions and procedures on remote participation and the e-voting process were provided in the Company's notification to the shareholders under the Administrative Guide of the 67th AGM and EGM. At the beginning of the general meetings, SS E Solutions Sdn. Bhd. had demonstrated the step-by-step guide on the online voting module within SSeP via a video clip to facilitate the polling process.</p> <p>Shareholders participated and voted remotely at the meetings using the RPV facilities. They were also able to view the Company's presentation or slides via the live web streaming.</p> <p>During the proceedings of the 67th AGM and EGM, participants were given opportunity to pose questions in the form of typed texts through the remote participation platform. Questions received before and during the meetings, including the questions received from MSWG, were made visible and read out at the meetings to allow for real time engagement and interaction between Board members, Senior Management and shareholders during the Question and Answer</p>

	<p>session, while Management provided responses to the respective questions.</p> <p>The poll results of the 67th AGM and EGM were verified by the Independent Scrutineers, Commercial Quest Sdn. Bhd. and the results of the poll were displayed on the screen when the Chairman of the Board declared that all the resolutions were duly carried.</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 13.6**

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>	: Minutes of the 67th AGM and EGM, detailing the meeting proceedings including the questions raised by MSWG and shareholders, and the Company's responses were made available on the Company's corporate website at <a href="http://www.rce.com.my">www.rce.com.my</a> within 30 business days after the general meetings.
<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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