

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 8567  
**COMPANY NAME** : SALCON BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 five Board Committees appointed by the Board, namely:</p> <ul style="list-style-type: none"><li>• Audit Committee ("AC");</li><li>• Nomination Committee ("NC");</li><li>• Remuneration Committee ("RC");</li><li>• Risk Management Committee ("RMC"); and</li><li>• Sustainability Committee ("SC")</li></ul> <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 ("TORs") for the respective Board Committees and make</p>

	<p>necessary amendments to ensure consistency with the Board objectives.</p> <p>The Board Charter and TORs are available on the Company’s website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p> <p>The Board should assume, among others, the following responsibilities:</p> <ul style="list-style-type: none"> <li>• together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;</li> <li>• review, challenge and decide on management’s proposals for the Company, and monitor its implementation by management;</li> <li>• ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li> <li>• supervise and assess management’s performance to determine whether the business is being properly managed;</li> <li>• ensure there is a sound framework for internal controls and risk management;</li> <li>• understand the principal risks of the Company’s business and recognise that business decisions involve the taking of appropriate risks;</li> <li>• 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;</li> <li>• 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;</li> <li>• ensure that the Company has in place procedures to enable effective communication with stakeholders;</li> <li>• ensure that all its directors are able to understand financial statements and form a view on the information presented; and</li> <li>• ensure the integrity of the company’s financial and non-financial reporting.</li> </ul>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>Detailed key responsibilities of the Chairman of the Board are stated in the Board Charter which is available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 decision.</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, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board is neither a chairman nor the member of the Audit Committee, Nomination Committee, Remuneration Committee, Sustainability Committee and Risk Management Committee.  Thus, there is a clear and distinct division of responsibilities between the Chairman of the Board and the Committees to ensure that there is an appropriate balance of power, division of role, responsibility and accountability as well as objective review by the Board while deliberating on the observations and recommendations tabled by the Board Committees.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) 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.</p> <p>The main responsibilities of the Company Secretary are:</p> <ul style="list-style-type: none"> <li>• advise the Board on its roles and responsibilities;</li> <li>• facilitate the orientation of new directors and assist in directors' training and development;</li> <li>• advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;</li> <li>• manage process pertaining to the annual shareholder meeting;</li> <li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the board's needs and stakeholders' expectations; and</li> <li>• serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</li> </ul> <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>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 in advance. The said notice will be sent to the Management, including the deadline for submission of the meeting material/management report. Upon receipt from the Management, the meeting materials will be circulated at least five (5) business days in advance of the meetings to all Directors for review.</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 recorded in the minutes and be reviewed by the Board for completeness and accuracy. Thereafter, the minutes will be confirmed by the Board's and Board Committees' members and be approved by the Chairman at the next meeting.</p> <p>Senior Management, including the Chief Operating Officer of Salcon Engineering Berhad, Chief Financial Officer ("CFO") and Acting 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>When Directors are unable to attend a meeting, advance notice is given to the Board and Chairman.</p>
<b>Explanation for departure</b>	:	



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

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter was revised and approved by the Board in November 2021 to be in line with the Malaysian Code on Corporate Governance ("MCCG") and Constitution of the Company.</p> <p>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.</p> <p>The Board Charter and the Terms of Reference for the Board Committees are available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted and implemented a Code of Ethics and Conduct ("COEC") throughout the Group since 2010. The COEC has been reviewed and revised by the Board in 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>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. The ABAC Policy applies to all employees of the Group including directors and officers, any third party who performs services for or on behalf of the Group and joint-venture entities of Salcon.</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>

