

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8567
COMPANY NAME : SALCON BERHAD
FINANCIAL YEAR : December 31, 2023

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.

Application	: Applied
Explanation on application of the practice	<p>The Board is fully responsible for formulating policies, setting business strategies and directions, making key business decisions and the overall performance of the Group.</p> <p>In order to create and promote clear understanding of the functions of the Board and Management; a Board Charter, which clearly sets out these functions, has been developed.</p> <p>To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, which reviews and make recommendations to the Board on specific areas. There are currently four Board Committees appointed by the Board, namely:</p> <ul style="list-style-type: none">• Audit and Risk Management Committee ("ARMC");• Nomination Committee ("NC");• Remuneration Committee ("RC"); and• Sustainability Committee ("SC") <p>The roles and responsibilities of the Board and Management are adequately established and communicated to ensure accountability. Management is responsible for the day-to-day operations of the Group's activities and for achieving corporate objectives and goals, set by the Board.</p> <p>Although specific powers had been delegated to the Board Committees, the Board keeps itself abreast with relevant key issues and decisions via presentation of Board Committee's reports and minutes of meetings.</p> <p>Additionally, the duties and responsibilities of the Board, Chairman and Executive Directors ("EDs") are also set out in the Board Charter. The Board will periodically review the Board Charter and Terms of References ("TOR") for the respective Board Committees and make</p>

	<p>necessary amendments to ensure consistency with the Board objectives.</p> <p>The Board Charter and TOR are available on the company's website, www.salcon.com.my.</p> <p>The Board should assume, among others, the following responsibilities:</p> <ul style="list-style-type: none"> • together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour; • review, challenge and decide on management's proposals for the Company, and monitor its implementation by management; • ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability; • supervise and assess management's performance to determine whether the business is being properly managed; • ensure there is a sound framework for internal controls and risk management; • understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks; • set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; • ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management; • ensure that the Company has in place procedures to enable effective communication with stakeholders; • ensure that all its Directors are able to understand financial statements and form a view on the information presented; and • ensure the integrity of the Company's financial and non-financial reporting.
<p>Explanation for departure</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	Chairman of the Board Tan Sri Abdul Rashid bin Abdul Manaf, an Independent Non-Executive Director, is the Chairman of the Board and he leads the Board with dedication and focuses on compliance and good corporate governance practice. During the meetings, he encourages all members to actively participate in the meeting, for all matters raised for discussion. The Board also monitors various Board Committees' functions to ascertain effective performance of their responsibilities in accordance with their respective Terms of Reference. Detailed key responsibilities of the Chairman of the Board are stated in the Board Charter which is available on the Company's website, www.salcon.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 2023 ("FY 2023"), Tan Sri Abdul Rashid bin Abdul Manaf, an Independent Non-Executive Director, who is the Chairman of the Board, provides oversight over the Management and reflect the Company's commitment to uphold the corporate governance processes.</p> <p>Tan Sri Dato' Tee Tiam Lee and Dato' Leong Kok Wah are the Deputy Executive Chairman and Executive Director of the Company respectively. They are responsible for the overall business and the implementation of Board's policies and decisions.</p> <p>Thus, there is a clear and distinct division of responsibilities between the Chairman and the Executive Directors to ensure that there is an appropriate balance of power, division of role, responsibility and accountability at the Board level.</p> <p>Their roles and responsibilities are stated in the Board Charter which is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the board is not a member of the Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Sustainability Committee.</p> <p>Thus, there is a clear and distinct division of responsibilities between the Chairman of the Board and the Committee to ensure that there is an appropriate balance of power, division of role, responsibility and accountability. Additionally, the Chairman of the Board also ensures that the Board Committees' meetings are conducted separately from the main Board's meetings to enable objective and independent discussion during the meetings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two qualified Company Secretaries who have extensive years of experience in corporate secretarial practice. One of the Company Secretaries is a member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is licensed by the Registrar of Companies. Both of them are qualified to act as company secretaries under the Companies Act 2016.</p> <p>The main responsibilities of the Company Secretary are:</p> <ul style="list-style-type: none">• advise the Board on its roles and responsibilities;• facilitate the orientation of new directors and assist in directors' training and development;• advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirement;• manage process pertaining to the annual shareholder meeting;• monitor corporate governance developments and assist the Board in applying governance practices to meet the board's needs and stakeholders' expectations; and• serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>All Directors have unrestricted access to the advice and services of the Company Secretaries for the affairs of the Company and Board. The Company Secretaries also updated the Board on the relevant guidelines on statutory and regulatory requirements from time to time.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting the Board in the discharge of their duties.</p> <p>The Company Secretaries have constantly kept themselves abreast of the regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Recognising the importance of sound and timely information flow to the Board, the dates of meetings are scheduled and confirmed by the Board Members in advance.</p> <p>Notice of the meetings setting out the agenda is forwarded to all Directors, at least five (5) business days prior to the meetings. The said notice is then sent to the Management, including the deadline for submission of the meeting papers. Upon receipt from the Management, the meeting papers will be circulated at least five (5) business days in advance of the meetings to all Directors to ensure that the Directors have sufficient time and information to make an informed decision at each meeting.</p> <p>During the meeting, the Management presents the report/result/matters that need attention by the Board, including financial performance and current progress status of all projects for Board's consideration, discussion and decision.</p> <p>All issues discussed and decision made during the meetings will be duly recorded in the Minutes of meetings and be reviewed by the Board for completeness and accuracy. Thereafter, the Minutes of meetings will be confirmed by the Board's and Board Committees' members and be signed by the Chairman of meetings as a correct record.</p> <p>Senior Management, including Chief Operating Officer ("COO") of Salcon Engineering Berhad and Chief Financial Officer ("CFO"), are invited to attend the Board Meetings for the purpose of briefing and/or providing further clarifications on various matters submitted for Board's consideration, discussion and decision. Furthermore, the Directors are entitled to obtain independent professional advice at the expenses of the Company, if and when necessary, in discharging of their duties. This enables the Board to make informed decisions on corporate and business issues under consideration.</p> <p>If Directors are unable to attend a meeting, advance notice is given to the Board and Chairman.</p>

