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○ **SUSTAINABILITY STATEMENT**



Aspiring to address social issues and leveraging Encorp Berhad's (ENCORP or the Group) ability to measure and connect, we adopted ENCORP's Purpose. No single organisation or system alone can solve the serious issues the world faces, such as climate change, disaster, pollution, and the COVID-19 pandemic. We need to look for ways to address issues by assessing situations, sharing a range of information, and organically connecting organisations and systems.

It is also important to respect the human rights of all people and build a world without discrimination as our basic premise. ENCORP will continue to seek reform together with stakeholders around the world, striving to make the world a better place for future generations.

ENCORP is proud to present its 2021 Sustainability Report, which marks its fifth annual reporting on its sustainability progress and performance. In our efforts to enhance our corporate reporting, we have started to prepare and lay the foundations and fundamental concepts of integrated reporting this year.

## SCOPE AND REPORTING BOUNDARY

ENCORP has developed a suite of reports to meet the evolving needs and concerns of stakeholders. This Sustainability Report complements the 2021 Annual Report which provides more information relating to corporate governance, risk and financial performance of the group. Our reports are available at [www.encorp.com.my](http://www.encorp.com.my).



## SUSTAINABILITY GOAL AND ROADMAP



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This report reveals our sustainability journey towards becoming a Group that balances the environmental and social integration as well as economic considerations in the planning, design and implementation of our projects. We improve our performance and commitment year-on-year as set out in our five-year roadmap.

In an effort to contribute to global and national initiatives towards sustainable development, ENCORP seeks to

continuously refine its strategic approach to the United Nations' 17 Sustainable Development Goals (SDGs). For this year of reporting, we have identified primarily with the focus areas of five SDGs Focus Area, which are: Good Health and Well-Being (SDG 3), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12) and Peace, Justice and Strong Institutions (SDG 16).

*Sustainable Development Goals  
and Business for **The Future***

## ENCORP'S SDG FOCUS AREAS

Sustainability Goal	Target	Contributions
<p>SDG 3</p>  <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>INCREASE HEALTH FINANCING AND SUPPORT HEALTH WORKFORCE IN DEVELOPING COUNTRIES</p> <p>Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.</p>	<ul style="list-style-type: none"> <li>• We prioritise health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy.</li> <li>• We promote healthy lifestyles by organising programmes that focus on employee well-being.</li> <li>• We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste.</li> </ul>
<p>SDG 8</p>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY</p> <p>Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES</p> <p>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p>	<ul style="list-style-type: none"> <li>• We provide competitive salaries and benefits packages for our employees in addition to training opportunities for growth and career development.</li> </ul>
	<p>PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING</p> <p>By 2021, substantially reduce the proportion of youth not in employment, education or training.</p> <p>PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS</p> <p>Protect labour rights and promote safe and secure working environments for all workers.</p>	<ul style="list-style-type: none"> <li>• We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development.</li> <li>• Our Safety and Health Unit monitors and checks for compliance to relevant rules and regulations.</li> </ul>





## ENCORP'S SDG FOCUS AREAS (CONT'D.)

Sustainability Goal	Target	Contributions
<b>SDG 11</b>  Make cities and human settlements inclusive, safe, resilient and sustainable	<b>INCLUSIVE AND SUSTAINABLE URBANISATION</b>  By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<ul style="list-style-type: none"> <li>We have been involved in the construction of infrastructures that enhance the sustainable features of cities, such as affordable housing.</li> </ul>
	<b>SUPPORT LEAST DEVELOPED COUNTRIES IN SUSTAINABLE AND RESILIENT BUILDING</b>  Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.	<ul style="list-style-type: none"> <li>For year 2021, 100% of the required services were carried out by Malaysian vendors. By supporting them, we play a part in contributing to the domestic economy.</li> </ul>
<b>SDG 12</b>  Ensure sustainable consumption and production patterns	<b>SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES</b>  By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> <li>Recycle wood and pallets for construction works.</li> </ul>
	<b>SUBSTANTIALLY REDUCE WASTE GENERATION</b>  By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> <li>Reduce usage of paper by initiating use of digital-based documentations.</li> </ul>
	<b>ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING</b>  Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<ul style="list-style-type: none"> <li>A concise Sustainability report is included in the Encorp Annual Report.</li> </ul>

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## ENCORP'S SDG FOCUS AREAS (CONT'D.)