	The COEC and ABAC Policy are available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</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 AC Chairman, via email to <a href="mailto:chansf8@yahoo.com">chansf8@yahoo.com</a>.</p> <p>During the year, no report had been received pertaining to any misconduct from employees, management, public or stakeholders.</p> <p>The Whistle-blowing Policy is available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to manage and nurture a sustainable and profitable business which contributes positively to the communities and sustains the environment by integrating economic, environmental and social considerations into corporate value creation strategies and performance.</p> <p>The Board oversees Salcon's sustainability strategies and performance and they are supported by the Sustainability Committee ("SC") which comprise Company's Directors and management of the Group.</p> <p>The Board had in January 2018 established the SC to advise and assist the Board on matters required to enable:</p> <p>(a) the Salcon Group ("Group") to operate on a sustainable basis by setting the tone and strategic direction so as to effectively manage sustainability risks in the following areas which are applicable to the Group's: -</p> <ul style="list-style-type: none"><li>• Financial Management &amp; Profitability</li><li>• Sound environmental and social practices</li><li>• Transparency and accountability</li><li>• Health and safety</li><li>• Relationships with employees, communities and other stakeholders; and</li><li>• Ethical, elements affecting or relevant to the Group's business or operations.</li></ul> <p>(b) Sustainable growth by maintaining economic feasibility and enhancing the Group's economic, environmental, social and technological capital in the long term.</p>

	<p>The composition of SC is as follows:</p> <ol style="list-style-type: none"> <li>1. Dato' Rosli bin Mohamad Nor (Chairman)</li> <li>2. Dato' Leong Kok Wah (member)</li> <li>3. Leong Yi Shen (member)</li> <li>4. Jamiluddin Amini Bin Sulaiman (member)</li> <li>5. Chern Meng Gaik (member)</li> </ol> <p>The SC has also been supported by Sustainability Working Group ("SWG") which is responsible to implement the Groups' sustainability initiatives and comprise the heads of departments and business units.</p> <p>The Terms of Reference of the SC is available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p> <p>The details of the sustainability framework, practices and strategic management material sustainability risk and opportunities are disclosed in the Sustainability Statement (from page 44 to page 77) of the Annual Report 2021.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company conducted 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 engaged 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 Details of the sustainability framework, practices and strategic management of material sustainability risk and opportunities are disclosed in the Sustainability Statement (from page 44 to page 77) of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The SC will hold meeting at least once a year to discuss on the following matters:</p> <ol style="list-style-type: none"> <li>1. The sustainability of the Company</li> <li>2. Sustainability governance structure &amp; framework</li> <li>3. Guiding principles &amp; disclosure requirements</li> <li>4. Materiality assessment review</li> <li>5. Taskforce on climate-related financial disclosure</li> <li>6. Alignment of SDGs</li> </ol> <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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the Nomination Committee had on 24 February 2022 carried out performance evaluation of the Board and Senior Management relating to ESG or sustainability for the period from 1 January 2021 to 31 December 2021.</p> <p>The evaluation parameter includes agendas and deliberations on material matters on ESG by the Board, development and training programme in terms of ESG learning, effectiveness of sustainability governance framework in reporting is ESG risks, sustainability targets and initiatives including the support accorded by SWG and remuneration.</p> <p>The Board was satisfied with the overall performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Board is supported by SC to oversee the Group's sustainability strategies and performance. The General Manager of Corporate Affairs is tasked to look after the 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.

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The process of assessing Directors is an ongoing responsibility of the Board. During the financial year, the Board, via the NC, had assessed the effectiveness of the Board as a whole, the Board Committees, contribution of each individual Director, independence of Independent Directors and tenure of each Director. The objectives 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 Board would make decision in appointing or re-electing a board member based on the recommendation of the NC. The NC has also assessed the performance of the director(s) who is subject for re-election in the Annual General Meeting ("AGM") and is satisfied with their performance 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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.2