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has formalised a Board Charter. The Board Charter was revised and approved by the Board on 24 August 2023 to be in line with the Malaysian Code on Corporate Governance (“MCCG”) and Constitution of the Company. The roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors and Company Secretaries are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter. The Board Charter and the Terms of Reference for the Board Committees are available on the Company’s website, www.salcon.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted and implemented a Code of Ethics and Conduct ("COEC") throughout the Group since year 2010. The COEC has been reviewed and revised by the Board in year 2019. The COEC applies to all employees including Directors, and adheres to a high ethical standard of Integrity, Objectivity, Confidentiality and Competency; while complying with all applicable laws and regulations that govern the Group's businesses and activities.</p> <p>The COEC emphasizes ethical conduct in all aspects of the Groups' activities including conflicts of interests, privacy and confidentiality of information. The COEC also sets out prohibited activities or misconducts; such as acceptance of gifts, corruptions, dishonest behaviour, sexual harassment, etc.</p> <p>Additionally, subsequent to the implementation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 to introduce corporate liability for corruption offences involving commercial organisations, the Board has adopted and implemented an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") throughout the Group in June 2020 to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption.</p> <p>During the year 2023, the Board approved a revised ABAC Policy that further strengthens and promotes the deterrence of bribery and corruption. Additionally, the Group organized its second internal briefing session and the appointment of Integrity Governance Champion ("IGC") for the Group. The aim was to enhance awareness and understanding of the ABAC Policy, whilst, IGC act as figure within</p>

	<p>an organization who plays a leading role in promoting and ensuring integrity within the governance framework. This individual advocates for ethical behaviour, transparency, and adherence to principles of integrity throughout the organization.</p> <p>The Group has adopted a zero-tolerance approach to all forms of corruption and bribery. The Company is committed to conduct its business with the highest level of integrity and ethics and to comply with applicable laws, rules and regulations on anti-bribery and anti-corruption.</p> <p>The COEC and ABAC Policy are available on the Company's website, www.salcon.com.my.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a Whistle-blowing reporting procedure to encourage transparency and accountability within the Group.</p> <p>The Board has established a Whistle-blowing Policy in 2012 to provide an avenue for all employees, vendors, contractors, suppliers, consultants, customers and stakeholders to raise concerns about any improper conduct within the Group, without fear of retaliation and to offer protection for the individual who report such allegations. The Whistle-blowing Policy has been reviewed and revised by the Board in November 2023.</p> <p>Any employee or stakeholder who is aware that any improper conduct has been, is being, or is likely to be committed, is encouraged to report directly to the Audit and Risk Management Committee Chairman, via email to chansf8@yahoo.com.</p> <p>During the FY 2023, the ARMC's Chairman did not receive any report or complaint of misconduct or corruption from employees, management, public or stakeholders.</p> <p>The Whistle-blowing Policy is available on the Company's website, www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of incorporating the Environment, Social and Governance (ESG) aspects throughout the business operations and has embedded sustainability considerations into the products and services of the Group. The Board Charter includes the Board's responsibility to ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.</p> <p>To embrace and cultivate the sustainability culture, Salcon had on 9 January 2018 established a Sustainability Committee ("SC") that report directly to the Board. The SC members are indicated as below:</p> <ol style="list-style-type: none">1. Dato' Rosli bin Mohamed Nor (Chairman, Independent Non-Executive Director)2. Dato' Leong Kok Wah (Executive Director)3. Mr. Leong Yi Shen (Chief Financial Officer)4. Mr. Jamiluddin Amini Bin Sulaiman (Chief Operating Officer of Salcon Engineering Berhad)5. Ms. Chern Meng Gaik (General Manager of Corporate Affairs Department) <p>The objective of the SC is to provide advice and assistance to the Board on matters ensuring Group's sustainable operations. This involves setting the tone and strategic direction in various areas identified by the Board which are applicable in the areas in which the Group operates and fostering sustainable growth by maintaining and enhancing the Group's economic, environmental, social and technological capital over the long term. The Terms of Reference for the SC is available on the Company's website, www.salcon.com.my.</p>