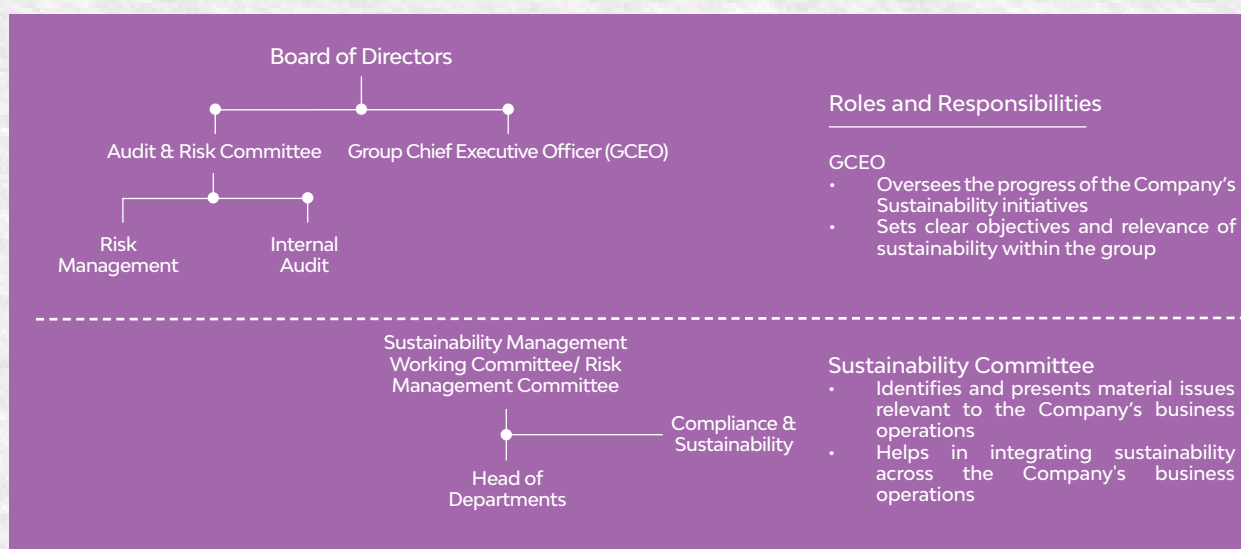
Sustainability Goal	Target	Contributions
<p>SDG 12</p>  <p>Ensure sustainable consumption and production patterns</p>	<p>PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES</p> <p>By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p>	<ul style="list-style-type: none"> <li>Employees are required to participate and involve in Corporate Social Responsibilities (CSR) activities as part of their respective key performance measures and indicators.</li> <li>The company has also provided the Clover and Lily developments, under the Encorp Cahaya Alam project with lake and garden landscapes, security features enhanced with boom gates, guard houses and smart security applications.</li> </ul>
<p>SDG 16</p>  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level</p>	<p>PROMOTE THE RULE OF LAW AND ENSURE EQUAL ACCESS TO JUSTICE</p> <p>Promote the rule of law at the national and international levels and ensure equal access to justice for all.</p>	<ul style="list-style-type: none"> <li>Laws of Malaysia Act 694, Malaysian Anti-Corruption Commission Act 2009.</li> <li>Guideline on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009.</li> <li>National Anti-Corruption Plan 2019 to 2023.</li> <li>Bursa Malaysia Listing Requirement on Anti-Corruption and Whistle Blowing.</li> </ul>
	<p>COMBAT ORGANISED CRIME AND ILLICIT FINANCIAL AND ARMS FLOWS</p> <p>By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.</p>	<ul style="list-style-type: none"> <li>Emphasising an anti-bribery mindset by implementing the Code of Ethic and Business Ethic Guideline as well as the Whistle Blowing Policy and Guideline.</li> </ul>
	<p>SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY</p> <p>Substantially reduce corruption and bribery in all forms.</p>	<ul style="list-style-type: none"> <li>Enforcement of integrity at work with goals of zero corruption (bribery).</li> <li>Gap analysis on adequate Procedures to determine implementation of Anti-Bribery Management System.</li> <li>Integrity training for all employees.</li> <li>Education and awareness on integrity via email, poster and etc.</li> </ul>
	<p>ENSURE RESPONSIVE, INCLUSIVE AND REPRESENTATIVE DECISION-MAKING</p> <p>Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p>	<ul style="list-style-type: none"> <li>Equality of gender without precedent. A total of 46% employees are female and involved in the management.</li> </ul>



