

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5207  
**COMPANY NAME** : SBC CORPORATION 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is led and controlled by an effective Board that currently consists of five (5) members comprising one (1) Independent Non-Executive Chairman, one (1) Managing Director cum Chief Executive Officer, one (1) Executive Director, one (1) Senior Independent Non-Executive Director and one (1) Independent Non-Executive Director.</p> <p>The Board complies with Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least two Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.</p> <p>The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and represents the needed mix of skills and experience required to discharge the Board's duties and responsibilities effectively. No individual Director or group of Directors can dominate the Board's decision-making process. The composition and size of the Board are to be reviewed from time to time.</p> <p>There is a clear division of responsibility between the Independent Non-Executive Chairman and the Managing Director cum Chief Executive Officer to ensure that there is a balance of power and authority in decision making. The Board is led by the Independent Non-Executive Chairman and the Executive Management is led by the Managing Director cum Chief Executive Officer, Together, the Directors bring a broad range of competencies, capabilities, technical skills, experiences and knowledge relevant to the business to ensure that the Group continues to be competitive in the industry with a strong reputation for ethics as well as technical and professional competence.</p>

All of the Board members serve as directors in not more than five boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities.

The profiles of the members of the Board are set out in the Annual Report under the section named Directors' Profile.

**Clear functions reserved for the Board and those delegated to Management**

The Board recognises its key role in charting the strategic direction, development and control of the Group and has adopted the specific responsibilities that are listed in the Code, which facilitates the discharge of the Board's stewardship responsibilities. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per recommendations of the Malaysian Code on Corporate Governance ("MCCG") : –

- Setting the objectives, goals and strategic plan for the Company with a view to maximizing shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company's strategy, budgets, plans and policies;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Executive Directors are responsible for making and implementing policies, operational and corporate decisions as well as developing, coordinating and implementing business and corporate strategies. The Non-Executive Directors play the key roles in contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