	<p>In addition, a Sustainability Working Group Committee (SWG) comprises various department and business unit heads that report to SC has been established to facilitate the coordination of sustainability matters on a lower communication ground.</p> <p>The Group's sustainability commitments are governed by Salcon's Group Sustainability Framework. Guided by the sustainability framework, the Group's material matters are based on the following 5 key focus pillars:</p> <ol style="list-style-type: none"> 1. Business Model & Innovation 2. Leadership & Governance 3. Human Capital 4. Environment 5. Social Capital <p>Each focus pillar is supported by strategic goals and aligned with the UN Sustainable Development Goals and United Nations Global Compact ten principles. Measurable ESG targets are set and tracked for each focus pillar. Supported by the SC and SWG, the Board takes an active role to address ESG material matters including climate change, corporate governance, human rights, occupational safety & health and etc.</p> <p>The Board requires reliable assurance regarding the effectiveness of sustainability risk management and reporting. Therefore, sustainability statement reviews are incorporated into annual internal audit plans. Our in-house internal auditors will provide assurance by collating, verifying, and validating sustainability information and data from subsidiaries in accordance to the standards outlined in the International Professional Practices Framework (IPPF).</p> <p>The details of sustainability commitment and initiatives are disclosed in the Sustainability Statement (from page 50 to page 86) of the Annual Report.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company conducted its first materiality assessment in FY 2017 and has since undergone yearly reviews and updates to better reflect stakeholder concerns and the Company’s key sustainability risks and opportunities.</p> <p>The Company engages with group of stakeholders who has significant impact to the businesses via different engagement channels to understand their needs and expectations, identify gaps and formulate business strategies.</p> <p>The results of this review are disclosed/reported in the Sustainability Statement of the Annual Report in relation to each key material issue.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The SC will hold meeting at least once a year to discuss on the following matters:</p> <ol style="list-style-type: none"> 1. The sustainability of the Company 2. Sustainability governance structure & framework 3. Guiding principles & latest disclosure requirements 4. Materiality assessment review 5. Taskforce on climate-related financial disclosure 6. Alignment of SDGs 7. Any other matters relevant to the sustainability. <p>The Chairman of the SC will then present to the Board the pertinent issues discussed at the SC meeting for the Board’s discussion and decision where applicable. This would enable the Board stay abreast with and understand the sustainability issues relevant to the Company and its business.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board through the NC had on 28 February 2024 carried out a performance evaluation of the Board relating to Sustainability on Environmental, Social and Governance (“ESG”) for the period from 1 January 2023 to 31 December 2023.</p> <p>The Board was satisfied with the overall performance of the Board especially in addressing the Company’s material sustainability risks and opportunities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5 - Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The Board is supported by the SC to oversee the Group's sustainability strategies and performance. The General Manager of Corporate Affairs Department is tasked to look after sustainability and its related issues. She will coordinate between the SC and SWG on matters relating to sustainability including sustainability framework, practices, strategic management, material sustainability risks and opportunities.</p> <p>The Internal and Audit Risk Management Department will provide assurance on the reporting of sustainability by the Group.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The process of assessing Directors is an ongoing responsibility of the Board. During the FY 2023, the Board, via the Nomination Committee ("NC"), had assessed the effectiveness of the Board as a whole, the Board Committees, the contribution of each individual Director, independence of Independent Directors and the tenure of each Director. The objective of the annual assessment is to identify improvement opportunities, maximizing strengths of Directors with the ultimate aim of enhancing Board effectiveness, as well as to ensure the Board satisfies with the performance and contribution of the directors to drive and accomplish the mission and vision of the Company.</p> <p>The NC has assessed the performance of the director(s) who is subject for re-election at forthcoming the Annual General Meeting ("AGM") and is satisfied with their performance and contribution pursuant to the Fit and Proper Policy which was adopted by the Company on 26 May 2022 before making recommendation to the Board for consideration. The NC will review the current composition of the Board, evaluate the need to bring new skills to the Board as well as the tenure of each Director of the Board before recommending to the Board for consideration and decision. On 28 February 2024, the NC, after a satisfactory evaluation, recommended to the Board for the re-election of Dato' Leong Kok Wah and Mr. Chan Seng Fatt at the forthcoming AGM to be held on 13 June 2024.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied		
Explanation on application of the practice	:	During the FY 2023, the composition of the Board is as follows: -		
		1	Tan Sri Abdul Rashid bin Abdul Manaf	Independent Non-Executive Director / Chairman
		2	Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman
		3	Dato' Leong Kok Wah	Executive Director
		4	Mr. Chan Seng Fatt	Senior Independent Non-Executive Director
		5	Dato' Rosli bin Mohamed Nor	Independent Non-Executive Director
		6	Datin Goh Phaik Lynn	Non-Independent Non-Executive Director
			<p>The Board's composition has fully complied with Paragraph 15.02 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), for Independent Directors to make up at least one third (1/3) of the Board membership.</p> <p>The existing composition further fulfilled the MCCG Practice 5.2; with at least half of the board comprises independent directors. The Board is satisfied with the current Board composition and believes it will achieve the promotion of shareholders' interest and effective governance of the business. The biographical particulars of Directors are set out in the Profile of Board of Directors in the 2023 Annual Report.</p>	
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is aware of the recommendation of the MCCG on limiting the tenure of an Independent Director to not exceeding a cumulative of nine (9) years of service.</p> <p>During FY 2023, with the exception of Mr. Chan Seng Fatt, none of the Independent Directors have served on the Board for a cumulative term of more than nine years.</p> <p>Mr. Chan Seng Fatt, our Senior Independent Non-Executive Director would have served the Board approximately 9 years and 6 months by 13 June 2024.</p> <p>The NC and the Board had assessed the independence of Mr. Chan Seng Fatt and recommended him to continue to act as a Senior Independent Non-Executive Director of the Company based on the following justification: -</p> <ul style="list-style-type: none">(i) Fulfilled the criteria of an Independent Director pursuant to Bursa Securities Listing Requirements;(ii) Familiar with the Company's business operations as he has been with the Company for a period of more than nine (9) years;(iii) Long tenure with the Company has neither impaired nor compromised their independent judgement. He is free from any business or other relationships which could interfere with his exercise of independent judgement. He continues to remain objective and are able to exercise independent judgement in expressing his views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;(iv) Devoted sufficient time and attention to their responsibilities as a Senior Independent Non-Executive Director of the Company; and(v) Has exercised due care during his tenure as a Senior Independent Non-Executive Director of the Company and carried out his duties in the interest of the Company and shareholders.

