

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 4944  
**COMPANY NAME** : Nylex (Malaysia) Berhad  
**FINANCIAL YEAR** : May 31, 2022

### **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board retains full and effective control of and responsibility for the Group. It is primarily responsible for charting and reviewing the strategic direction of the Group. The principal duties and responsibilities of the Board are, inter alia, as follows:</p> <ul style="list-style-type: none"><li>• <b>Formulating and reviewing the business direction and objectives of the Group</b></li></ul> <p>The Board plays an active role in formulating the Group's overall business direction and in reviewing the Group's business strategies and financial performances at regular intervals. In carrying out its duties, the Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.</p> <p>The Board also reviews and approves key operational policies and initiatives, as well as major investments and funding decisions of the Group.</p> <ul style="list-style-type: none"><li>• <b>Overseeing the conduct of business of the Group</b></li></ul> <p>The Board has established the Board Committees, namely the Audit Committee and the Remuneration and Nomination Committee ("<b>R&amp;N Committee</b>"), which are entrusted with specific responsibilities to oversee the affairs of the Group with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, the Chairman of the respective Board Committees would report to the Board on the key matters discussed by the Board Committees at their respective meetings.</p> <p>Overall, the Board's duties in overseeing the conduct of business of the Group includes monitoring and assessing Management's implementation of its business strategies, protecting the Group's assets and the integrity of its financial and non-financial reporting through the upholding of effective risk management and internal controls systems, setting Group values and promoting ethical and good corporate governance practices by building such values into internal procedures and policies, and maintaining procedures to enable effective communication with stakeholders.</p>

	<ul style="list-style-type: none"> <li>• <b>Reviewing the risk management framework and the adequacy and integrity of the Group's internal control system and management information system</b></li> </ul> <p>The Board, through the Audit Committee, conducts periodic reviews on the risk management framework to ensure compliance with the relevant laws, rules, regulations, directives, guidelines and the business objectives of the Group. Authority levels, control procedures, reporting mechanisms and internal audit function are subject to periodic reviews by the Board.</p> <ul style="list-style-type: none"> <li>• <b>Succession planning</b></li> </ul> <p>The Board ensures that all candidates appointed to senior management positions are of sufficient calibre and that there are programmes in place to provide for the orderly succession of senior management.</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 1.2