	<p>The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board. Along with good governance practices and to enhance transparency, accountability and timely disclosure of material information, the Board has formalized and adopted the following policies and procedures which provide guidance to the Board in fulfilment of its roles, functions, duties and responsibilities and they are made available at the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.com.my</a></p> <ul style="list-style-type: none"> <li>• Board Charter;</li> <li>• Code of Ethics and Conduct;</li> <li>• Whistle Blowing Policy;</li> <li>• Corporate Disclosure Policy;</li> <li>• Criteria to assess independence of Independent Directors;</li> <li>• Procedure of recruitment / selection for directorship;</li> <li>• Remuneration Policy for Executive Directors; and</li> <li>• Remuneration Policy for Non-Executive Directors.</li> </ul>	
<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 Independent Non-Executive Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders as well as instilling good corporate governance practices.</p> <p>The responsibilities of the Independent Non-Executive Chairman, among others, are as follows :-</p> <ul style="list-style-type: none"><li>• to lead the Board and ensure its effectiveness of all aspects of its role;</li><li>• to ensure the efficient organization and conduct of the Board's function and meetings;</li><li>• to facilitate the effective contribution of all Directors at Board meetings;</li><li>• to promote constructive and respectful relations between Directors, and between the Board and Management; and</li><li>• to ensure effective communication with shareholders and relevant stakeholders.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer are held by different individuals. There is a clear division of responsibility between the Independent Non-Executive Chairman and the Managing Director cum Chief Executive Officer to ensure that there is a balance of power and authority in decision making.</p> <p>The Independent Non-Executive Chairman leads the Boards in the oversight of management ensuring the integrity of governance process. The Managing Director cum Chief Executive Officer, supported by the Executive Director and the Senior Management team, implements the Group strategic plan, policies and decision adopted by the Board and oversees the operations of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Chairman of the Board, Datuk Roselan Johar bin Johar Mohamed is currently a member of the Audit, Remuneration and Nomination Committees.</p> <p>The Board is of the view that the Chairman of the Board, Datuk Roselan Johar bin Johar Mohamed as an Independent Non-Executive Director who is not involved in daily operation of the Group, will not affect his objectivity and no self-review threat would arise with him being a member of other Board Committees as decision would be made through discussion among Committee members to act in the best interests of the Group</p> <p>The Board will consider re-organising the Audit, Remuneration and Nomination Committees, with the Chairman of the Board not being member of the said Committees.</p> <p>When there is suitable candidate to be appointed as members of the Board, the Nomination Committee will evaluate and consider such appointment and thereafter further re-organise the Board Committees.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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 two Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience and are supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretaries are qualified officers and meet the provisions of the Companies Act. The Directors have unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries ensure that all Board meetings are properly convened and are entrusted to record the Board's deliberations, in terms of issues discussed and the conclusions.</p> <p>The Board is regularly updated by the Company Secretaries on new changes to the legislations and the Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors are provided with papers which include the agenda and reports relevant to the issues of the meetings covering areas of strategic, financial, operational and regulatory compliance matters at least 7 days prior to each Board meeting. These are issued in sufficient time to enable the Directors to obtain any further information and/or explanations when necessary.</p> <p>The Board papers prepared for the quarterly scheduled meetings include, among others, the following :-</p> <ul style="list-style-type: none"> <li>• Minutes of previous Board meeting;</li> <li>• Minutes of the Board Committee's meeting;</li> <li>• Reports on matters arising;</li> <li>• Quarterly financial results; and</li> <li>• Report on operational matters.</li> </ul> <p>The minutes of meetings are circulated to the Board for review in a timely manner before it is finalised and tabled at the next meeting for confirmation.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is 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 has a formalised Board Charter which regulates inter alia, the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding sound corporate governance standards and practices.</p> <p>The Board Charter also covers the composition of the Board, matters reserved for the Board, financial reporting, risk management and internal control system, Directors' remuneration and training as well as investor relations and shareholder communication.</p> <p>The Board Charter which serves as a source of reference for new Directors, will be reviewed periodically to keep it up to date with changes in regulations and the best practices to ensure its effectiveness and relevance to the Board's objectives.</p> <p>The Board Charter is made available on Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.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>The Board has a formalised Code of Ethics and Conduct which reflects the Company's core values of integrity, respect, trust and openness.</p> <p>The Code of Ethics and Conduct provides clear direction on conduct of business, dealing with the community, government and business partners, and general workplace behaviour. It includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, compliance with the relevant laws and regulations, and reporting where there is breach of the said Code, amongst others.</p> <p>The Directors and employees are expected to behave ethically and professionally at all time and protect the reputation and performance of the Group.</p> <p>The Code of Ethics and Conduct is reviewed periodically by the Board when the need arises to address the changing conditions of the business environment.</p> <p>The Code of Ethics and Conduct is made available on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.com.my</a></p> <p>With the adoption of the Anti-Bribery and Corruption (ABC) policy, the Group practises zero tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group.</p> <p>For more information on the ABC policy, please refer to the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.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 3.2