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

<b>Application</b>	:	Applied																								
<b>Explanation on application of the practice</b>	:	<p>During the financial year 2021, the composition of the Board is as follows: -</p> <table border="1"><thead><tr><th></th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1</td><td>Tan Sri Abdul Rashid bin Abdul Manaf</td><td>Independent Non-Executive Director / Chairman</td></tr><tr><td>2</td><td>Tan Sri Dato' Tee Tiam Lee</td><td>Executive Deputy Chairman</td></tr><tr><td>3</td><td>Dato' Leong Kok Wah</td><td>Executive Director</td></tr><tr><td>4</td><td>Dato' Choong Moh Kheng</td><td>Independent Non-Executive Director</td></tr><tr><td>5</td><td>Dato' Rosli bin Mohamed Nor</td><td>Independent Non-Executive Director</td></tr><tr><td>6</td><td>Chan Seng Fatt</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>7</td><td>Datin Goh Phaik Lynn</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table> <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 i.e. 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 Annual Report 2021.</p>		Name	Designation	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	Dato' Choong Moh Kheng	Independent Non-Executive Director	5	Dato' Rosli bin Mohamed Nor	Independent Non-Executive Director	6	Chan Seng Fatt	Senior Independent Non-Executive Director	7	Datin Goh Phaik Lynn	Non-Independent Non-Executive Director
	Name	Designation																								
1	Tan Sri Abdul Rashid bin Abdul Manaf	Independent Non-Executive Director / Chairman																								
2	Tan Sri Dato' Tee Tiam Lee	Executive Deputy Chairman																								
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<b>Measure</b>	:																									
<b>Timeframe</b>	:																									

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is aware of the recommendation of the MCGG on limiting the tenure of an Independent Director to not exceeding a cumulative of nine (9) years of service.</p> <p>The Company had sought annual shareholders' approval at the 18<sup>th</sup> AGM held on 23 June 2021 to retain an Independent Director, namely, Dato' Choong Moh Kheng who has served for a cumulative period of more than nine (9) years. The resolution was passed by the shareholders.</p> <p>The NC and the Board had assessed the independence of Dato' Choong Moh Kheng and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justification: -</p> <ul style="list-style-type: none"><li>(i) he fulfilled the criteria of an Independent Director pursuant to Bursa Securities Listing Requirements;</li><li>(ii) he is familiar with the Company's business operations as he has been with the Company for a period of more than nine (9) years;</li><li>(iii) his long tenure with the Company has neither impaired nor compromised his 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 is 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;</li><li>(iv) he has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and</li><li>(v) he has exercised due care during his tenure as an Independent Director of the Company and carried out his duties in the best interest of the Company and shareholders.</li></ul>

	<p>During the financial year under review, save for Dato' Choong Moh Kheng, there is no other Independent Directors' tenure exceeded a cumulative term of nine (9) years.</p> <p>The NC assessed the independence of the Independent Directors on an annual basis under the criteria prescribed under Bursa Securities Listing Requirements and the Corporate Governance Guide issued by Bursa Securities.</p> <p>None of the Independent Directors disclosed any relationship and/or transactions that could possibly materially interfere with their independent judgements and decision.</p> <p>The Board is satisfied with the level of independence demonstrated by the Independent Directors.</p> <p>Based on the Frequently Asked Questions on MCCG, the resolution for two-tier voting process should be tabled to shareholders at general meeting held after 1 January 2022. Hence, the Company will seek annual shareholders' approval through a two-tier voting process to retain Dato' Choong Moh Kheng as Independent Non-Executive Director to hold office until 2023 AGM in the forthcoming AGM.</p>
	-
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p><b>Timeframe</b></p>	<p>: Choose an item.</p>

**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.*

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



## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 remains 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, after taking into consideration the candidates' background capabilities, expertise, experience, character, gender, age, integrity, time commitment and professionalism.</p> <p>During the financial year 2021, there were changes in the composition of Senior Management as follows:</p> <ol style="list-style-type: none"><li>1. Mr Law Woo Hock (resigned as CFO on 20 August 2021); and</li><li>2. Mr Leong Yi Shen has been appointed as Acting CFO on 20 August 2021 and subsequently re-designated as CFO effective on 1 January 2022.</li></ol> <p>The Board had vide the NC, assessed the character, experience, integrity, competence and time commitment of Mr Leong Yi Shen to discharge the role as Acting CFO. The NC was satisfied that he holds necessary professional and educational qualifications, skills, knowledge and experience, integrity and time commitment to discharge the role effectively and assist the Company and the Board to meet the Company's mission and visions.</p>