	The Board will seek shareholders' approval through a two-tier voting process for the retention of Mr. Chan Seng Fatt as a Senior Independent Non-Executive Director at the forthcoming 21 st AGM to be held on 13 June 2024.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not applicable.

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has an experienced Board with extensive experience and diversified background.</p> <p>The Company Directors are professionals in the fields of construction and engineering, finance and accounting, banking, legal, insurance, hotel management, science economic and property investment. With this composition, they bring wide range of competencies, capabilities, knowledge and technical skills, to ensure the Group remain competitive among other competitors.</p> <p>The appointment to the Board is based on objective criteria, merit, contribution and with due regard for diversity in skills and experience. The NC is delegated with the responsibility of assessing and recommending to the Board, suitable candidates for appointment as director and Senior Management. Guided by the Fit and Proper Policy of the Company which was adopted on 26 May 2022 and Terms of Reference, the NC will assess and evaluate a new member of the Boards and re-appointment of Director of the Group by looking at the candidates' background capabilities, expertise, experience, character, gender, age, integrity, time commitment and professionalism.</p> <p>The Board will continuously review/enhance the Board's composition in line with the evolving circumstances and needs of the Group given its size and business diversity.</p> <p>In assessing candidates for senior management, the NC and Board take into consideration of the challenges and opportunities of the Group, the leadership needs and the technical capabilities, experience and professional qualifications.</p> <p>The Company's Fit and Proper Policy and Terms of Reference of the NC are published on the Company's website at www.salcon.com.my.</p>

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the NC, will review the suitability of the potential candidates prior to the appointment as Board members.</p> <p>The criteria that the NC took into the consideration, includes but not limited to; the background capabilities, expertise, experience, character, age, gender, integrity, time commitment and professionalism. The final decision as to which suitable candidate shall be nominated remains the responsibility of the full Board after considering the recommendations of the NC. Selection of potential candidates for appointment as Directors; is facilitated through recommendations from existing Directors and/or external parties.</p> <p>During the year under review, there was no new board member being identified and appointed.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is delegated with the responsibility of assessing and recommending to the Board, suitable candidates for appointment as Director and Senior Management, after taking into consideration the candidates' background capabilities, expertise, experience, character, gender, age, integrity, time commitment and professionalism.</p> <p>Any changes in Board Composition and Board Committee or Principal Officer are made known and kept informed to the Shareholder and public through announcements made to Bursa Securities. Approval from shareholders is sought for any re-appointment of directors during AGM of the Company.</p> <p>The profile of the Directors who were subject for re-election namely, Tan Sri Dato' Tee Tiam Lee and Datin Goh Phaik Lynn at the 20th AGM held on 21 June 2023, were disclosed in Directors' Profile (pages 96 to 97) of the annual report 2022.</p> <p>The Board also set out a statement and justifications to support for the re-appointment of Directors in the Explanatory Notes on Ordinary Business of Notice of AGM on page 253 of the annual report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee comprises majority Independent Directors, namely: -</p> <p><u>Chairman:</u> Mr. Chan Seng Fatt (Senior Independent Non-Executive Director)</p> <p><u>Members:</u> Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) Datin Goh Phaik Lynn (Non-Independent Non-Executive Director)</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>During FY 2023, the Board has one (1) female director representing approximately 16.67% of the total Board members (1 out of 6 Directors).</p> <p>Although the Company has not met 30% women representative at the board level as required in the best practice of MCCG, the Board is of the view that the existing size and composition of the Board are adequate to provide for diversity of views and deliberation to facilitate in decision makings.</p> <p>The Board has adopted a Board Diversity policy that at least a suitable woman director at any time and will endeavour to meet the target of at least 30% women directors based on merits and effective blend of skills, experience and knowledge in areas identified, the size of the Board and the needs of the Company. The Board will do so to ensure there is greater women representation on the Board if the candidates are of equal standing.</p> <p>The Company's Board Diversity Policy is published on the Company's website at www.salcon.com.my.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	: Applied
Explanation on application of the practice	<p>The Board recognizes the benefits of a diversity in the Board's spectrum and has adopted a Board Diversity Policy (which include Gender Policy) whereby all appointment to the Board are based on objective criteria, merit, contribution and with the due regard for diversity in skills, experience, age and gender. The Board believes that a truly diversified Board will leverage differences in thought, perspective, knowledge, skill, professional experience, gender, will enhance the decision making capabilities of the Board and achieve optimum Board performance.</p> <p>In ensuring the Group continues to operate and promote an equal opportunity in employment, healthy and safe environment for all the Group's employees, regardless of employment status, gender and designations, the Company had in October 2019 developed the Equal Opportunity Employment Policy and Anti-Sexual Harassments Policy. These two policies are made available inside the Salcon Berhad's Employee Handbook.</p> <p>To foster the Group's gender diversity and upholding the rights of all employees, the Board has on 28 February 2024 adopted the Human Rights Policy, which include Women Rights and Empowerment. This policy is aligned with the Universal Declaration on Human Rights, International Labour Organisation's Core Conventions and Labour Standards.</p> <p>In addition, as part of the Group's commitment to promote healthy lifestyles and well-being for women employees, the Company has collaborated with the Breast Cancer Welfare Association (BCWA) by organizing a breast cancer awareness related activity including breast cancer examination among workforce and community during the Safety and Health Campaign in June 2023. In conjunction with the worldwide celebration of breast cancer awareness month, the Group encourage the employees to raise global awareness and solidarity in overcoming breast cancer by displaying a pink ribbon, or simply wearing pink, during the Breast Cancer Day in October 2023.</p> <p>Currently, the Group does not have any specific measurable objective for achieving gender diversity in the Senior Management. Nevertheless, the Group is committed to promoting a culture of diversity in the workplace for better decision making and competitive</p>