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 Company has in place a Whistleblowing Policy to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse, for investigation and Management's action.</p> <p>Reports can be made anonymously to the Chairman of the Audit Committee or the Internal Auditor of the Company without fear of retaliation or repercussions and will be treated confidentially.</p> <p>There is a process in place to independently investigate all reports received to ensure the appropriate follow up action are taken.</p> <p>The Whistleblowing Policy is published on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.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 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 Company's sustainability governance structure is led by the Board of Directors, which oversees the Group's overall sustainability performance.</p> <p>The Senior Management team that is guided by the Executive Directors, reports to the Board and is responsible for overseeing sustainability practices, policies and procedures to improve sustainability performance.</p> <p>Information on material corporate issues and the social and environmental impacts, as well as key sustainability initiatives, is disclosed in the Sustainability Statement of the 2022 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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 and Senior Management communicate to the Company’s internal stakeholders via periodic sharings, whilst to its external stakeholders via the Company’s Annual Report.</p> <p>Details of the Company’s sustainability matters are disclosed in the Sustainability Statement in the 2022 Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the Nominating Committee will assess the training programmes, including those related to sustainability issues, to be attended by the Directors, to ensure that the Directors continue to constantly keep themselves abreast on the relevant requirements and matters concerning the sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.</p> <p>During the financial year 2022, the Directors attended various training and development programmes including sustainability related programme. The list of training attended by the Directors are reported in the Corporate Governance Overview Statement in the Annual Report 2022 on page 27.</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>Performance of the Board in addressing the Company’s material sustainability risks and opportunities is reviewed as part of the annual assessment on Board members conducted by the Nominating Committee.</p> <p>Similarly, the Senior Management performance in addressing the Company’s material sustainability risks and opportunities is reviewed as part of the annual performance review process.</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>	:	The Board has designated Datuk Sia Teong Heng, the Managing Director cum Chief Executive Officer, who reports to the Board, and is responsible for managing sustainability practices, policies and procedures to improve sustainability performance.

**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 Board is committed to ensure that the Directors of the Company possess a broad balance of skills, knowledge, experience, background, independence and diversity. The Nominating Committee (“NC”) is responsible to recommend to the Board for the appointment of new Directors and it endeavour to ensure that gender, ethnicity and age diversity will be taken into account in nominating quality candidates to be appointed to the Board.</p> <p>The NC oversees and reviews the overall composition of the Board in terms of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company. The effectiveness of the Board as a whole and the Board Committees will also be assessed by the NC on an annual basis.</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 currently comprises five (5) members, three (3) of which are Independent Non-Executive Directors.</p> <p>All the three (3) Independent Non-Executive Directors satisfy the independence test under the MMLR of Bursa Securities. They constitute 60% of the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.</p> <p>The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.</p> <p>Both the Nominating Committee and the Board have assessed the independence of Mr. Lee Kong Leong and Datuk Roselan Johar bin Johar Mohamed who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, and recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:</p> <ul style="list-style-type: none"><li>a) They have fulfilled the criteria under the definition of an Independent Director as stated in the MMLR, and thus they would be able to provide independent judgement, objectivity and check and balance to the Board;</li><li>b) They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management;</li></ul>

- c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;
- d) They, having been with the Company for more than nine (9) years, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;
- e) They are independent as they have shown great integrity and they have not entered into any related party transaction with the Group; and
- f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr. Lee Kong Leong and Datuk Roselan Johar bin Johar Mohamed and their continued service will serve the interest of the Company and its shareholders.

The Board is unanimous in its opinion that Mr. Lee Kong Leong and Datuk Roselan Johar bin Johar Mohamed, who have served on the Board as Independent Directors, exceeding a cumulative term of nine (9) years, continue to fulfill the criteria and definition of the Independent Director as set out under Paragraph 1.01 of MMLR. In this respect, the Board has approved the continuation of Mr. Lee Kong Leong and Datuk Roselan Johar bin Johar Mohamed as Independent Directors of the Company.

The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly, the Board strongly recommends retaining Mr. Lee Kong Leong and Datuk Roselan Johar bin Johar Mohamed as Independent Non-Executive Directors and will be tabling Ordinary Resolutions 8 and 9 to shareholders at the Thirty-second AGM for the said purpose. Shareholders' approval for the Ordinary Resolutions will be sought on a single tier voting process.

The Board takes cognizance of the recommendation of the Code regarding the tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for the retention of Independent Directors who have served for a cumulative term of more than nine (9) years.