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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, management and/or external parties.</p> <p>The NC meets with shortlisted candidates to assess their suitability prior to any recommendations, taking into account:</p> <ul style="list-style-type: none"> <li>• The candidate’s independence, especially for the appointment of an Independent NED;</li> <li>• The composition requirements for the Board or Board Committee;</li> <li>• The candidate’s track records, skills, knowledge, expertise, experiences, professionalism, integrity, capabilities, and any other relevant factors that would contribute positively to the Board; and</li> <li>• Time commitments to the Company if the candidate has board representations with multiple companies.</li> </ul> <p>During the financial year under review, there was no new board member being identified and appointed.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 change in Boardroom or Principal Officer is made known to the public through Bursa announcement. Approval from shareholders is sought for any re-appointment of directors and retention of Independent Director in AGM.</p> <p>The details of the Directors who were subject for re-election namely, Dato' Leong Kok Wah and Mr Chan Seng Fatt were disclosed in Directors' Profile (pages 12 to 14) of the Annual Report 2020. A statement to support for the re-appointment of Directors was disclosed in the Notes of Notice of the 18<sup>th</sup> AGM on page 236 of the Annual Report 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NC comprises entirely of Independent Directors, namely: -</p> <p><u>Chairman:</u> Mr. Chan Seng Fatt (Senior Independent Non-Executive Director)</p> <p><u>Members:</u> Dato' Choong Moh Kheng (Independent Non-Executive Director) Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director)</p> <p>Mr Chan Seng Fatt is also the Senior Independent Director of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Presently the Board has one (1) female director representing approximately 14% of the total Board members.</p> <p>The existing size and composition of the Board are adequate to provide for diversity of views and deliberation to facilitate decision makings as well as provide a balance of Executive and Independent Directors.</p> <p>The Board 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>	
	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board does not have a specific policy on gender diversity for Board and Senior Management but the Board and NC are mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in the Malaysian Code on Corporate Governance. The NC endeavour to consider both male and women candidates based on objective criteria, merit, contribution and with due regards for diversity in skills, experience, race and age.</p> <p>In respect of workforce diversity, the Group practice equal opportunity employment and all appointments and employments are based on merits and without discrimination.</p> <p>As part of the Group's commitment to promote equality in the organisation, the Company launched a women empowerment initiative namely Salcon Women Inspiring Network (SWIN) in FY 2021 with the aim to enhance diversity and inclusive workforce and to spread awareness on women empowerment in 4 main focus areas i.e. women leadership, benefits, women rights and well-being amongst the employees.</p> <p>Please refer to the Sustainability Report on Human Capital session for more details on the Company's gender diversity practices.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The annual evaluation, in the form of self and peer evaluation, are conducted by the 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.  The NC had on 24 February 2022 conducted the performance assessment for 2021 on the Board and Board Committee, individual Director, with the assistance of internal secretarial team. The areas of reviews include: <ul style="list-style-type: none"><li>• 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;</li><li>• 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;</li><li>• Assessing the interactions and participations by Board members when reviewing and discussing business matters;</li><li>• 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;</li><li>• Assessing the independence of Independent Directors;</li><li>• Character and integrity in dealing with potential conflict of interest situation;</li><li>• Performances of Senior Management; and</li><li>• Performance of the Board relating to sustainability.</li></ul> Subsequent to the reviews/evaluations, the result will be summarized and recommended to the Board for review and notation.