	<p>advantage. As at 31 December 2023, the Group's workforce diversity was 60% male and 40% female.</p> <p>Although the Board does not have a specific policy on gender diversity for Board and Senior Management, however the Board and NC are mindful of its responsibilities to conduct appointment processes for Board and Senior Management in a manner that promotes gender diversity as per recommendation stated in the Malaysian Code on Corporate Governance.</p> <p>The Board Diversity Policy is available for review on the Company's website at www.salcon.com.my.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The annual evaluation, in the form of self and peer evaluation, are conducted by the Nomination Committee (“NC”), on the effectiveness of the Board as a whole, Board Committees, contribution of each individual Director and independence of Independent Directors as well as Senior Management.</p> <p>The NC had on 28 February 2024, conducted the performance assessment and evaluation for FY 2023 on the Board and Board Committees, individual directors and Senior Management with the assistance of internal secretarial team. The areas of reviews include:</p> <ul style="list-style-type: none">• Assessing the composition of the Board and its Committees to ascertain compliance with Listing Requirements. All members are equipped with applicable expertise to improve the quality of decision making;• Assessing the adequacy of the information submitted by Management. The members are provided sufficient time to review and challenge information in order to make quality decisions;• Assessing the interactions and participations by Board members when reviewing and discussing business matters;• Reviewing the mix of skills and experiences of Board members which includes; knowledge of legal, corporate governance, financial literacy, engineering, environmental, management, marketing, and etc;• Assessing the independence of Independent Directors;• Character and integrity in dealing with potential conflict of interest situation; and• Performances of Senior Management.• Performance of the Board relating to sustainability. <p>Subsequent to the reviews/evaluations, the result will be summarized and recommended to the Board for review and notation.</p>

	<p>For FY 2023, based on the results of assessment conducted, the Board is satisfied with the performance of the Board, Board Committees, individual directors and Senior Management, the level of independence demonstrated by all Independent NEDs and their abilities to act in the best interests of the Company during deliberations at the Board and Board Committee meetings.</p> <p>All evaluations carried out by the NC in discharging of its functions were properly documented.</p> <p>In addition, the NC assesses the training needs of each director on an annual basis and recommends the relevant trainings to each Director for their participation. The NC is satisfied that the Directors have attended adequate trainings to enable them to discharge their duties.</p> <p>The NC also discussed and recommended to the Board the directors who are subjected to re-election at the forthcoming AGM of the Company.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Remuneration Committee (“RC”), implements the policies and procedures on the recommendation and review of the remunerations for Board members and Senior Management.</p> <p>The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management. The remuneration packages are aligned to corporate objectives and take into consideration the complexity of the Company’s business operations with reference to an individual’s responsibilities and achievements.</p> <p>Additionally, the Board also ensure that remunerations for Independent Directors; are not in conflict with their obligations to bring objectivity, professionalism and independence of opinions on matters discussed at Board meetings.</p> <p>The Directors’ fee and benefits are recommended for shareholders’ approval at the forthcoming AGM after reviewed by the RC and Board of Directors.</p> <p>The remuneration policy for Directors and Senior Management and Terms of Reference of RC are published on the Company’s website at www.salcon.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The RC comprises majority Independent Non-Executive Directors, namely: - <u>Chairman</u> Mr. Chan Seng Fatt (Senior Independent Non-Executive Director) <u>Members</u> Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) Datin Goh Phaik Lynn (Non-Independent Non-Executive Director) The duties and responsibilities of the RC are set out in the Terms of Reference of RC. The Terms of Reference of RC is available on the Company's website, www.salcon.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	Please refer to the table.

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	Tan Sri Abdul Rashid bin Abdul Manaf	Independent Non-Executive Director / Chairman	100	5	0	0	0	0	105	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman	0	0	1,001.58	82.94	36.54	210.15	1,331.21	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Dato' Leong Kok Wah	Executive Director	0	0	786.96	65.17	32.44	182.261	1,066.83	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Mr. Chan Seng Fatt	Senior Independent Non-Executive Director	70	6	0	0	0	0	76	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Dato' Rosli bin Mohamed Nor	Independent Non-Executive Director	70	6.5	0	0	0	0	76.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Datin Goh Phaik Lynn	Non-Independent Non-Executive Director	70	5	0	0	0	0	75	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