This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

*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**

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

**Practice 5.4 - Step Up**

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	



**Intended Outcome**

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

**Practice 5.5**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensure that the Directors of the Company possess a broad balance of skills, knowledge, experience, background, independence and diversity. The Nominating Committee is responsible to recommend to the Board for the appointment of new Directors and it endeavour to ensure that gender, ethnicity and age diversity will be taken into account in nominating quality candidates to be appointed to the Board.</p> <p>Selection of senior management is also based on objective criteria and merit, with due regard to diversity in skills, experience, age, cultural background and gender.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Nominating Committee is responsible for identifying and recommending suitable candidates to be appointed to the Board. There was no new appointment made for the financial year ended 31 March 2022.  Moving forward, the Nominating Committee will assimilate varied sources to identify candidates to be appointed to the Board, including utilising independent sources.
<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 Board ensures that shareholders are kept informed on the changes to the Board and its supporting Board Committees. Any changes to the Board's composition and structure is disclosed via the Bursa Malaysia Announcement Link within the stipulated time required by the regulators. The Company's corporate website is also promptly updated to disclose the changes to the Board's composition.</p> <p>Information on Directors being put up for re-election is shared with shareholders via the Notice of AGM.</p> <p>The following Directors shall retire in accordance with Clause 88 of the Company's Constitution:</p> <ul style="list-style-type: none"><li>a) YBhg. Datuk Sia Teong Heng</li><li>b) Mr. Sia Teong Leng</li></ul> <p>The profiles of the Directors standing for re-election as mentioned in paragraph above at the Thirty-second AGM are set out in the Annual Report 2022 under the section named Directors' Profile.</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 5.8**

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 Chairman of the Nominating Committee, Mr. Lee Kong Leong, is the Senior Independent Non-Executive Director identified by the Board.</p> <p>The Terms of Reference of the Nominating Committee is published on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.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**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board currently does not have any gender policy or target. The criteria to be used by the Nominating Committee in the selection and appointment process is mainly to ensure the Board comprises a good mix of skill and experience of Directors to discharge its responsibilities in an effective and competent manner, as well as the candidates' competencies and ability to commit sufficient time to the Company's matter.	
		The Nominating Committee and the Board are supportive of gender diversity in the boardroom as recommended by the MCCG to promote the representation of women in the composition of the Board. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merit, experience, skill, competency, knowledge and potential contribution, while the recommendation by the MCCG will also be given due consideration for boardroom diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.	
		The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.  During employee recruitment process, the Company ensures diversity in its management level by having female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Director or Senior Management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<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>	: The annual assessment on the board, its committees and each individual director was carried out internally using self-evaluation forms extracted from the Corporate Governance Guide issued by Bursa Malaysia. The results of the duly completed self-evaluation forms received from the Directors and Audit Committee members were tabled to the Nominating Committee for consideration. The Nominating Committee is satisfied that the Board has a good mix of skills, experience and qualities and each of the Directors has the professionalism, competence, experience, time commitment, integrity and character to effectively discharge their role as a Director. The Nominating Committee is also satisfied with the performance of the Audit Committee and each of Audit Committee members who have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The results from the Nominating Committee were reported to the Board.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

