

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5908  
**COMPANY NAME** : DKSH HOLDINGS (MALAYSIA) BERHAD  
**FINANCIAL YEAR** : DECEMBER 31, 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : Applied  |
| <b>Explanation on application of the practice</b> | <p>The Board is guided by its Board Charter and its responsibilities are included in the Board Charter which is available on DKSH Holdings (Malaysia) Berhad's ("DKSH") website at <a href="http://www.dksh.com.my">www.dksh.com.my</a></p> <p>The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care for the Company as well as the Group's resources in enhancing the shareholders' long-term value while taking into account all the stakeholders .</p> <p>To enable the Board to fulfil its duties effectively whilst enhancing business and operational efficiency, the Board delegates certain responsibilities to two Committees, namely;</p> <ul style="list-style-type: none"><li>• Audit Committee ("AC"); and</li><li>• Nomination and Remuneration Committee ("NRC").</li></ul> <p>All Committees have clear written terms of reference and the Board receives reports of their proceedings and deliberations. The Chairman of the two Committees have clear written terms of reference and the Board receives reports of their proceedings and deliberations. The Chairman of the two Committees will report to the Board the outcome of their meetings and the reports are incorporated in the minutes of the Board meeting.</p> <p>To operate effectively in a dynamic environment, the Board's responsibilities are delegated to the Management of the Company headed by the Head Country Management, Malaysia (Vice President, FMCG). Through the Vice President, FMCG, the Management is responsible for broad aspects of the day-to-day operations of the Company including financial stewardship and compliance to laws,</p> |

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|  | regulations, policies and procedures. In this regard, the Management is accountable to the Board for the overall functions and activities of the Company amongst others the implementation of the policies and strategies as approved by the Board and as guided by regulatory requirement as well as industry best practices. |  |
| <b>Explanation for departure</b>   | :  |  |
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| <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 1.2

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at <a href="http://www.dksh.com.my">www.dksh.com.my</a></p> <p>The Non-Executive Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure its own effectiveness.</p> <p>The Chairman sets the pace of the meeting and leads the discussions in an effective manner. The good leadership of the Chairman is acknowledged by the above average rating by the Board members via the Self and Peer Assessment in the annual Board Effectiveness Evaluation.</p> <p>The Chairman leads the Board by ensuring that the company adheres to all the relevant laws and regulations as well as monitors its good corporate and best practices from Bursa Malaysia Securities Berhad ("Bursa Securities").</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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Company does not have a CEO. However, the Vice President, FMCG, who was also an Executive Director, bears overall responsibilities for the Group's operational and Business Units organization effectiveness. The Vice President, FMCG, assisted by the Management team, is responsible for the Management of the Group's business.</p> <p>The positions of Chairman and Vice President, FMCG, are held by different individuals. The distinct and separate roles and responsibilities of the Chairman and Vice President, FMCG, are provided in the Board Charter, which is available on the Company's website at <a href="http://www.dksh.com.my">www.dksh.com.my</a>.</p> <p>There is a clear division of responsibilities between the Chairman and the Vice President, FMCG to ensure balance of power and authority.</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 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> |  |
| <b>Application</b> :   | Departure  |
| <b>Explanation on application of the practice</b> :  |  |
| <b>Explanation for departure</b> :   | However, the Board has yet to comply with Practice 1.4 of MCGG and the Board's priority for the current financial year is to restructure the composition of the board committees |
|  | The Board will endeavour to restructure the composition of the board committees to comply with Practice 1.4 of MCGG.   |
| <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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>Both Company Secretaries are qualified to act as Company Secretary under Section 235(2) and Section 241 of the Companies Act, 2016. The Company Secretaries are member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and licensed secretary of the Companies Commission of Malaysia. The Company Secretaries ensure that all the regulatory requirements are met.</p> <p>The Company Secretaries provide governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.</p> <p>All the Directors have unrestricted access to timely and accurate information and access to the advice and services of the Company Secretaries, who are responsible for ensuring that Board meetings' procedures are followed and that all applicable rules and regulations are complied with.</p> <p>The Board is also regularly informed by the Company Secretaries on updates to the regulations and guidelines, as well as any amendments thereto issued by Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities.</p> <p>The Company Secretaries constantly keep themselves abreast of the regulatory changes and developments in corporate governance through attendance at relevant training programs. They have also attended the relevant continuous professional programs as required by Companies Commission of Malaysia for practicing Company Secretaries.</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> |   |  |