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>For the financial year ended 31 May 2022, the role of the Chairman was held by Datuk Anuar bin Ahmad.</p> <p>The Chairman holds a non-executive position and is primarily responsible for instilling good corporate governance practices, providing leadership and ensuring the Board's effectiveness and conduct in discharging its responsibilities as well as leading the Board in the oversight of the Management.</p> <p>The principal duties and responsibilities of the Chairman are, inter alia, as follows:</p> <ul style="list-style-type: none"><li>• Providing leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>• Setting the Board agenda and ensuring that board members receive adequate and accurate information in a timely manner;</li><li>• Leading Board meetings and discussions;</li><li>• Encouraging active participation and allowing dissenting views to be freely expressed;</li><li>• Managing the interface between Board and Management;</li><li>• Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li><li>• Leading the Board in establishing and monitoring good corporate governance practices in the Company.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Chairman differs with the roles of the Group Managing Director. The differences in roles are distinct and separate with individual responsibilities and clearly defined duties, power and authorities.</p> <p>The role of the Chairman is highlighted in Practice 1.2 above. On the other hand, the Group Managing Director, with the assistance of Deputy Chief Executive Officer, is accountable for the day-to-day management of the Group's business operations and implementation of the Board's decisions and policies. The role of the Group Managing Director is currently held by Dato' Siew Ka Wei.</p> <p>The Group Managing Director is responsible for:</p> <ul style="list-style-type: none"> <li>• Assisting the Board in overseeing the day-to-day operations of the Group;</li> <li>• Ensuring the implementation of all approved policies and procedures and formulating plans to achieve the Group's corporate objectives; and</li> <li>• Ensuring the implementation and effectiveness of internal controls, to monitor and safeguard the Group's financial and other resources.</li> </ul> <p>The distinct and separate roles of the Chairman and the Group Managing Director, with a clear division of responsibilities, ensure a balance of power and authorities, such that no one individual has unfettered powers of decision making.</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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Non-Executive Chairman ("NEC") is a member of the Audit Committee.</p> <p>The Board is of the view that the NEC, as an Independent Non-Executive Director, who is not involved in the daily operations of the Company, will not affect his objectivity and no self-review threat would arise with him being a member of the Audit Committee as decision would be made through discussion amongst committee members to act in the best interest of the Company.</p> <p>The NEC is not a member of the Remuneration &amp; Nomination ("R&amp;N") Committee. He did not attend any R&amp;N meetings and did not participate/involve in any decision making of the R&amp;N Committee.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) Company Secretaries. Both Company Secretaries have more than twenty (20) years of experience in company secretarial practices and are qualified to act as Company Secretary in accordance with the provisions of the Companies Act 2016.</p> <p>The Company Secretaries play an advisory role to the Board in formulating the Company's Constitution and Board policies and procedures. They are responsible for the efficient administration of the Company's secretarial practices, particularly with regard to ensure compliance with the Company's Constitution, the Board policies and procedures and the statutory and regulatory requirements. They are also responsible for regularly updating and apprising the Board on new regulations issued by the regulatory authorities as well as corporate governance practices.</p> <p>One of the key responsibilities of the Company Secretaries is to prepare and organise Directors and Committee meetings and the shareholders meetings. This responsibility will involve the issue of proper notices of meetings, preparation of agenda, and circulation of relevant papers. The Company Secretaries will attend these meetings and take minutes of the proceedings at the meetings.</p> <p>The Company Secretaries are also responsible for ensuring that the Company files its various documents/returns and maintains its statutory records in accordance with the requirements of the Companies Act 2016. The other roles and responsibilities of Company Secretaries include but not limited to facilitate the orientation of new Directors and assist in Directors' training and development; monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>The Company Secretaries work closely with the Chairman, the Group Managing Director/Deputy Chief Executive Officer/Chief Financial Officer to ensure that there are timely and appropriate information flows between the Management and the Board and Board committees.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 1.6**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Prior to the Board/Committee meetings, the Directors are provided with an agenda on matters to be discussed together with the meeting papers which contain minutes of meetings, operational and financial performance reports, details of corporate proposals, the quarterly interim financial reports or the annual audited financial statements, reports of the Board Committees, Internal Audit Reports and other matters for the Directors' perusal before the Board/Committee meetings. The Company Secretaries will strive to provide these materials to the Directors seven (7) days prior to the Board/Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided two (2) days before the meetings while those of a confidential nature will be provided during the Board/Committee meetings. Upon conclusion of the Board/Committee meetings, minutes are circulated for review by the attendees. The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The Company Secretaries ensure that the minutes are kept to record all proceedings at the Board/Committee meetings, the deliberations on the matters at hand and the decisions made thereto.	
<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 is mindful of the need to safeguard the interest of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board has drawn up and adopted a board charter on 28 October 2013 of which is posted on the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p> <p>The Board Charter sets out the roles and responsibilities of the Board and Board Committees to assist the Board in being aware of their duties and responsibilities to effectively discharge their fiduciary duties in managing the affairs of the Company.</p> <p>The Board Charter focuses on the following areas:</p> <ul style="list-style-type: none"> <li>• Board composition and Board Committees;</li> <li>• The duties and responsibilities of the Board and the Board Committees; and</li> <li>• The Code of Conduct and Ethics for the Board members.</li> </ul> <p>The Board Charter will be updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.</p> <p>The Board Charter was last reviewed by the Board on 30 August 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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, in discharging its oversight role, conducts its business in observation to the Company's Code of Conduct and Ethics for Directors.</p> <p>A summary of the Code of Conduct and Ethics is available on the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p> <p>The Code of Conduct and Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with the aim of achieving the following objectives:</p> <ul style="list-style-type: none"> <li>• To establish a standard of conduct and ethical behaviour for Directors based on trustworthiness and value that can be accepted and upheld by the Directors;</li> <li>• To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations, and guidelines for administering a company; and</li> <li>• To manage conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.</li> </ul> <p>The Code of Conduct and Ethics is updated from time to time to reflect changes to the Board's practices and amendments to the relevant rules, requirements and regulations.</p> <p>The Code of Conduct and Ethics was last reviewed by the Board on 30 August 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>On 24 July 2019, the Board established a Whistle-Blowing Policy, which is accessible on the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p> <p>The Policy provides an avenue for all employees of the Group and other stakeholders to raise concerns about any improper conduct without fear of retaliation. Offering protection to those who report improper conduct, the Policy strengthens the Group's accountability and transparency in conducting its business affairs.</p> <p>The Whistle-Blowing Policy was last reviewed by the Board on 30 August 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has an overall responsibility on the Company's sustainability initiatives.</p> <p>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.</p> <p>The Board has delegated the authority for management of the sustainability effort, including the economic, environmental and social sustainability issues to the senior management who will drive the Group's overall sustainability process which has been put in place to identify, assess, manage and report the Group's material sustainability matters and to ensure that the Group's sustainability process including advancing strategic decision making, coordinating and implementing sustainability action plans and accountability for business and sustainability results is effectively carried out.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to working closely with all stakeholders in its journey towards its sustainable growth. The Company is also committed to communicate effectively with its shareholders and other stakeholders on the Company's strategies, priority and targets in its sustainability initiatives.</p> <p>Stakeholders are entities or individuals significantly affected by the Group's activities, products and services; and whose actions affect the ability of the Group to successfully implement its strategies and achieve its objectives.</p> <p>As part of its business, the Company engaged with a wide range of stakeholders throughout the year using formal and informal engagement methods, depending on the target stakeholders such as face-to-face meetings with the government regulators, customers, suppliers and bankers; email communication or written letters with interested public and employees and meeting with shareholders at general meetings.</p> <p>The Company's on-going sustainability strategies, priority and targets, material sustainability matters as well as performance against those targets during the financial year are disclosed in the Sustainability Statement in the Company's Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board continuously keep itself abreast and updated with the latest sustainability agendas which are relevant to the Company and its business.</p> <p>In view of the increased interest from regulators and stakeholders on matters relating to sustainability such as those relating to climate-related risks, the Board will continue to engage with stakeholders to explore further improvement in conducting its business in a more sustainable manner.</p> <p>The Board is also mindful of the need to keep abreast of the external trends in sustainability practices and will engage external consultants to provide training to the Board and senior management of the Company to enhance the Company's sustainability efforts and initiatives</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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The performance evaluation of the Board in the financial year does not include the Board's performance in addressing the Company's material sustainability risks and opportunities.	
<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> :	