## SUSTAINABILITY LEADERSHIP & COMMITMENT

The Board of Directors determines ENCORP's strategic direction and ensures our compliance to laws, internal regulations, risk management and control. Sustainability is a component of our corporate strategy. ENCORP Sustainability is the unit responsible for sustainability strategy and sustainability management. Demonstrating our Board's commitment to drive change through innovation and building on our legacy as a sustainability leader, ENCORP Group Sustainability has been set up to cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, and use of alternative resources to systematically and sustainably maximise system efficiency.

Decisions on the long-term alignment of sustainability-related areas of action are endorsed at Board level, whereby they would convene to discuss and assess ENCORP's progress on economic, environmental and social issues as well as the degree to which sustainability principles have been integrated into the various divisions. During this meeting, the Group's sustainable development goals and targets are presented and endorsed by the Board, which are then incorporated into the Group's sustainable development strategy.



## STAKEHOLDER ENGAGEMENT

We define our stakeholders as groups whom our business has a significant impact on and those with a vested interest in our operations. We believe that actively engaging and working in partnership with our stakeholders is crucial to address sustainability concerns.

The table on the next page illustrates our method of engagement with each stakeholder group, frequency of engagement, their expectations and the manner in which we address their expectations.

Stakeholder Group	Area of Interests/Expectations	Methods of Engagement	Frequency of Engagement
Employee	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Work-life balance</li> <li>• Fair remuneration</li> <li>• Safe and conducive workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Training Programme</li> <li>• Employee satisfaction survey</li> <li>• Employee Get Connected Programme</li> <li>• Sports activities</li> </ul>	<ul style="list-style-type: none"> <li>• As per training plan set by Human Resource</li> <li>• Annually</li> <li>• Annually</li> <li>• Weekly</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product affordability</li> <li>• Competitive pricing</li> <li>• Product quality</li> <li>• Customer satisfaction</li> <li>• Support service</li> <li>• Complaints resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Project basis</li> <li>• As and when required</li> </ul>
Authorities	<ul style="list-style-type: none"> <li>• Regulatory compliances</li> <li>• Standards and certification</li> <li>• Policy and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation sessions and conferences</li> <li>• Visit and inspection</li> <li>• ISO 9001 certificate compliance</li> <li>• Meetings and policy briefings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Business strategies</li> <li>• Financial stability</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Progress Report on the Company's website</li> <li>• AGM/ Shareholder meeting</li> <li>• Annual report</li> <li>• Financial and/or business activities update to stakeholders</li> <li>• Site visit</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• Annually</li> <li>• Annually</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Vendors/ Suppliers	<ul style="list-style-type: none"> <li>• Procurement process practice</li> <li>• Supply chain management</li> <li>• Cost reduction saving</li> <li>• Payment schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Contract negotiation and interview</li> <li>• Review meeting</li> <li>• Performance appraisal</li> <li>• Safety and Quality briefings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• Annually</li> <li>• As and when required</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Updates and accessibility</li> <li>• Market presence</li> <li>• Impact of community investment</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic updates on corporate development, key events, press releases and broadcasts</li> <li>• Websites (which contain updated information and contents that are relevant to listed issuer's shareholders)</li> <li>• Engagement activities with media</li> <li>• E-digital – social media outreach (via facebook and instagram)</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Economic investments and social impact for local welfare</li> <li>• Community programmes and events for social development</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility programmes</li> <li>• Public events</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> </ul>