	<p>For financial year 2021, 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 assessed the performance of the directors who are subject to re-election in the AGM.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board via the 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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC comprises entirely 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></p> <p>Dato' Choong Moh Kheng (Independent Non-Executive Director) Dato' Rosli bin Mohamed Nor (Independent Non-Executive Director)</p> <p>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, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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 Director	100	5	Input info here	Input info here	Input info here	Input info here	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 Director	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	954	40	31	119	1144
3	Dato' Leong Kok Wah	Executive Director	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	749	31	28	94	902
4	Dato' Choong Moh Kheng	Independent Director	70	3.5	Input info here	Input info here	Input info here	Input info here	73.5	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	Independent Director	70	6	Input info here	Input info here	Input info here	Input info here	76	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Chan Seng Fatt	Independent Director	70	6.5	Input info here	Input info here	Input info here	Input info here	76.5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Datin Goh Phaik Lynn	Non-Executive Non-Independent Director	70	5	Input info here	Input info here	Input info here	Input info here	75	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure															
<b>Explanation on application of the practice</b>	:																
<b>Explanation for departure</b>	:	<p>The Board is of the view that it would not be in its best interest of the Company to make such detailed disclosures of Key Senior Management's remuneration on a named basis. Accordingly, such details are not disclosed in view of the competitive market for talents in the industry and to support the Company's effort in attracting and retaining highly talented personnel.</p> <p>The Key Senior Management's remuneration has been disclosed in bands of RM50,000 but not on named basis as below: -</p> <table border="1" data-bbox="550 1220 1412 1534"> <thead> <tr> <th>Total Remuneration in bands of RM 50,000</th> <th>No. of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM 550,001 to RM 600,000</td> <td>2</td> </tr> <tr> <td>RM 600,001 to RM 650,000</td> <td>1</td> </tr> <tr> <td>RM 650,001 to RM 700,000</td> <td>-</td> </tr> <tr> <td>RM 700,001 to RM 750,000</td> <td>-</td> </tr> <tr> <td>RM 750,001 to RM 800,000</td> <td>-</td> </tr> <tr> <td>RM 800,001 to RM 850,000</td> <td>2</td> </tr> </tbody> </table> <p>-</p>		Total Remuneration in bands of RM 50,000	No. of Key Senior Management	RM 550,001 to RM 600,000	2	RM 600,001 to RM 650,000	1	RM 650,001 to RM 700,000	-	RM 700,001 to RM 750,000	-	RM 750,001 to RM 800,000	-	RM 800,001 to RM 850,000	2
Total Remuneration in bands of RM 50,000	No. of Key Senior Management																
RM 550,001 to RM 600,000	2																
RM 600,001 to RM 650,000	1																
RM 650,001 to RM 700,000	-																
RM 700,001 to RM 750,000	-																
RM 750,001 to RM 800,000	-																
RM 800,001 to RM 850,000	2																
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																	
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.															
<b>Timeframe</b>	:	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.

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC 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 AC has complied with the Para 15.10 of the Bursa Securities Listing Requirements, whereby the members of the Committee must elect a chairman among themselves who is an independent director.</p> <p>The AC's Chairman, Mr. Chan Seng Fatt, is not the Chairman of the Board.</p> <p>The Chairman is responsible to ensure the overall effectiveness and independence of the AC. The AC under the leadership of the Chairman, will also ensure that:</p> <ul style="list-style-type: none"><li>• They are fully informed on all significant matters related to the Group's audit and financial statements;</li><li>• Prompt action will be taken to address the matters;</li><li>• They communicate their concerns, views and insights on relevant transactions and events to both internal and external auditors;</li><li>• They express their concerns on any potential impacts to the financial or audit of the Group to the external auditors; and</li><li>• There is coordination between internal and external auditors.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In order to safeguard the independence and objectivity of the audit process, and to avoid potential influence over the audit and preparation of the Group's financial statement, MCCG 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 AC.</p> <p>The Company did not appoint former partner of its external audit firm and/or the affiliate firm such as those providing advisory and tax consulting services as the member of AC as at to-date.</p> <p>The Company has on 27 February 2022 revised the Terms of Reference of the AC requiring a former key audit partner to observe a cooling-off period of at least 3 years prior being appointed as AC member.</p> <p>The AC's TOR is available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has the responsibility to 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 AC.</p> <p>During the annual assessment, the AC will consider:</p> <ul style="list-style-type: none"><li>• Competence, audit quality and resource capacity of the EA in relation to the audit;</li><li>• Nature and extent of audit and non-audit services rendered, inclusive of appropriateness of level of fees;</li><li>• Written assurance from EA confirming their independence throughout conduct of the audit including all level of professional and regulatory requirements.</li></ul> <p>Such evaluation criterion has been incorporated in the Term of Reference of the AC, which is made available on the Company's website, <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</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 AC had on 23 February 2021, reviewed the suitability and independence of KPMG, and is satisfied with the performance and independence of KPMG. Thus, the AC has recommended to the Board to table the re-appointment of KPMG as EA of the Company at the 18<sup>th</sup> AGM for shareholders' approval.</p> <p>During the financial year, KPMG attended two (2) out of five (5) AC meetings, to discuss their audit plan, findings and financial statements. KPMG further highlighted the matters that required AC's attention and remedial actions that are to be undertaken within an appropriate time frame.</p>