**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 appointment of a new Director is a matter for consideration and decision by the Board, upon recommendation from the R&amp;N Committee. The Board shall review its composition and evaluate the need to bring new skills and perspective to the boardroom periodically.</p> <p>During the financial year, the Board decided that no new directors shall be appointed in view of the current affected listed issuer status of the Company.</p> <p>The Board is of the view that new directors shall only be appointed after the affected listed issuer status is lifted. In that respect, new directors who fulfil the criteria will be appointed as director of the Company once the affected listed issuer status is lifted.</p> <p>In assessing the suitability of candidates and making its recommendation, the R&amp;N Committee shall consider the character, competence, experience, integrity, time commitment, expected contribution and performance of the candidates, as well as diversity factors including ethnicity and age distribution of the Directors, to maintain a balanced Board composition. The composition of the Board shall be guided by the Diversity Policy adopted by the Company.</p> <p>The fit and proper assessment on any person identified to be appointed as a Director shall be conducted prior to the appointment. The Board and the R&amp;N Committee, in conducting the fit and proper assessment, shall be guided by the Directors' Fit and Proper Policy adopted by the Company.</p> <p>New Directors are expected to have such expertise as to qualify them to make a positive contribution to the Board performance of its duties. New Directors are required to commit sufficient time to attend the Company's meetings or matters before accepting his/her appointment to the Board.</p> <p>Directors who are due for annual re-election are subject to the Board being satisfied with the performance, contribution, and independence of the Director prior to making recommendation for re-election of the retiring Director.</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**