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

**Practice 7.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and Senior Management of calibre and relevant experience and expertise to manage the Group successfully.</p> <p>The remunerations of the Executive Directors and Senior Management are to be structured so as to link rewards to Group and individual performance and for Non-Executive Directors, the level of fees shall reflect the experience, expertise and level of responsibilities undertaken.</p> <p>All Non-Executive Directors are paid director’s fees for serving as Directors on the Board and chairman of the Board or its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties such as meeting allowance, travelling etc. The Directors’ fees and benefits are approved at the annual general meeting by shareholders.</p> <p>Currently, the remuneration of Executive Directors and Senior Management comprising basic salary and bonus which are reflective of their experience, expertise, level of responsibilities and performance. Benefits in kind such as company car are made available as appropriate.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Remuneration Committee is authorised by the Board to periodically review the level and composition of Directors' and Senior Management's remuneration.  The Terms of Reference of the Remuneration Committee is available on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.com.my</a>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	A summary of the remuneration of Directors of the Company and the Group for the year ended 31 March 2022, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	YBhg. Datuk Sia Teong Heng	Executive Director	-	-	1,228	-	-	-	1,228	-	-	1,228	-	-	-	1,228
2	Mr. Sia Teong Leng	Executive Director	-	-	358	-	-	-	358	-	-	358	-	-	-	358
3	YBhg. Datuk Roselan Johar bin Johar Mohamed	Independent Director	37	3	-	-	-	-	40	37	3	-	-	-	-	40
4	Mr. Lee Kong Leong	Independent Director	38	3	-	-	-	-	41	38	3	-	-	-	-	41
5	YBhg. Dato' Lim Cheang Nyok	Independent Director	37	3	-	-	-	-	40	37	3	-	-	-	-	40
6	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that it is not to the Company's advantage or best interest for such disclosure considering the highly competitive market for talents in the industry and the sensitive confidential nature of the information.	
		Due to confidentiality, sensitivity and security concerns, the Board is of the view that the disclosure of the Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 is adequate as set out on page 30 in the Corporate Governance Overview Statement of the Annual Report as follows: -	
		Range of remuneration (inclusive of salary, bonus, benefits in kind and other emoluments) (RM)	<b>Number of Senior Management (No. of staffs)</b>
			Company      Group
		RM1 to RM50,000	-      -
		RM50,001 to RM100,000	-      -
		RM100,001 to RM150,000	-      -
		RM150,001 to RM200,000	1      2
		RM200,001 to RM250,000	2      4
		RM250,001 to RM300,000	-      -
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee is Mr Lee Kong Leong, who is an independent Non-Executive Director, and not the Chairman of the Board.</p> <p>The Terms of Reference of the Audit Committee is published on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.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**

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>The Audit Committee comprises 3 members, all of whom are Independent Non-Executive Directors. None of the members of the Audit Committee were former audit partner of the Company's external auditors within the cooling-off period of 3 years.</p> <p>The Terms of Reference of the Audit Committee was amended to reflect the requirement of a former audit partner to observe a cooling-off period of at least 3 years before he or she can be considered for appointment as an Audit Committee member.</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 establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e. Crowe Malaysia PLT, Chartered Accountants. The Group also maintains a transparent relationship with the External Auditors in seeking their professional advice towards ensuring compliance with the accounting standards through the Audit Committee. In the course of audit of the Group's operations, the External Auditors have highlighted all important matters to the Audit Committee. The Audit Committee will then bring up the matters for the Board's attention if it is necessary.</p> <p>The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors are appointed every year during the annual general meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises 3 members, all of whom are Independent Non-Executive Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee have the necessary skills to discharge its duties and are financially literate. The profiles of the members are provided in the Annual Report under the Directors' Profile section. The Chairman of the Audit Committee is a member of the Australian Society of Certified Public Accountants, the Hong Kong Society of Certified Public Accountants and the Hong Kong Securities Institute.</p> <p>During the financial year, all Board members have participated in the various training programmes. Those seminars and courses attended by the Directors are disclosed on page 27 in the Corporate Governance Overview Statement of the Annual Report. Details of the training programmes attended by the Audit Committee members are as follows:</p> <p>-</p> <table border="1"><thead><tr><th>Name</th><th>Training</th><th>Date</th></tr></thead><tbody><tr><td>YBhg. Datuk Roselan Johar bin Johar Mohamed</td><td>MIA Webinar Series : Financial Reporting on Impact of Climate Change Effects – However unable to join due to poor internet connection</td><td>30 March 2022</td></tr><tr><td>Lee Kong Leong</td><td>Latest Directors liabilities (Foreign &amp; Malaysian Cases)</td><td>14 December 2021</td></tr><tr><td>YBhg. Dato' Lim Cheang Nyok</td><td>Environmental, Social And Governance ("ESG") : What Is It And Why Should It Matter To You</td><td>27 October 2021</td></tr></tbody></table>	Name	Training	Date	YBhg. Datuk Roselan Johar bin Johar Mohamed	MIA Webinar Series : Financial Reporting on Impact of Climate Change Effects – However unable to join due to poor internet connection	30 March 2022	Lee Kong Leong	Latest Directors liabilities (Foreign & Malaysian Cases)	14 December 2021	YBhg. Dato' Lim Cheang Nyok	Environmental, Social And Governance ("ESG") : What Is It And Why Should It Matter To You	27 October 2021
Name	Training	Date												
YBhg. Datuk Roselan Johar bin Johar Mohamed	MIA Webinar Series : Financial Reporting on Impact of Climate Change Effects – However unable to join due to poor internet connection	30 March 2022												
Lee Kong Leong	Latest Directors liabilities (Foreign & Malaysian Cases)	14 December 2021												
YBhg. Dato' Lim Cheang Nyok	Environmental, Social And Governance ("ESG") : What Is It And Why Should It Matter To You	27 October 2021												