	<p>During the financial year 2021, the EA met the AC twice without the presence of the Executive Directors and employees, to provide objective feedback on any issues of concern and pertinent matters.</p> <p>The AC 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>The audit and non-audit fees incurred for service rendered by the EA to the Group for the financial year ended 2021 was RM614,000 and RM 35,000 respectively.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC's members possess various knowledge and wide range of necessary skills in order to discharge their fiduciary duties.</p> <p>All members of the AC are able to understand financial information. The Chairman is a Chartered Accountant with the Malaysian Institute of Accountants. Thus, the Company has complied with Paragraph 15.09(1)(c)(i) of Bursa Securities Listing Requirements.</p> <p>All members of the AC 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 set out on page 99 of the Annual Report 2021.</p> <p>The AC has further reviewed applicable related party transactions within the Group in order to ascertain that those transactions were at arm's-length, not detrimental to the interest of the minority shareholders and were in the best interest of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

## Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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>The Board, as assisted by the RMC 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 &amp; Internal Control ("SORMIC") on pages 95 to 98 of Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Details of the risk management framework, internal control system and activities carried out, are set out in the SORMIC on pages 95 to 98 of Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is carried out by an in-house internal audit department under Internal Audit and Risk Management Department ("IARMD"). The IARMD functionally report directly to the AC 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>The AC approved the 2021 audit plan and applicable scope of works on 23 February 2021. On 27 February 2022, the AC evaluated the performance of Internal Audit Function for 2021 and is satisfied that the internal audit function was operating effectively and independent for the financial year ended 31 December 2021. The AC also satisfied with the adequacy of the scope, functions, competency, resources of the internal audit function and that it has the necessary authority to carry out the work.</p> <p>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 AC's assessment on the internal audit functions is available within the SORMIC and Audit Committee Report of 2021 Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The IARMD carried out the internal audit review in general compliance with ISO 31000 standards on Risk Management Process.</p> <p>IARMD is spearheaded by Mr Lee Chien Hean who reports directly to AC. He is an Associate Member of the Institute of Internal Auditors Malaysia (“IIA”) and has over a span of 10 years of experience in the field of internal auditing and is equipped with the knowledge and expertise in the realm of risk management and internal controls. He also possesses a Bachelor of Accounting (Honours) from University Tunku Abdul Rahman.</p> <p>IARMD comprises a total of five (5) staff, with the composition of a manager, two (2) Assistant Managers, one (1) Senior Executives and a clerical staff. None of the staff has any family relationship with the Directors or the Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review. If independence or objectivity is impaired, the details of the impairment shall be disclosed to the AC.</p> <p>During the financial year, the internal auditors attended trainings to keep abreast with the developments in the profession, relevant industry and regulations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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>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. The stakeholders may provide their enquiries, views and feedbacks including comments to the Company through the Head of CAD, her contact number and email address : <a href="mailto:mgchern@salcon.com.my">mgchern@salcon.com.my</a> are provided on Salcon's website.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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>The Company has won 2 Gold Awards in the Asia Integrated Reporting Awards as follows:</p> <ul style="list-style-type: none"> <li>(a) Asia’s Best Integrated Report (SME) 2021; and</li> <li>(b) Asia’s Best Integrated Report (First Time) 2021.</li> </ul> <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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board wishes to encourage all shareholders to attend and actively participate in the AGM, for the purpose of raising relevant queries pertaining to the Group's business activities.</p> <p>The Notice for AGM also outlines resolutions to be tabled for decision during the AGM, with detailed explanatory notes. 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 18<sup>th</sup> AGM and the accompanying proxy form were published on the Company's website at <a href="https://www.salcon.com.my/investor-relations/agm-egm.html">https://www.salcon.com.my/investor-relations/agm-egm.html</a> and made available to the shareholders at least twenty-eight (28) days before the AGM.</p> <p>Additionally, the notice of the 18<sup>th</sup> AGM was also advertised in a nationally circulated newspaper concurrently.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledged their responsibilities and stewardship to all shareholders with continuous engagements and direct communications during the general meetings.</p> <p>All Directors, including the Senior Management, Company Secretary and External Auditors, attended the 18<sup>th</sup> AGM and Extraordinary General Meeting (“EGM”) held on 23 June 2021 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the COVID-19 pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Company having considered all available options decided to conduct the 18<sup>th</sup> AGM and EGM virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities without physical attendance by shareholders. The RPV facilities allow shareholders to view a live webcast of the meeting, ask questions and votes in real time.</p> <p>The Company held both 18<sup>th</sup> AGM and EGM on 23 June 2021 on a fully virtual basis using RPV facilities through the online meeting platform, TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> or <a href="https://tiih.com.my">https://tiih.com.my</a> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor &amp; Issuing House Services Sdn Bhd ("TIIH"), the Company's Share Registrar, in Malaysia. Our shareholders were able to successfully exercise their rights by attending, asking questions, and voting remotely throughout the 18<sup>th</sup> AGM and EGM both held on 23 June 2021.</p> <p>For shareholders who were unable to attend the meetings via RPV facilities, they are allowed to appoint any person(s) as their proxies to attend, speak and vote (collectively, "participate") in their stead by lodging proxy form at the Share Registrar's office or electronically via TIIH Online website provided by the Share Registrar. The administrative guides for 18<sup>th</sup> AGM and EGM were issued to assist the shareholders on the registration, participation and voting using RPV facilities. The administrative guides were also published at the Company's website to encourage shareholders' participation.</p> <p>During the meetings, the Chairman explained the procedure to be followed in tabling and approving each of the resolutions. The members were briefed on the poll procedure and electronic voting in regard to the proposed resolutions put to the meetings.</p> <p>All the resolutions set out in the notice of the 18<sup>th</sup> AGM and EGM were voted by poll in accordance with Paragraph 8.29A of the Listing</p>