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>	:	As at 31 May 2022, the Board comprises of five (5) directors, with three (3) of them being Independent Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board will seek shareholders' approval via two-tier voting process to retain Edmond Cheah Swee Leng who have served for a cumulative period of nine (9) years as Independent Director until 31 May 2023 with the following justifications.</p> <ul style="list-style-type: none"> <li>(i) He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and his ability to bring an element of objectivity to the Board, saved and except the tenure of his respective directorship in the Company;</li> <li>(ii) He understands the Company's business operations which enable him to participate actively and contribute during the deliberations or discussions at the meetings;</li> <li>(iii) He is well respected in his professions and are knowledgeable and has vast experience that could be shared with the Board; and</li> <li>(iv) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company.</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**

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 Board is committed to encourage diversity and inclusion in the Board.</p> <p>In assessing the suitability of candidates and making its recommendation, the R&amp;N Committee shall consider the character, competence, experience, integrity, time commitment, expected contribution and performance of the candidates, as well as diversity factors including ethnicity and age distribution of the Directors, to maintain a balanced Board composition. The composition of the Board shall be guided by the Diversity Policy adopted by the Company.</p> <p>New Directors are expected to have such expertise as to qualify them to make a positive contribution to the Board performance of its duties. New Directors are required to commit sufficient time to attend the Company's meetings or matters before accepting his/her appointment to the Board.</p> <p>No person shall be appointed, re-appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person whose character and conduct is suspected or becomes an active politician. A person is considered an "active politician" if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party.</p> <p>The Board does not involve itself in the appointment of senior management. The appointment of senior management is the responsibilities of the Group Managing Director.</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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The R&N Committee is responsible for identifying and selection of the potential candidates as Directors through various channels such as professional bodies in addition to considering candidates proposed by the Directors, management and shareholders.	
		The R&N Committee does not utilise independent sources to identify suitably qualified candidates during the financial year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the R&amp;N Committee have evaluated the performance and contribution of the retiring Directors who are seeking for re-election at the coming annual general meeting before tabling the resolution to re-elect the Directors for shareholders' approval at the annual general meeting.</p> <p>The profile of the Directors seeking for re-election, as well as information of any interest, position or relationship that might influence their ability to act in the best interest of the Company as a whole, if any, is provide in the Explanatory Notes to the Notice of Annual General Meeting, to aid the decision of the shareholders whether or not to vote for the re-election of the retiring Directors.</p> <p>The Board will also provide a statement as to whether it supports the re-election of the retiring Directors in the Explanatory Notes with reasons.</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 Board has combined the functions of the Remuneration Committee and Nomination Committee into the R&amp;N Committee which was established on 24 September 2001.</p> <p>For the financial year ended 31 May 2022, the R&amp;N Committee was chaired by Mr Edmond Cheah Swee Leng, an Independent Non-Executive Director.</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>	:	During the financial year, the Board does not have any woman director.	
<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>	:	<p>The Board has taken note of the recommendation in the Malaysian Code on Corporate Governance 2017 ("Code") pertaining to the establishment of a policy on boardroom diversity including gender diversity.</p> <p>The Board has formulated a formal Diversity Policy, which is available on the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p> <p>The Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women on Board of Directors.</p> <p>Selection of female candidates will be, in part, dependent on the pool of women candidates with the necessary skills, knowledge and experience relevant to the Group's main businesses. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidates will bring to the Board. Where suitable candidates are found in future, the Board will increase representation from female members.</p> <p>The Board takes cognisance that the Group's main businesses, are predominantly male-dominated industries.</p> <p>The Diversity Policy was last reviewed by the Board on 30 August 2022.</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 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 R&amp;N Committee conducted an assessment of the Board's effectiveness as a whole on a yearly basis. During the financial year, the assessment was done on all the Board members in accordance with the assessment criteria in the Director's Fit and Proper Policy.</p> <p>The Company's Director's Fit and Proper Policy covers 3 main criteria:</p> <ul style="list-style-type: none"><li>- Character and Integrity Under this criterion, the Board assesses the person's probity, personal integrity, financial integrity and reputation.</li><li>- Experience and Competence Under this criterion, the Board assesses the person's qualification, training and skills; relevant experience and expertise; and relevant past experience and track record.</li><li>- Time and Commitment Under this criterion, the Board assesses the person's ability to discharge role having regard to his other commitments.</li></ul> <p>The Board is satisfied that all the Directors fulfilled the criteria as set out in the Director's Fit and Proper Policy.</p> <p>Taking into consideration the Board's structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board, the R&amp;N Committee assessed the Board member's qualifications, skills, knowledge, expertise and experience, time availability, professionalism, integrity and, in the case of Independent Non-Executive Directors, their ability to discharge such responsibilities and functions as expected of them.</p> <p>The R&amp;N Committee was satisfied with the results of the assessment and is of the opinion that the current size and composition of the Board is appropriate and well-balanced, with members comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.</p> <p>During the financial year, the R&amp;N Committee did not perform any evaluation on the individual Director's performance. The R&amp;N Committee was of the view that the evaluations done in the previous</p>