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

**Intended Outcome**

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>	:	The Board has established the risk management and internal control framework and policies to identify, evaluate and manage the principal risks of the Group’s businesses. The information on risk management and internal control are set out in the Company’s Annual Report on pages 33 to 34	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Risk Management</b></p> <p>The Board recognises that risk management is an integral part of the Group's business operations and that risks are inherited in all business activities and is committed to manage the risks involved in the Group business activities. The Group has a Risk Management Working Group ("RMWG") that is chaired by the Managing Director cum Chief Executive Officer and its members comprise the Executive Director, Heads of Departments and staff from key operations. They have been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and the risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk registers. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMWG and the Audit Committee.</p> <p><b>Internal Control</b></p> <p>The Board acknowledges its responsibility for maintaining a sound internal controls system, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and the safeguard of assets and interest in compliance with laws and regulations as well as with internal financial administration procedures and guidelines.</p> <p>The Group's Statement on Risk Management and Internal Control is shown on pages 33 to 34 of the Annual Report.</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**

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 Group has outsourced its internal audit function to a professional internal audit service provider firm, namely Wensen Consulting Asia (M) Sdn. Bhd. The main role of the internal audit is to review the effectiveness of the Group's system of internal controls and this is performed with impartiality, proficiency and due professional care.</p> <p>The internal auditor reports directly to the Audit Committee the effectiveness of risk management, internal control system and governance processes within the Group.</p> <p>The internal audit adopts a risk-based auditing approach by focusing on identifying high risk areas and to recommend corrective measurements for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of control.</p> <p>The internal audit function carried out during the financial year is disclosed in the Audit Committee Report as set out on page 36 of the Annual Report as follows: -</p> <ol style="list-style-type: none"><li>a) Prepared the Group's Internal Audit Plan for the Audit Committee's review;</li><li>b) Carried out internal audits of the Company and its subsidiary companies to review the adequacy of internal controls in the various auditable areas, such as :-<ul style="list-style-type: none"><li>• Sales and Marketing Management, and</li><li>• Follow-up review on the previous auditable areas.</li></ul></li><li>c) Reported the outcomes of audit conducted which highlight the significant risks and the effectiveness of the internal control system;</li><li>d) Monitored remedial actions taken by the management in response to the recommendations addressing the internal control deficiencies;</li><li>e) Presented the internal audit reports at the Audit Committee meetings for the deliberation by its members, and to follow up on the suggestions given by its members; and</li><li>f) Prepared and updated the Group's Risk Management Updates for the Audit Committee's review.</li></ol>

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

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. Thus, the Board has outsourced its internal audit function to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn. Bhd. ("Wensen").</p> <p>The internal audit function is free from any relationship or conflicts of interest which could impair their objectivity and independence. Wensen has no relationship with the Group and is independent from Management, employees, Directors and substantial shareholders. The Audit Committee is of the opinion that Wensen is independent and objective in carrying out its role as an internal audit function.</p> <p>The outsourced internal audit function is headed by the Executive Director, who is assisted by an audit team comprising of the Engagement Director, Managers and Consultants. The Executive Director, is a Practising Member of the Institute of Singapore Chartered Accountants (ICSA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities.</p> <p>The Internal Audit Plan approved by the Audit Committee was duly carried out by the internal audit function for the financial year ended 31 March 2022 based on Wensen's internal audit methodology which is aligned in accordance with the Internal Auditing Standards set forth in the International Professional Practices Framework issued by the Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 12.1