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| <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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In order to facilitate the time management of Directors, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees, private meetings with external auditors and the Annual General Meeting.</p> <p>The Board has full and timely access to information with Board papers distributed in advance of meetings, no later than five (5) days prior to the meeting, to enable the Directors to have sufficient time to review the Board papers.</p> <p>In 2017, the Board implemented paperless meetings for all Board and Board Committee meetings to support the green initiative. All board papers are electronic and are viewed using tablets.</p> <p>The deliberations and decisions at Board and Board Committee meetings are documented in the minutes, including matters where Directors abstained from voting or deliberation. The Company Secretary will communicate the Board decisions to the Management for appropriate actions to be taken. The Company Secretary follows up with the Management on status of actions taken or to be taken for updating the Board.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | The Board is mindful of the need to protect the interests of its shareholders and stakeholders. To discharge its duties effectively, the Board is guided by its Board Charter which sets out the roles and responsibilities of the Board. The Board Charter is reviewed and amended as necessary to be aligned with current circumstances, the Company's policies and applicable rules and regulations.<br><br>The Board Charter is accessible on our website at <a href="http://www.dksh.com.my">www.dksh.com.my</a> . |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

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

### Practice 3.1

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The Board established a corporate culture which ensures that ethical conduct is permeated throughout the Company. The Company's Code of Conduct which is complimented by Group Policies and Guidelines, clearly express the Company's expectations as an employer and provides detailed guidance to employees on expected business and ethical behaviour. The Code of Conduct provides an internal reporting process for events of non-compliance and this is available on the Company's website at <a href="http://www.dksh.com.my">www.dksh.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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Group has made available in 2016, a fraud/non-compliance platform for such matters to be reported by employees and others to Management. Genuine and legitimate concerns can be raised via email to <a href="mailto:myethics@dksh.com">myethics@dksh.com</a></p> <p>Employees who speak up in good faith are protected, as the Group does not tolerate any form of retaliation against employees for speaking up.</p> <p>In 2019, the Board adopted Whistleblower Policy and Procedure. The Group has demarcated the direct reporting channels to serve as a platform for all employees and external parties to raise legitimate concerns about illegal, unethical or otherwise inappropriate behaviour observed in the course of our business. These include questionable accounting, fraud or employee misconduct. The policy assures whistleblower protection from reprisals and all information is handled with adequate safeguards, if reports are made in good faith or are not malicious.</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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | The Board acknowledges the importance of incorporating sustainability considerations into the Company's business and corporate activities and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boost the Company's business performance. Strategic management of material sustainability matters is driven by the Sustainability Committee of the Company |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 4.2**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Company communicates the Company’s sustainability strategies, priorities, and targets, as well as performance against these targets, to its internal and external stakeholders regularly. Details pertaining to the stakeholders’ engagement are available in the Sustainability Report in the Annual Report 2022. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Sustainability Committee governed by the Board advises and manages the Group’s sustainability matters to ensure the Group stays abreast with and understands the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The performance evaluation of the Board and Senior Management has included a review of the Board and Senior Management’s performance in addressing the Company’s material sustainability risks and opportunities during the year 2022. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
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**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.*

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | Sustainability Committee led by the Head, Country Management provides dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company. |