	financial years were adequate and reflective of the current state of affairs as far as the Board and Directors' performance are concerned.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

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

**Practice 7.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Remuneration Policy to determine the remuneration of Directors which takes into accounts the demands, complexities of the business, performance of the Company and the skills and experience required to ensure that the Company is able to attract and retain and motivate high-calibre Directors.</p> <p>The Board Remuneration Policy was last reviewed by the Board on 30 August 2022 and is available on the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</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>	:	The Terms of Reference of the R&N Committee, which was last reviewed on 30 August 2022, is available at the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the remuneration received/receivable by the Directors during the financial year are as disclosed in the table below:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Siew Ka Wei	Group Managing Director	-	8	400	400	19	32	859	-	8	480	1,200	19	64	1,771
2	Datuk Anuar bin Ahmad	Independent Non-Executive Director	120	5	-	-	10	-	135	120	5	-	-	10	-	135
3	Edmond Cheah Swee Leng	Independent Non-Executive Director	120	6	-	-	-	-	126	120	6	-	-	-	-	126
4	Khamis bin Awal	Non-Independent Non-Executive Director	120	6	-	-	-	-	126	120	6	-	-	-	-	126
5	Tan Sri Dato' Dr Lin See Yan	Independent Non-Executive Director	100	5	-	-	-	-	105	100	5	-	-	-	-	105
6																
7																
8																
9																
10																
11																
12																
13																
14																
15																

**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 disclosure of the remuneration details for senior management staff is detrimental to the Company's management of its human resources due to the following reasons:</p> <ul style="list-style-type: none"> <li>(i) The detailed remuneration disclosure could possibly give rise to recruitment and talent retention issues, unnecessary staff rivalry and disillusionment; and</li> <li>(ii) The detailed remuneration disclosure may expose the key personnel to competitor as the information of the remuneration of top management is sensitive in view of the competitive nature of the human resource market.</li> </ul> <p>The Board is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.</p>	
<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>	:		

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee 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>	:	<p>The Terms of Reference of Audit Committee has a policy that requires a former key audit partner of its external auditor to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.</p> <p>Currently, none of the members of the Audit Committee are former key audit partners.</p> <p>The Terms of Reference of the Audit Committee is available for reference in the Company's website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Under its Terms of Reference and External Auditors Assessment Policy, the Audit Committee is empowered by the Board to assess the independence and performances of the External Auditors and to review all issues in relation to their appointment, re-appointment, resignation or dismissal.</p> <p>The assessment of independence focuses on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as any conflict of interest situation arising therefrom, including the extent of non-audit services performed by the External Auditors during the financial year that will give rise to questions about the External Auditors’ independence and objectivity in carrying out the responsibilities entrusted to them. The assessment of performance focuses on the External Auditors’ experience, competency, resources of the firm, quality of the staff assigned to audit the Company and its subsidiaries’ accounts and the Audit Committee’s opinion on the quality of the reports to the Audit Committee.</p> <p>The External Auditor Assessment Policy is available for reference in the Company’s website at <a href="http://www.nylex.com">www.nylex.com</a> under the Corporate Governance section.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is 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>All members of the Audit Committee are financially articulate and are able to perform their duties and responsibilities as spelt out in the Terms of Reference of the Audit Committee.</p> <p>The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants (MIA).</p> <p>All members of the Audit Committee have undertaken continuous professional development during the financial year. The details of the training attended by the members of the Audit Committee can be found under the Corporate Governance Overview Statement, on page 18 of the Company's Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.1**