## S U S T A I N A B I L I T Y   M A T T E R S



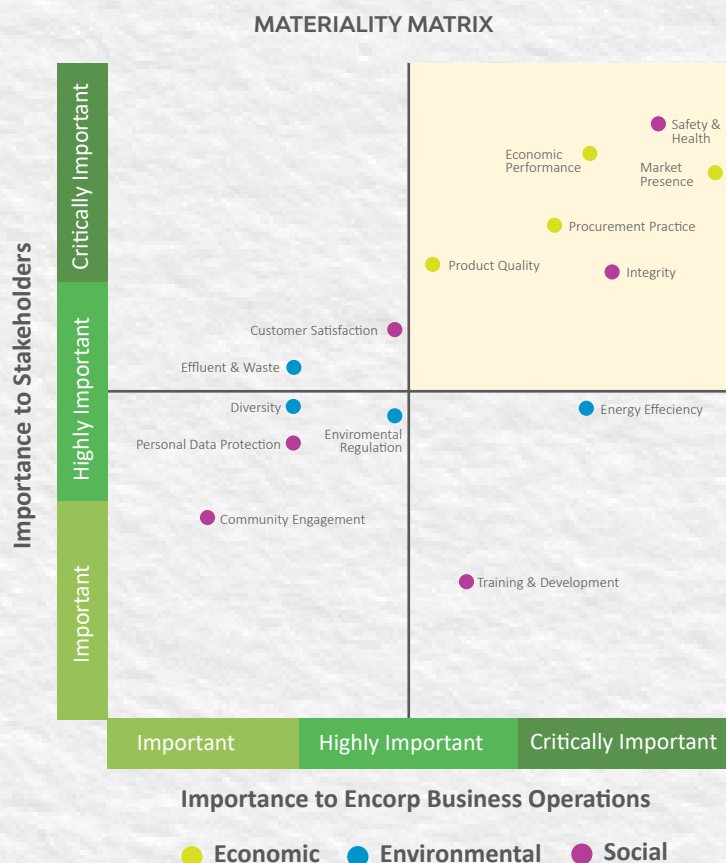
Materiality is defined by the Bursa Malaysia Sustainability Reporting Guide as the principle of assessing a wide range of sustainability matters and identifying those that are most important to the organisation and its stakeholders.

ENCORP conducts detailed materiality analysis annually. The materiality study prioritised areas that have significant:

- Impact on the economy, society and environment; and/or
- Influence on the decision-making of stakeholders.

We know that stakeholder priorities are constantly changing, and that we must evolve to ensure we meet expectations. We identify and prioritize the issues that matter most to our business and stakeholders. In 2021, we took our materiality process further. We fully integrated the assessment with ENCORP's Enterprise Risk Management process, to ensure wider sustainability issues were incorporated into the risks and opportunities under consideration across the company.

For 2021, the following sustainability matters were identified as being the most relevant to the company and our stakeholders. The significance of these sustainability matters can be found below in our Materiality Matrix as laid out in the chart on the right:





## OUR MATERIAL MATTERS

## Economic


Material Sustainability Matters	Corresponding Global Reporting Initiative (GRI) Aspects	Relevant Stakeholders	SDG
Economic Performance	Economic Performance	Investors	8 DECENT WORK AND ECONOMIC GROWTH
Market Presence	Market Presence	Employees	8 DECENT WORK AND ECONOMIC GROWTH
Procurement Practices	Procurement Practices	Suppliers, Vendors and Regulatory Bodies	8 DECENT WORK AND ECONOMIC GROWTH
Product Quality	Economic impact	Regulatory Agencies, Customers and Investors	12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## Environmental

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Effluent & Waste	Effluent & Waste	Local Communities, Investors and Regulatory Bodies	
Environmental Regulation	Compliances	Local Communities, Investors and Regulatory Bodies	
Energy Efficiency	Energy	Local communities, investors and Regulatory Bodies	