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it would not be in its best interest of the Company to make such disclosures of Senior Management's remuneration components (salary, bonus, benefits in-kind and other emoluments) in bands of RM50,000, in view of the competitiveness in the market for senior talents and to support the Company's effort in attracting and retaining highly talented personnel.	
		The Board endeavours to benchmark the remuneration package of the Senior management with the industry and to ensure that the remuneration is commensurate with the scope of work, and performance of the individual and the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") comprises majority of Independent Non-Executive Directors, namely: -</p> <p><u>Chairman</u> Mr. Chan Seng Fatt (Senior Independent Non-Executive Director)</p> <p><u>Members:</u> Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) Datin Goh Phaik Lynn (Non-Independent Non-Executive Director)</p> <p>The ARMC's Chairman, Mr. Chan Seng Fatt, is not the Chairman of the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>In order to safeguard the independence and objectivity of the audit and risk management process, and to avoid potential influence over the audit and risk management as well as preparation of the Group's financial statement, MCGG requires a policy be put in place to require a former key audit partner to observe a cooling-off period of at least 3 years, prior being appointed as member of the ARMC.</p> <p>The Company did not appoint former key audit partner as the member of ARMC.</p> <p>The above policy was adopted and reflected in the Terms of Reference of the ARMC which is available on the Company's website at www.salcon.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC has the responsibility to annually assess the capabilities and independence of the External Auditors ("EA"), and make subsequent recommendation to the Board on the appointment, re-appointment, removal or termination of EA.</p> <p>The effectiveness, performance and independence of the EA, Messrs KPMG PLT ("KPMG"), is reviewed annually by the ARMC.</p> <p>During the annual assessment, the ARMC will consider:</p> <ul style="list-style-type: none">• Suitability, competence, audit quality, independence and resource capacity of the EA in relation to the audit;• Nature and extent of audit and non-audit services rendered, inclusive of appropriateness of level of fees;• Written assurance from EA confirming their independence throughout conduct of the audit including all level of professional and regulatory requirements. <p>Such evaluation criterion has been incorporated in the Term of Reference of the ARMC, which is made available on the Company's website, www.salcon.com.my.</p> <p>KPMG has been appointed as the EA since 2003, and have given written confirmation that they are independent in providing both audit and non-audit services.</p> <p>The ARMC had on 28 February 2023, reviewed the suitability and independence of KPMG, and is satisfied with the performance and independence of KPMG. Thus, the ARMC has recommended to the Board to table the re-appointment of KPMG as EA of the Company at the 20th Annual General Meeting for shareholders' approval.</p> <p>During the financial year 2023, KPMG had attended two (2) out of five (5) ARMC meetings held on 28 February 2023 and 23 November 2023, to discuss their audit plan, findings and financial statements. KPMG further highlighted the matters that required ARMC's attention and remedial actions that are to be undertaken within an appropriate time frame.</p>

	<p>The EA also met the ARMC twice without the presence of the Executive Directors and employee, to provide objective feedback on any issues of concern and pertinent matters.</p> <p>The ARMC has considered the provision of non-audit services by the EA, and concluded that these services did not compromise with their independence and objectivity; as compared to the total audit fees, the amount of the non-audit fees paid were not significant.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied													
Explanation on application of the practice	:	<p>The ARMC's members possess various knowledge and wide range of necessary skills in order to discharge their fiduciary duties.</p> <p>All members of the ARMC are able to understand, analyse and when necessary challenge the matters and issues under the purview of ARMC, including the financial reporting process. The Chairman of the ARMC is a Chartered Accountant with the Malaysian Institute of Accountants. Thus, the Company has complied with Paragraph 15.09(1)I(i) of Bursa Securities Listing Requirements.</p> <p>All members of the ARMC had undertaken professional development (i.e. training courses) to keep themselves abreast with requirements and standards; especially on changes in regulatory requirements.</p> <p>The details of development courses attended during the financial year under review are as stated below:</p> <table border="1"><thead><tr><th>No.</th><th>Audit Committee</th><th>Training / Programme / Conference / Seminar / Workshop</th></tr></thead><tbody><tr><td rowspan="4">1</td><td rowspan="4">Mr. Chan Seng Fatt (Chairman)</td><td>1) Navigating The Rising Tide Of Financial Crime & Technology</td></tr><tr><td>2) Management of Cyber Risk</td></tr><tr><td>3) Malaysia Budget 2024 Highlight</td></tr><tr><td>4) Mandatory Accreditation Programme Part II: Leading for Impact</td></tr><tr><td rowspan="2">2</td><td rowspan="2">Datin Goh Phaik Lynn (Member)</td><td>1) Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers</td></tr><tr><td>2) JC3 Journey to Zero Conference 2023</td></tr></tbody></table>	No.	Audit Committee	Training / Programme / Conference / Seminar / Workshop	1	Mr. Chan Seng Fatt (Chairman)	1) Navigating The Rising Tide Of Financial Crime & Technology	2) Management of Cyber Risk	3) Malaysia Budget 2024 Highlight	4) Mandatory Accreditation Programme Part II: Leading for Impact	2	Datin Goh Phaik Lynn (Member)	1) Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	2) JC3 Journey to Zero Conference 2023
No.	Audit Committee	Training / Programme / Conference / Seminar / Workshop													
1	Mr. Chan Seng Fatt (Chairman)	1) Navigating The Rising Tide Of Financial Crime & Technology													
		2) Management of Cyber Risk													
		3) Malaysia Budget 2024 Highlight													
		4) Mandatory Accreditation Programme Part II: Leading for Impact													
2	Datin Goh Phaik Lynn (Member)	1) Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers													
		2) JC3 Journey to Zero Conference 2023													