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 Company is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group by adopting a Corporate Disclosure Policy. A copy of the policy is available on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.com.my</a></p> <p>Besides, an "Investor Relation" section on the Company's website provide the relevant link to the Company's announcements including financial results, annual reports and other announcements made to Bursa Securities as a platform for timely information to the shareholders and stakeholders of the Company.</p> <p>The Company has placed various documents pertaining to the Organisation, Board and Management, Corporate Governance, Policies, Charter, Terms of References as well as other corporate information on its' Corporate section under "About Us", to further facilitate shareholders' and stakeholders' understanding of the Company with respect to the business of the Company and its policies on governance.</p> <p>In addition, the Annual General Meeting also serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the Management. The Annual General Meeting provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance and other matters of concern. Shareholders are encouraged to actively participate in the question-and-answer session. The Board, key Senior Management and External Auditors will be present to answer and provide appropriate clarifications at the meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



**Intended Outcome**

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>	:	Since 2016, it has been the practice of the Company to give more than 28 days' notice to its shareholders before its Annual General Meeting is held.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Thirty-first AGM was held on 29 September 2021 as a fully virtual meeting via live streaming. All five (5) Directors attended the meeting. Apart from Directors, several members of Senior Management were also present to provide the necessary support during the AGM proceedings.</p> <p>At the AGM, Directors are allocated responsibility to respond to questions that may be raised by shareholders in accordance with their Board or Board Committee roles.</p> <p>During the AGM, shareholders were invited to raise any questions and seek clarifications on all proposals tabled and shareholders had encouragingly raised questions on the agenda items of the AGM.</p> <p>Appropriate answers and/or clarifications were provided by the Board members, Committee Chairmen or Senior Management to allow the shareholders to make informed decisions when casting their votes. The Company's external auditors were also invited to participate to assist with any questions that shareholders may have had relating to the audit processes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company leverages on technology to facilitate its shareholders’ meeting as permitted by its Constitution.</p> <p>The Company’s Constitution allows for a general meeting to be convened at more than one venue and for shareholders to participate and vote at the meeting using technology in accordance with the Companies Act, 2016</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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> :	At the last Fully Virtual AGM, the Chairman introduced the members of the Board of Directors and Company Secretary as well as the Senior Management, representative(s) from external auditors, share registrar/poll administrator and scrutineers of the Company who were present for the benefit of all shareholders.  The Chairman proceeded with the agenda of the meeting and then the question-and-answer session with shareholders and provided responses to the questions.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Thirty-first Annual General Meeting was convened in a fully virtual manner to safeguard the wellbeing of members, Directors and employees of the Company due to the on-going COVID-19 pandemic.  The Chairman further informed the members that the convening of the Meeting was in compliance with Section 327 of the Companies Act, 2016 which stipulates that the Chairman shall be at the main venue of the AGM, and also in accordance with the Company's Constitution, the Government of Malaysia's COVID-19 Guidelines for Physical Distancing at the Workplace, Home and Individuals, and the Securities Commission ("SC") Guidance and FAQs on the Conduct of General Meetings for Listed Issuers.  The Chairman ensured members were accorded with an opportunity to ask questions and receive meaningful responses from the Board and Senior Management present.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the general meeting are published on the Company's website no later than thirty (30) business days after the meeting.  A copy of the AGM minutes can be found on the Company's website at <a href="https://www.sbcgroup.com.my">https://www.sbcgroup.com.my</a>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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.*

Click or tap here to enter text.