## Social

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Diversity and Equal Opportunity	Diversity and Equal Opportunity	Employees, Regulatory Agencies, Suppliers and Contractors	
Safety & Health	Occupational Health and Safety	Employees and Regulatory Bodies	
Personal Data Protection	Compliance	Customers, Investors and Vendors	
Customer Satisfaction	Socioeconomic compliances	Customers	
Training & Development	Training and Education	Employees and Regulatory Agencies	
Community Engagement	Local Communities	Local Communities	
Integrity	Anti-Corruption	Investors, Regulatory Agencies, Employees and Vendors	



## GOVERNANCE



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## Business Ethics and Policies

In line with the Group's commitment to conduct its business professionally, ethically and with the highest standard of integrity, the Board and all employees of ENCORP are committed to upholding the highest standards of professionalism and exemplary corporate conduct in our daily operations by adhering to the Code of Conduct and Business Ethics. It sets out the principles and standards of business ethics and conduct, and each employee has a duty to read and adhere to it.

The Group has in place a number of Company codes and policies that establish the rules of conduct within the organisation; representing the main points of reference for all who work for and with us. These codes and policies can be found on the Company's website.

The purpose of a code of ethics is to provide guidance and set common ethical standards to promote consistency in behavior across all levels of employment. The code governs the actions and working relationships of board members and top management with employees and in dealings with other stakeholders. Here is an outline those relationships.

The parameters outlined in the code are as below:

- Requires the highest standards for honest and ethical conduct, including proper procedures for dealing with conflicts of interest between personal and professional relationships.
- Requires full, fair, accurate, timely and understandable disclosure in reports and documents filed with regulators, including financial reports, and are provided to shareholders.
- Requires compliance with applicable governmental laws, rules and regulations.
- Establishes accountability for adherence to the code.
- Provides for methods to communicate violations of the code.

An effective code establishes an ongoing process to meet new and challenging situations that test a company's ability to identify and respect the rights of its stakeholders and to act not necessarily to enhance the shareholder value, although that can be the by-product of making ethical decisions, but, instead, to protect the rights of customers to have a safe product or development.

## Anti-Bribery and Anti-Corruption

We remain committed to behaving professionally and with integrity in our business dealings with our customers, shareholders, business associates, third parties as well as towards one another. Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which took effect from 1 June 2020, we have implemented anti-bribery measures across the Group to strengthen our integrity, governance and anti-corruption framework. The Group practices a zero-tolerance approach against all forms of bribery and corruption, and upholds all applicable laws in relation to anti-bribery and corruption.

The measures comprise of a guideline which contains principles that guide our ethical decisions. We enhanced and strengthened our business ethics framework by updating the ENCORP Code of Conduct and Business Ethics and developed a Code of Business Conduct for Third Parties and relevant policies and procedures on anti-bribery and corruption. Compulsory internal virtual training on integrity and anti-corruption was conducted for all employees. Dedicated communication channels to create awareness and disseminate information on anti-bribery and corruption as well as to promote a culture of integrity and compliance have been set up on our intranet. Each employee is expected to read, familiarise and strictly comply with the policy in carrying out their duties.

Third parties performing work or services for or on behalf of ENCORP are also required to acknowledge conformity to the Integrity 3<sup>rd</sup> Parties as well as to comply with all applicable laws and our policy manual. All investments including mergers, acquisitions, joint ventures and projects are reviewed for anti-bribery and corruption risk with appropriate due diligence conducted on the counter party and owners of the counter party, where relevant. Integrity pledges were signed by the ENCORP leadership team to demonstrate top level commitment. We have in place control measures for compliance and to mitigate corruption risks which are assessed, monitored and regularly audited. In addition, we have in place robust testing and monitoring programmes to ensure that our control environment is effective. The Group continues to take all necessary measures to promote a culture of integrity through awareness campaigns and regular communications.