	3	Dato' Rosli bin Mohamed Nor (Member)	1) Asia Pacific Board Leadership Centre Webinar - Navigating AI Governance and ESG Reporting for the future
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is ultimately responsible for all aspects of the Group’s internal controls. Thus, the Board has established a sound system of internal controls and risk management framework.</p> <p>The Risk Management and Internal Control framework details processes, procedures and controls for financial, operation and compliances and risk management. The internal controls which are embedded into the operations of the Group, had been in place and practiced throughout the year.</p> <p>On 25 May 2023, the Board had approved to streamline and integrate the Company’s Audit Committee ("AC") and Risk Management Committee ("RMC") into a single committee, namely the "Audit and Risk Management Committee" ("ARMC"). This strategic integration was undertaken to enhance the Board’s ability to exercise more effective oversight of the Company’s risk management affairs. The current Board, as assisted by the ARMC and the Risk Management Working Group (“RMWG”); identified and evaluated applicable potential risks, determined the Group’s level of risk tolerance and applicable actions to mitigate the identified risks, in order to safeguard the Group’s shareholders’ investments and assets.</p> <p>Details of the risk management framework, internal control system and activities carried out, are set out in the Statement of Risk Management & Internal Control (“SORMIC”) on pages 107-112 of 2023 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Details of the risk management framework, internal control system and activities carried out, are set out in the SORMIC on pages 107 - 112 of 2023 Annual Report.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group’s risk management and risk appetite to ensure they continue to be resilient and reliable.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	During FY 2023, the ARMC comprises a majority of Independent Non-Executive Directors, namely: - <u>Chairman</u> Mr. Chan Seng Fatt (Senior Independent Non-Executive Director) <u>Members:</u> Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director) Datin Goh Phaik Lynn (Non-Independent Non-Executive Director)

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit function is carried out by the in-house Internal Audit and Risk Management Department (“IARMD”). The IARMD functionally report directly to the Audit Committee and administratively to the Executive Director, providing feedback in managing the key risks and ascertaining the adequacy and integrity of the Group’s internal control and risk management system.</p> <p>On 28 February 2023, the ARMC approved the audit plan and applicable scope of works for year 2023, and further evaluated Internal Audit Function’s performances for year 2022. The assessment parameters also include the competency of the Head of Internal Audit and Risk Management, sufficiency of manpower and budget allocations, limitations on areas of review and others.</p> <p>The information on the ARMC’s assessment on the internal audit functions is available within the SORMIC and ARMC Report of 2023 Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied						
Explanation on application of the practice	:	<p>The IARMD carried out internal audit function via risk-based audits and reviews, and in adherence to the guidance practices and standards of International Professional Practices Framework (“IPPF”) and ISO 19011: 2018 – Guidelines for auditing management systems. The Risk Management assessment are in general compliance to ISO 31000 Risk Management – Guidelines.</p> <p>IARMD led by Head of Department, Mr. Lee Jian Xun, reports functionally to the ARMC and administratively to the Executive Director. He is a Certified Practising Accountant (CPA Aust.), member of MIA, ASEAN CPA and MARIM, and a Professional Member of the IIAM.</p> <p>The Head of the IARMD supervises four (4) internal audit and risk personnel, all of whom hold degrees and/or are professionals in related disciplines. They possess varying degrees of work experience, ranging from 3 to 20 years. None of the staff members have any familial relationships with the Directors or the Company, which could potentially result in conflicts of interest or compromise their objectivity and independence during internal audit reviews. In the event that independence or objectivity is impaired, the details of the impairment will be disclosed to the ARMC.</p> <p>During the FY 2023, the internal auditors attended trainings to keep abreast with the developments in the profession, relevant industry and regulations.</p> <p>The details of development courses attended during the financial year under review are as stated below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">No.</th> <th style="width: 40%;">Internal Auditors</th> <th style="width: 50%;">Training / Programme / Conference / Seminar / Workshop</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Mr. Lee Jian Xun (Head of Department)</td> <td>1) The Roles of Risk Managers in Business Sustainability.</td> </tr> </tbody> </table>	No.	Internal Auditors	Training / Programme / Conference / Seminar / Workshop	1	Mr. Lee Jian Xun (Head of Department)	1) The Roles of Risk Managers in Business Sustainability.
No.	Internal Auditors	Training / Programme / Conference / Seminar / Workshop						
1	Mr. Lee Jian Xun (Head of Department)	1) The Roles of Risk Managers in Business Sustainability.						

			<ul style="list-style-type: none"> 2) ESG Auditing Techniques: Providing Assurance on Sustainability Statement on Report. 3) ISO 31000:2018 – Risk Management (Principles and Guidelines). 4) Institute of Internal Auditors National Conference 2023.
	2	Ms. Janice Leong (Asst. Manager)	1) Institute of Internal Auditors National Conference 2023.
	3	Ms. Nur Fakhira (Executive)	<ul style="list-style-type: none"> 1) Report Writing for Internal Auditors. 2) ESG Auditing Techniques: Providing Assurance on Sustainability Statement on Report. 3) ISO 31000:2018 – Risk Management (Principles and Guidelines).
	4	Ms. Siti Khairiah (Executive)	1) ISO 14001:2015 - Environmental Management System.
	5	Ms. Hasrina Ibrahim (Executive)	<ul style="list-style-type: none"> 1) Report Writing for Internal Auditors. 2) In House Training: Emergency Response Plan & Preparedness.
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a wide range of stakeholders who are interested in the Group's business strategies, corporate directions and operation activities. Thus, the Group wishes to establish strong relationships via different platforms. The purpose is to understand the stakeholders' needs and to communicate in a very transparent manner.</p> <p>The Board reviews and approves all quarterly and other important announcements prior to public release. The Group announces its quarterly and full-year results within the mandatory period. The information is publicly released via Bursa Link and on the Company's website on timely basis to ensure effective dissemination of information related to the Group by the Company Secretary or Corporate Affair Department ("CAD"). The Company had set up an alternate channel via Facebook to reach out to a broader range of public, shareholders and interested parties.</p> <p>The notice of general meetings, proxy form, Annual Report, Circulars to shareholders and minutes of the general meetings are also published on the Company's website.</p> <p>To ensure that communications to the public are timely, factual, accurate and complete, the Communications Policy was established to outline the principles and practices in any communications between the Company with internal/external stakeholders, obligatory disclosures and media.</p> <p>The Policy further details authorised spokesperson(s) who are approved to discuss the Company matters with news media, investment communities or industry analysts.</p> <p>The Company's CAD monitors applicable platforms on a daily basis and directs all enquiries to the relevant subsidiaries, divisions or departments for ensuring that all enquiries are responded to, soonest possible.</p>