**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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The NRC is responsible for overseeing and reviewing the overall composition of the Board in terms of size, the required mix of skills, experience, and other qualities and core competencies for the directors of the Company. NRC will review the tenure of each director periodically, and the annual re-election is performed after a satisfactory evaluation of the retiring director's performance and contribution to the Board. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>For FY2022, the Board consists of six (6) members: one (1) Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Non-Independent Executive Director and one (1) Non-Independent Non-Executive Director.</p> <p>All the three (3) Independent Non-Executive Directors satisfy the independence test under the Main Market Listing Requirements (“MMLR”) of Bursa Securities. They constitute of 50% of the Board.</p> <p>All the Independent Non-Executive Directors have confirmed that they have no family relationship with any director and/or major shareholder of DKSH, no conflict of interest with DKSH nor any convictions for offences. This confirmation enabled the Board/Nominating Committee to assess the Directors’ independence and their interests or relationships with DKSH.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 5.3

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

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | No independent director(s) who are serving beyond 9 years. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

*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.*

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| <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.

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>Board recognizes that diversity is one of the key drivers to enhance Board effectiveness as diversity broadens the knowledge and expertise through different insights and perspectives.</p> <p>The Board sets out its expectations on the character, knowledge, experience, integrity, competence and time commitment for new appointments to the Board. As recommended by the Nominating Committee, a Board Diversity Policy was adopted in 2015, taking into account the provisions under the Code. The Board Diversity Policy defines the diversity attributes and needs of the Board and the approach to address such needs as well as the process to strengthen its composition. The Board Diversity Policy plays an integral role in the selection of candidates for Board membership. Whilst the Board recognises and embraces the benefits of diversity, the Board believes in providing equal opportunities to all based on merit as well as complementing and expanding the skills, knowledge and experience of the Board as a whole.</p> <p>In February 2018, a broad matrix detailing the qualifications, skills, experience and areas of expertise was developed and used to assist the analysis of the composition and requirement for the Board.</p> <p>A Gender Diversity Policy was adopted in 2022 and it provides a framework for the Company to achieve improved employment and career development opportunities for all its employees and those who seek employment with DKSH.</p> <p>During the financial year, the directors have demonstrated that they were able to devote the required time to serve the board and board committees effectively. They had achieved full meeting attendance at board and board committee meetings. The directors also participated actively during meeting discussions and served as a check and balance with the management.</p> |

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| <b>Explanation for departure</b> :   |  |  |
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| <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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | In identifying candidates for appointment as Directors, the Board does not solely rely on recommendations from the Nominating Committee, Board members, management or major shareholders. The Board may also rely on independent sources such as directors' registry to identify suitably qualified candidates. |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



### Intended Outcome

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

### Practice 5.7

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | For appointment of a director, all the required information of the directors are disclosed in the announcements released to Bursa Securities. As for reappointment of directors, the information is disclosed in the Annual Report accordingly. |  |
| <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>Dr. Leong Yuen Yoong, the current Chairman of Nomination and Remuneration Committee is an Independent Non-Executive Director.</p> <p>The specific responsibilities of the Independent Non-Executive Director are as set out in the Board Charter, which is available on the Company's website.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | During the financial year, the Board has complied with Practice 5.9 of MCGG. |  |
| <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 5.10**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | During the financial year, the Board has complied with Practice 5.10 of MCGG. The company's policy on gender diversity for the board and senior management is available on the Company's website at <a href="http://www.dksh.com.my">www.dksh.com.my</a> . |  |
| <b>Explanation for departure</b>   | : |  |  |
|  |   |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

### Practice 6.1

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

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

*Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.*

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Nomination and Remuneration Committee (NRC) carries out the assessment on the Board, Board Committees and each individual director annually.</p> <p>Annual Evaluation: Directors' Performance evaluation</p> <p>Assessment Criteria:</p> <p>Section 1 - Board evaluation comprises 3 criteria namely Board mix and composition, Quality of information and decision making and Boardroom activities.</p> <p>Section 2 - Director Self /Peer Evaluation which comprises 4 criteria namely contribution to interaction, quality of input, understanding of role and Chairman's role.</p> <p>Annual Evaluation: Assessment on independence of INED</p> <p>Assessment Criteria:</p> <p>As prescribed under Paragraph 1.01 and Practice Note 13 of MMLR</p> <p>Annual Evaluation: Performance Evaluation for the AC</p> <p>Assessment Criteria:</p> <p>Section 1 comprises 3 sections i.e. composition and duties, skills and competencies and meeting administration and conduct.</p> <p>Section 2 comprises AC members' peer evaluation.</p> |