## PERSONAL DATA PROTECTION

Privacy and confidentiality of employees and customers information are kept and managed in accordance to the requirements of the Personal Data Protection Act (2010) pertaining to processing of personal data, purpose of use, disclosure to parties, transfer of personal data, access, correction and acknowledgement for consensual use.

Personal data is collected by ENCORP for the following purposes:

- to administer the business or contractual relationship between ENCORP and interested parties;
- to communicate with interested parties;
- to administer customer relationship management procedures;
- to provide interested parties with information about the activities, products, services, events and programmes that may be organised, managed, facilitated, provided, sponsored and/or participated by ENCORP;
- to provide interested parties with information about the products, services, events and programmes offered by selected third parties that may interest them;
- to facilitate payment in connection with the business or contractual dealings between ENCORP and interested parties;
- to conduct research, study, assessment, survey and/or prepare reports/statistics for purpose of ENCORP's business activities;
- to respond to enquiries;
- to comply with any legal or regulatory requirements applicable to ENCORP, and to make disclosure under the requirements of any law, regulation, direction, court order, by-law, guideline, circular or code applicable to ENCORP;
- for recruitment of employees;
- for ENCORP's internal record keeping; and/or
- other lawful business activities of ENCORP.

## PRODUCT QUALITY

Staying on top of the fast-changing business environment, especially in the diverse businesses we are involved in, requires tenacity for continuous improvement. We continue to be committed to our motto of Good to Great in all our products and services. All our business divisions implement management systems that are certified in accordance with relevant local and international benchmark standards. We build a culture of excellence by providing clear principles, unified standards and guidance for our processes and activities. This empowers our employees to take ownership and drive results through commitment and competency.

Our Property Management and Facilities Management Divisions are certified with the ISO 9001:2015 Quality Management System. The ISO 9001:2015 defines the way we operate to meet the requirements and satisfaction of our customers and stakeholders. This international standard promotes the adoption of a process approach, using the Plan-Do-Check-Act cycle with an overall focus on risk-based thinking aimed at taking advantage of opportunities and preventing undesirable results.

### Our Certification in Quality Management System ISO 9001:2015

Company	Scope	Awarded
Encorp Berhad		Certified to ISO 9001:2000 on 19 January 2007
Encorp Must Sdn Bhd	Property development and project management of residential, industrial and commercial buildings	Certified to ISO 9001:2008 on 19 January 2010
Must Ehsan Development Sdn Bhd		Certified to ISO 9001:2015 on 24 September 2018
Encorp Facilities Management Sdn Bhd	Facilities management of residential, industrial and commercial buildings	Certified to ISO 9001:2015 on 24 September 2018



### ISO 9001:2015 Surveillance Audit Result for year 2021

The audit team (SGS Sdn Bhd) conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). A sampling process was used, based on the information available at the time of the audit. The audit methods used were interviews, observation of activities and review of documentation and records.

The use of Information Communication Technology (ICT) in remote auditing activities contributed to the effectiveness of the audit in achieving stated objectives. The structure of the audit was in accordance with the audit plan included as an annexe to this summary report.

The audit team concludes that ENCORP and its subsidiaries have established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organisation's policy and objectives.

#### Audit Findings:

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support the implementation and maintenance of the management system.	
The organisation has demonstrated effective implementation and maintenance/improvement of its management system and is capable of achieving its policy objectives, as well as the intended results of the respective management system(s).	
The organisation has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	
The internal audit programme has been fully implemented and demonstrates its effectiveness as a tool for maintaining and improving the management system.	
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system as well as the intended results of the respective management system(s).	
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	

Number of non-conformities identified:

0 Major	0 Minor	0 Opportunity for improvement
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The audit team concluded that based on the results of the said audit, the system had demonstrated the state of development and maturity of a quality management system and the certification was continued.

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## CUSTOMER SATISFACTION

The satisfaction of our customers is paramount to the continuity of our business. A material topic to all our divisions, customer satisfaction determines our ability to secure new and repeated business as well as fortify our ongoing relationships to achieve economic success. We strive to fulfil our customer needs and exceed their expectations with the ENCORP Good to Great mission. Each Division adopts different targets and measures of customer satisfaction due to the diversity of its business.