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

Intended Outcome

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

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company had started Integrated Reporting in Annual Report 2020, guided by principles and content elements of the International Integrated Reporting Framework of the International Integrated Reporting Council.</p> <p>Integrated reporting is an on-going journey and the Company will continue improving its Integrated Reports to be in line with global best practices.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board encourages all shareholders to attend and actively participate in the AGM and engage in discussions pertaining to the Group's business activities and affairs of the Group.</p> <p>The Notice of AGM also outlines resolutions to be tabled for discussion before being place for voting during the AGM. The notes to the Notice of AGM also provided detailed explanation for each resolution proposed. It is essential that the Notice of AGM to be provided to shareholders in a timely manner; allowing them to have sufficient time to consider the resolutions, prior to the AGM.</p> <p>Thus, the Notice of the 20th AGM held on 21 June 2023 was issued and make available at the Company's website and advertised in a nationally circulated newspaper on 28 April 2023 which was more than 28 days prior to the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged their responsibilities and stewardship to all shareholders with continuous engagements and direct communications during the AGM.</p> <p>All Directors, Senior Management, External Auditors and Company Secretary attended the 20th AGM held on 21 June 2023 and Extraordinary General Meeting (“EGM”) held on 6 July 2023 to provide meaningful responses to questions addressed to them.</p> <p>The Chairman of the meeting encouraged shareholders to raise questions during the AGM and EGM, before putting resolutions to vote.</p> <p>The minutes of the AGM and EGM also were published on the Company’s website at www.salcon.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AGM and EGM for 2023 were conducted on a virtual basis and broadcasted via live streaming from the event venue, allowing for remote participation and voting facilities. This initiative was undertaken to encourage more participants to attend the meeting for constructive discussions and to be address on their relevant queries.</p> <p>The Company held its AGM on 21 June 2023 and EGM on 6 July 2023 on a fully virtual basis at the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur by leveraging technology in compliance with Section 327 of the Companies Act 2016 and Clause 53(4) and (5) of the Company's Constitution. The fully virtual meetings were also in according with the Securities Commission's Guidance Note on the Conduct of General Meetings for Listed Issues. Our shareholders were able to successfully exercise their rights through the virtual 20th AGM and EGM.</p> <p>For shareholders who were unable to attend the virtual AGM and EGM, they are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in their stead by lodging proxy form at the Share Registrar's office or electronically via TIIH Online website provided by the Share Registrar not less than forty-eight (48) hours before the time appointed for holding the AGM and EGM. The detailed administrative notes for 20th AGM and EGM were circulated to all shareholders and published on Company's website at www.salcon.com.my to assist and guide the shareholders on the registration, participation and voting using the Remote Participation and Voting facilities.</p> <p>During the meetings, before proceeding further with the agendas, the Chairman explained the procedures to be followed in tabling and approving each of the resolutions. The members were briefed on the poll procedures and electronic voting in regard to the proposed resolutions put to the meetings.</p>

	<p>The voting at the 20th AGM and EGM was conducted by poll on all resolutions in accordance with Paragraph 8.29A of the Listing Requirements. The Company had appointed Tricor Investor & Issuing House Sdn. Bhd. as Poll Administrator to conduct the polling process and Coopers Professional Scrutineers Sdn. Bhd. as Independent Scrutineers to verify the poll results.</p> <p>After verification by the Independent Scrutineers, the Chairman announced the poll results during the meeting and declared that all the resolutions were carried. Pursuant to Listing Requirements, the poll results were also announced by the Company via Bursa Securities on the same day of the 20th AGM and EGM for the benefit of all shareholders.</p> <p>Continuing the company's commitment to sustainable practices and the promotion of eco-friendliness, the upcoming 21st AGM of the Company will be conducted virtually, utilizing live streaming and remote participation and voting facilities. This approach aims to provide shareholders and/or proxies with the opportunity to effectively follow and participate in the AGM.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>For the 20th AGM and EGM, shareholders were invited to submit questions for the Board prior to the AGM and EGM via TIH Online website. The Chairman also encouraged shareholders to participate at the meeting by submitting typed questions in real time on the meeting platform.</p> <p>Questions that were submitted prior to the 20th AGM and EGM and those that were posed during the meeting were addressed during the meetings by the Chairman, Executive Directors and/or senior management.</p> <p>The proceedings of the 20th AGM, EGM and key matters discussed were recorded in the minutes of meeting including questions raised for the meeting and the answers thereto, were made available on the Company's website at www.salcon.com.my not later than 30 business days after the conclusion of the AGM and EGM.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's 20th AGM and EGM were being conducted on a fully virtual through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. The RPV facilities were supported by Tricor Investor and Issuing House Sdn Bhd. In the absence of shareholders, proxies were allowed to vote in the AGM and EGM.</p> <p>During the AGM and EGM, the shareholders participated at the meetings by submitting typed questions in real time on the meetings platform. The Chairman, Executive Directors and/or senior management addressed the questions posed before and during the general meeting.</p> <p>Detailed instructions and procedures on the RPV process are provided in our Company's notification to the shareholders on the administrative guide of the virtual AGM and EGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of the 20 th AGM held on 21 June 2023 and EGM held on 6 July 2023, detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company were published on the Company’s website at www.salcon.com.my , not later than 30 business days after the date of AGM and EGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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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