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 Group adopts an Enterprise Risk Management ("ERM") framework and the Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of objectives and strategies. This process is being implemented throughout the Group and the Board will continue to review and strengthen this process from time to time in response to the changes in business environment or regulatory guidelines.</p> <p>Key elements of risk management and internal control that the Board has established in reviewing the adequacy and integrity of the system of internal control are described in the Statement on Risk Management and Internal Control in the Company's Annual Report 2022. During the financial year under review and up to the date of approval of this Statement, these elements were in place and review on the adequacy and effectiveness of the risk management and internal control system was carried out by the Audit Committee, which reported its findings to the Board. Items highlighted to the Board are disclosed in terms of severity, probability of risk occurring, effect of the risk should it occur, and actions currently being taken to mitigate or minimise the risk to acceptable level.</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 recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks.</p> <p>The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework which includes a reporting structure.</p> <p>The Group's system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objective. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>Further details on the management and reporting of risks as well as controls in place to mitigate and manage those risks are provided under the Statement on Risk Management and Internal Control in the Company's Annual Report 2022.</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 Audit Committee has been entrusted by the Board to ensure that an effective and adequate risk management and internal control system is in place at all times. The Risk Management Working Committee comprising the Group Managing Director, the Deputy Chief Executive Officer, Chief Financial Officer and selected committee members and has been set up to report on matters relating to risk management and internal control to the Audit Committee, which consists majority of Independent Directors.

### 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 Audit Committee recognises that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the Group's internal control system.</p> <p>In this regard, the Board has outsourced the internal audit function of the Group to an independent professional consulting firm of international standing, Deloitte Business Advisory Sdn Bhd ("Deloitte"), for the financial year ended 31 May 2022. The outsourced internal audit function reports to the Audit Committee and indirectly assists the Board in monitoring and managing risks and the Group's system of internal control.</p> <p>Amongst the responsibilities of the Internal Auditors were:</p> <ul style="list-style-type: none"><li>(i) to review the adequacy, integrity and effectiveness of the Group's risk management and internal control system in identifying and managing principal risks, ensuring compliance with the law and regulations, preserving the quality of assets and the integrity of management information system and consequently to determine the future requirements for internal control system and to co-develop a prioritised action plan;</li><li>(ii) to perform a risk assessment of the Group's business operation and to identify the business processes within the Group that internal audit should focus on; and</li><li>(iii) to allocate audit resources to areas within the Group that provide the Audit Committee and the Management with efficient and effective level of audit coverage.</li></ul> <p>At the Audit Committee meeting, the Internal Auditors presented the quarterly internal audit reports to the Audit Committee for review and discussion. The quarterly internal audit reports, which highlighted internal control weaknesses in the business operations and the Internal Auditors' assessment of the magnitude of the financial effects arising from the weaknesses noted, also contained the Internal Auditors' recommendations on the corrective actions to overcome the internal control weaknesses and the Management's responses to the findings and the recommendations thereof. Target was set for the appropriate corrective actions to be effected and the Internal Auditors would report their findings from the follow-up reviews in their internal audit progress reports, to the Audit Committee.</p> <p>For the financial year ended 31 May 2022, most countries continued with the Covid-19 pandemic related restrictions and lockdowns. On 26 January 2022, Nylex has also successfully completed the disposal of all its assets and liabilities, including investment in all its subsidiaries, to its holding company, Ancom Nylex Berhad (formerly known as "Ancom Berhad") ("Proposed Disposal"). Due to the above, the annual audit planned approved by the Audit Committee have not been completed.</p>