|   |   |  |
|---|---|--|
|   | <p>The results of the evaluation were tabled to the NRC and the Board of Directors for their notification.</p> <p>The results of the assessment indicated that the performance of the Board, the Board Committees and the individual Directors during the review period had been good and they had been effective in their overall discharge of functions and duties. It was also indicated that there was no apparent weaknesses/ shortcoming identified that warrants specific action plan to address the same.</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>On February 19, 2020, the Board set up a Remuneration Committee by incorporating the Remuneration Committee with the Nomination Committee with the aim to enhance its efficiency and effectiveness.</p> <p>As the Company is majority-owned by DKSH Switzerland, the remuneration of the Senior Management is based on DKSH Switzerland's own world-wide remuneration policy and procedures which are set in line with international standards. Hence, the NRC will only review the remuneration of the Non-Executive Directors.</p> <p>In addition, the remuneration of the Executive Directors is also directly linked to the achievement of actual financial results and financial key performance indicators of the Group.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |

### Intended Outcome

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>On February 19, 2020, the Board set up a Remuneration Committee by incorporating the Remuneration Committee with the Nomination Committee with the aim to enhance its efficiency and effectiveness.</p> <p>As the Company is majority-owned by DKSH Switzerland, the remuneration of the Senior Management is based on DKSH Switzerland's own world-wide remuneration policy and procedures which are set in line with international standards. Hence, the NRC will only review the remuneration of the Non-Executive Directors.</p> <p>In addition, the remuneration of the Executive Director is also directly linked to the achievement of actual financial results and financial key performance indicators of the Group.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |



**Intended Outcome**

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

**Practice 8.1**

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | The detailed disclosure on named basis for individual directors including fees, salary, bonus, benefits in-kind and other emoluments was made in the note 6 to the audited financial statements on pages 131-132 of the Annual Report. |

| 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  | Chan Thian Kiat                | Independent Director                       | 53              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 53              | 53              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 53              |
| 2  | Lian Teng Hai                  | Non - Executive Non - Independent Director | 55              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 55              | 55              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 55              |
| 3  | Dr. Leong Yuen Yoong           | Independent Director                       | 65              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 65              | 65              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 65              |
| 4  | Fa'izah binti Mohamed Amin     | Independent Director                       | 55              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 55              | 55              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 55              |
| 5  | Lai Tak Loi                    | Independent Director                       | 13              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 13              | 13              | Input info here | Input info here | Input info here | Input info here  | Input info here  | 13              |
| 6  | Jason Michael Nicholas McLaren | 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 | 13              | 404             | Input info here  | 34               | 451             |
| 7  | Puneet Mishra                  | 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 | 929             | 318             | Input info here  | 344              | 1591            |
| 8  | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 9  | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 10 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 11 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 12 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 13 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 14 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |
| 15 | Input info here                | Choose an item.                            | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here  | Input info here  | Input info here |

### Intended Outcome

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

### Practice 8.2

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | DKSH departed from the Practice 8.2 of the MCCG as the Board was of the view that the detail disclosure of remuneration on a named basis is not to the Group's advantage or best business interest given the highly competitive market in which the Group is operating. Such disclosure of specific information on remuneration may give rise to recruitment and talent retention issues. The Board is of the view that the non-disclosure of the remuneration of Key Senior Management will not prejudice the interest of the shareholders. |
|  |   | The Board will ensure that the remuneration of senior management is fair and commensurate with the performance of the Company and the contributions made by the senior management.   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