	<p>Requirements. The Company had appointed TIIH as the Poll Administrator to conduct the polling process and Coopers Professional Scrutineers Sdn Bhd as Scrutineers to verify the poll results in the 18<sup>th</sup> AGM and EGM respectively.</p> <p>After verification by the independent Scrutineers, the Chairman announced the poll results to the meeting and declared that all the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>For the 18<sup>th</sup> AGM and EGM, shareholders were invited to submit questions for the Board prior to the AGM and EGM via TIIH Online website. The Chairman also encouraged shareholders to participate at the meeting by submitting typed questions in real time on the meeting platform. The Notice of the 18<sup>th</sup> AGM and EGM, Annual Report 2020, relevant Statement and Circular were published on the Company's website at <a href="https://www.salcon.com.my/investor-relations/aggm-egm.html">https://www.salcon.com.my/investor-relations/aggm-egm.html</a> within the prescribed timeline to facilitate the shareholders' participation during the general meetings and to allow them to make an informed decision.</p> <p>Questions that were submitted prior to the 18<sup>th</sup> 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 18<sup>th</sup> 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 <a href="http://www.salcon.com.my">www.salcon.com.my</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	



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

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company's 18<sup>th</sup> AGM and EGM were being conducted on a fully virtual basis through live streaming and online remote voting using RPV facilities. The RPV facilities were supported by TIIH.</p> <p>The Company had allowed the shareholders to submit their enquiries or questions prior and during the 18<sup>th</sup> AGM and EGM. During the 18<sup>th</sup> AGM and EGM, the shareholders participated at the meetings are allowed to submit questions in real time on the meetings platform. Additionally, the questions posed by shareholders were made visible to all the participants of the meetings.</p> <p>The Chairman, Executive Directors and/or Senior Management addressed the questions posed before and during the general meetings.</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 fully virtual AGM and EGM.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Minutes of the 18 <sup>th</sup> AGM (including key matters discussed) and EGM both held on 23 June 2021, detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company were published on the Company's website at <a href="http://www.salcon.com.my">www.salcon.com.my</a> no later than 30 business days after the date of general meetings.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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