	Premised on the above, the Audit Committee is of the opinion that the internal audit function is effective and is able to function independently.	
<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>	:	Prior to the appointment of Deloitte, the Audit Committee had evaluated the firm, and had satisfied itself that the firm and the relevant personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The Audit Committee also ensured that Deloitte has sufficient resources and is appropriately qualified to conduct the internal audit function of the Group. During its evaluation of Deloitte, the Audit Committee was assured that the personnel from Deloitte received continuous training to keep abreast with developments in the profession, relevant industry and regulations. The team is led by the Executive Director, Encik Muzafar Kamal Mahmood, who has over 19 years' experience in the field. The internal audits were conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.	
<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><u>Corporate Disclosure Policy</u></p> <p>The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.</p> <p><u>Leverage on Information Technology</u></p> <p>The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all material information publicly through Bursa Securities and via its website at <a href="http://www.nylex.com">www.nylex.com</a>.</p> <p><u>Effective Communication and Proactive Engagement with Stakeholders</u></p> <p>Shareholders and investors are encouraged to submit their queries and concerns to the Company via post at Lot 16, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia, fax at 603-55108291, or e-mail at <a href="mailto:corp@nylex.com">corp@nylex.com</a>. The queries will be attended to by the Company's senior management or the Board, as the case may be.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Not applicable as Nylex is not a large company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of Annual General Meeting is given to the Shareholders 28 days prior to the 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**

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 and top management attended the Company's annual general meetings which was conducted fully virtual. The Non-Executive Chairman, the Group Managing Director, the Deputy Chief Executive Officer, the Chief Financial Officer, and the Company Secretaries will be present at the broadcast venue. The Chairmen of the Audit Committee and R&amp;N Committee respectively, and the External Auditors will, as far as possible, be present at the Broadcast Venue, otherwise they will attend the meetings via teleconferencing facilities.</p> <p>Shareholders are given ample opportunity by the Chairman at the meetings to raise questions before matters on the agenda are put to a 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>The Company's annual general meetings will be conducted fully virtual through live streaming and online remote voting via the remote participation and voting ("RPV") facilities at TIIH Online website at <a href="https://tiah.online">https://tiah.online</a> provided by the Company's Share Registrar, Tricor Investor and Issuing House Services Sdn. Bhd. ("Tricor").</p> <p>With the RPV facilities, shareholders at remote locations are able to attend, speak (through real time submission of typed text prior to the date of the meeting or during the meeting) and vote at the AGM.</p> <p>Shareholders who wish to appoint proxy, corporate representatives or power of attorneys are also able to lodge the proxy forms, letter of appointments or power of attorneys remotely through the TIIH Online website.</p> <p>Proxy holders, corporate representatives and power of attorneys at remote locations are able to attend, speak (through real time submission of typed text prior to the date of the meeting or during the meeting) and vote at the meetings remotely using the RPV facilities.</p> <p>Tricor has put in place the necessary IT security measures to preserve data privacy and security and to prevent cyber threats.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.4**

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>At the Company’s annual general meetings, the Chairman ensures there were meaningful engagement between the Board, the Group Managing Director/Deputy Chief Executive Officer and Chief Financial Officer and the shareholders.</p> <p>Shareholders were given ample time to submit their questions or queries relating to the Company’s financial and non-financial matters as well as the Company’s plans and strategies prior to the date of the meetings or during the meetings through real time submissions of typed text only using the Remote Participation and Voting (“RPV”) facilities.</p> <p>Ample time are provided by the Chairman for the shareholders to raise questions at the meetings. The Chairman, Group Managing Director/Deputy Chief Executive Officer, and the relevant Chairman of the Committees would answer the questions at the meetings wherever applicable. For questions and queries where answers are not readily available, written responses will be provided to the shareholders concerned via emails or were posted on the Company’s website at <a href="http://www.nylex.com/agm.php">http://www.nylex.com/agm.php</a> after the meeting.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company conducts its general meetings fully virtual in view of the COVID-19 situation. Due to the high cost involved, the Company does not consider having a hybrid general meeting.</p> <p>The Company is using the Remote Participating and Voting (“RPV”) facilities provided by Tricor Investor and Issuing House Services Sdn. Bhd. (“Tricor”) as the platform in conducting the fully virtual general meetings. The Company and Tricor have the necessary infrastructure and IT support and tools to support a smooth broadcast of the general meetings and interactive participation by shareholders in the general meetings and viewing the proceedings online remotely using the computer, tablets or handphone.</p> <p>Questions posed by shareholders are made visible to all meeting participants during the meetings.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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 AGM and the Key Matter Discussed will be published in the Company's website at <a href="http://www.nylex.com/agm.php">http://www.nylex.com/agm.php</a> not later than 30 business days after the 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> :	

**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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