| 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>  | : | The Chairman of the Audit Committee, Mr Lai Tak Loi, an Independent Non-Executive Director, is not the Chairman of the Board. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | DKSH has always recognized the need to uphold independence. None of the members of the Board were former key audit partners within the cooling -off period of three (3) years. Hence, there is no such person being appointed as a member of the Audit Committee (AC).<br><br>On February 23, 2022, the Terms of Reference of the AC has been amended to reflect the changes to the NRC |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.3**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | This practice has already been incorporated into the Terms of Reference of the Audit Committee and carried out annually for the reappointment of external auditor prior the recommendation of the Board for approval by the shareholders at the annual general meeting. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |   |  |
|--|---|--|
| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Audit Committee comprises of only Independent Non-Executive Directors.<br><br>Composition of Audit Committee of DKSH<br>Mr Lai Tak Loi – Chairman, Independent Non-Executive Director<br>Dr Leong Yuen Yoong – Member, Independent Non-Executive Director<br>Fa'izah binti Mohamed Amin – Member, Independent Non-Executive Director |

### 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>All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting processes. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report.</p> <p>All members of the Audit Committee go through continuous professional development to ensure that they are kept abreast with the relevant developments in accounting and auditing standards, practices and rules. A summary of training programs, conferences and seminars attended by Audit Committee members during the financial year under review is set out on page 80-82 of the 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 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 acknowledges its responsibility and is committed in maintaining a sound system of internal control and risk management practice. However, such systems can only provide reasonable, but not absolute, assurance against material misstatements or losses.</p> <p>The Group has in place a risk management framework to promote effective risk management and enhance the corporate governance assurance process.</p> <p>The Audit Committee regularly evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on lapses/deficiencies identified in reports provided by both the internal and external auditors. The Audit Committee also reviews the internal and external auditors' recommendation and management responses to these recommendations to ensure that they are working adequately and promptly.</p> <p>The Statement on Risk Management and Internal Control which has been reviewed by the external auditors furnished on pages 86 to 88 in the Annual Report provides an overview of the state of risk management and internal control within the Group governed by the Risk Management Framework.</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>   | : | <p>The Board discloses the features of its risk management and internal control framework, the adequacy and the effectiveness of this framework which are set out in the Statement on Risk Management and Internal Control (“SORMIC”)</p> <p>The Board acknowledges its responsibility and is committed to maintaining a sound system of internal control and risk management practice. However, such systems can only provide reasonable, but not absolute, assurance against misstatements or losses.</p> <p>The Audit Committee regularly evaluates the adequacy and effectiveness of the Group’s internal control systems by reviewing the actions taken on lapses /deficiencies identified in reports provided by both the internal and external auditors. The Audit Committee also reviews the internal and external auditors’ recommendation and management responses to these recommendations to ensure that they are working adequately and promptly.</p> <p>The SORMIC which has been reviewed by the external auditors furnished on pages 86 to 88 in the Annual Report provides an overview of the state of risk management and internal control within the Group governed by the Risk Management Framework.</p> |
| <b>Explanation for departure</b>  | : |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |

**Intended Outcome**

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

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

**Practice 10.3 - 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>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The role of risk management committee is subsumed under the audit committee. |

### 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 of the Company is effective and remains independent all the time. The internal audit function is set out in the SORMIC and Audit Committee Report.</p> <p>Internal Auditors report functionally to the Audit Committee and have unrestricted access to the Audit Committee. Its function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluate the effectiveness of the risk management process, review the operating effectiveness of the internal controls system and compliance control within the Group. The Head of Internal Audit is invited to attend the Audit Committee meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are tabled to the Board for information and serves as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.</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 audit personnel are free from any relationships or conflicts of interest which could impair the objectivity and independence.</p> <p>The former Head of Internal Audit Department has resigned on 30 November 2022. The Audit Committee has taken immediate steps to identify a suitable replacement for the Head of Internal Audit. In the absence of the Head of Internal Audit Department, the audit team is currently supported by an Assistant Manager, a Senior Executive and an Executive with the guidance from the Group Internal Audit department of DKSH Holdings Ltd. The Internal Audit function reports directly and regularly to the Chairman of the Audit Committee and a private meeting without the Management is held at least 3 times a year with the Audit Committee.</p> <p>The Internal Audit department carried out its work aligned with the Institute of Internal Auditor’s (IIA) International Professional Practices Framework (IPPF).</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |



### Intended Outcome

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

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

### Practice 12.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Company publishes immediately all the latest information / announcements through the Company's website under the "Investor Relations" section.</p> <p>The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. General meetings are important platforms for Directors and Senior Management to engage with shareholders to facilitate greater understanding of the Company's business, governance and performance. Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings. Besides the normal agenda for the AGM, the Non-Independent Non-Executive Chairman presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Board members, Senior Management and the Company's external auditors attended the AGM and were available to respond to shareholders' enquires during the AGM.</p> <p>The Group's Investor Relations function plays an important role in providing proactive engagements and communication with shareholders and investors. The Company conducts regular investor relations meetings post announcement of results and welcomes the visit of investors for dialogue or discussions on the performance of the Group. The Non-Independent Non-Executive Chairman is available for such meetings to address queries or issues regarding the Company and/or the Group may be conveyed to him. During the year under review, five (5) investor relations meetings were held.</p> |
| <b>Explanation for departure</b>                  | : |  |
|   |   |  |

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

|                  |   |  |  |
|------------------|---|--|--|
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b> | : |  |  |

**Intended Outcome**

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

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

**Practice 12.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | Not applicable as DKSH is not one of the large companies as defined in the MCCG. |  |
|  |   | Not applicable.  |  |
| <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.

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|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>The Board had on April 27, 2022 issued its Notice of Thirtieth AGM of the Company ("30th AGM") at least twenty-eight (28) days before the date of the meeting i.e. May 26, 2022 in compliance with Practice 13.1 of the MCCG. This is in advance of the 21-day requirement under the Companies Act 2016 and MMLR of Bursa Securities.</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.

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|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | All the six directors attended the Company's 30th AGM in 2022<br><br>The Chairman of the AC and the NRC as well as Senior Management and the Company's external auditors attended the AGM and are available to give response if there are any questions addressed to them. |  |
| <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>  | : | As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 30th AGM was conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <a href="https://tiah.online">https://tiah.online</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

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> :  | The Chairman introduced the members of the Board of Directors ("the Board") (most of whom participated remotely) and the Company Secretary. The Chairman then informed shareholders that Tricor Investor & Issuing House Services Sdn Bhd was appointed as the Poll Administrator to conduct the poll by way of electronic polling, and Asia Securities Sdn Berhad was appointed as Scrutineers to validate the poll results. The shareholders/proxies were given sufficient time to initiate and continue with online interaction with the Board via the RPV facilities. The Chairman and the Board addressed the shareholders'/proxies' questions/concerns at their best endeavours. All proposed resolutions were tabled for the shareholders' voting after the Chairman had attended to the questions/suggestions from the shareholders. |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   |  |

**Intended Outcome**

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

**Practice 13.5**

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

|  |  |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | <p>The 30th AGM of the Company was held by way of virtual meeting entirely through live streaming via a Remote Participating and Voting (“RPV”) facilities from the Broadcast Venue on May 26, 2022.</p> <p>To ensure the conduct of AGM was in an orderly manner, the Company had engaged a reputable poll administrator with robust online participation and voting system/platform to manage the virtual AGM for the Company. The broadcast venue was managed well by the information technology (“IT”) team who could grant its full support to the Remote Participation and Voting (“RPV”) Facilities brought by the poll administrator. This ensured that the virtual AGM could be held smoothly without technical glitch.</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> :   | Departure   |
| <b>Explanation on application of the practice</b> :  |   |
| <b>Explanation for departure</b> :   | The minutes of the 30 <sup>th</sup> AGM were uploaded on the Company's website after the same was tabled for the Board's review and confirmation by Chairman of AGM.    |
|  | Moving forward, the Company is targeted to upload the minutes on the Company website within the stipulated timeframe to provide timely information to the shareholders. |
| <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  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

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

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