We have conducted customer satisfaction surveys during project handovers to gauge our customer satisfaction levels and are pleased to report that in 2020/2021, our customer satisfaction results have surpassed our target for the customers satisfaction rate of Dahlia Encorp Cahaya Alam.



Handing Over of Dahlia, Encorp Cahaya Alam in FY2019

### Dahlia, Encorp Cahaya Alam

Dahlia Customer Satisfaction for 2020/2021



Overall  
Achieved

**95%**



## ECONOMIC PERFORMANCE

Economic performance is imperative to the sustainability of the company and ensures the business operations are aligned with all our governance aspects as it supports the growth of our business operations. It is a top priority for ENCORP as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders.

We believe our people are our greatest asset contributing to our economic performance. Therefore, we ensure our employees benefit from our continuous economic performance via provision of employee benefits. Employee benefits plan are also part of the requirement under the Employment Act 1955 for every applicable employee. We contribute to the Employee Provided Fund (EPF) for each employee as part of their retirement savings. On the right is the total value and percentage (out of our revenue generated) that we have committed to our employees' retirement plans.



Revenue (RM'000)

**RM 146,704**



Employee EPF (RM'000)

**RM 863**

0.59% of Revenue



## PROCUREMENT

ENCORP recognises the importance of managing procurement and suppliers properly as they are an important part of operations. We actively seek initiatives to enhance the way we procure goods and services. Environmental impact and transparency of our supply chain are important considerations for the business to be sustainable. The procurement activities adhere strictly to the Procurement Policy and Procedures, which provides clear guidance to ensure fairness, transparency, and accountability of purchase decisions.

We aim to obtain the best value for all purchases, and ensure rigorous governance of suppliers.

As an industry leader and a responsible corporate citizen, we recognise our role in spearheading the advancement of the construction sector by maintaining, nurturing and supporting a vibrant local supply chain. All our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers before they can be invited to submit quotations and become an appointed supplier of ENCORP.

It is crucial for us to ensure that the spill over effect of the country's infrastructure investment properly flows through to medium and smaller contractors and suppliers down the value chain, ultimately achieving the objective of stimulating the local economy. Quotations evaluated by the Procurement Department have stated justifications for selection, which is then approved in accordance to the Limits of Authority.

Type of Vendor	Service
Consultant	<ul style="list-style-type: none"><li>• Architect Consultancy Services</li><li>• Civil Structural (C&amp;S) and Mechanical and Electrical (M&amp;E)</li><li>• Quantity Surveyor Consultancy Services</li><li>• Town Planner Consultancy Services</li></ul>
Contractor	<ul style="list-style-type: none"><li>• Building Work Contractor</li><li>• Interior Design Work Contractor</li></ul>
Supplier	<ul style="list-style-type: none"><li>• Information Technology (IT) Supplier</li><li>• Security Service Supplier</li><li>• Pest Control Supplier</li><li>• M&amp;E Supplier</li><li>• Civil Work Supplier</li><li>• Landscaping, Cleaning, Sound and Lightening Supplier</li></ul>

Our preference to source locally results in multiple economic benefits. Local procurement contributes to improved risk management as can secure timely delivery compared to overseas shipments.

ENCORP proactively engages its local suppliers in order to have control over the product quality, as well as timeliness in delivery, while maintaining good cost control.

This helps us to minimise the risk of project delays, cost overruns and ensure quality delivery. Local procurement also allows for better budget and risk mitigation since many variable factors such as foreign exchange rates, tax implications, shipping and fuel surcharges are more predictable compared to overseas sourcing. Without the need to ship from abroad, we are essentially registering a lower carbon footprint by sourcing locally while enabling local supply chain growth.

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## ●●● MONITORING OUR ● ENVIRONMENTAL FOOTPRINT

As part of our effort in minimising any adverse environmental impact on the usage of paper and energy conservation, our Technology department has initiated and improved the IT systems as below:

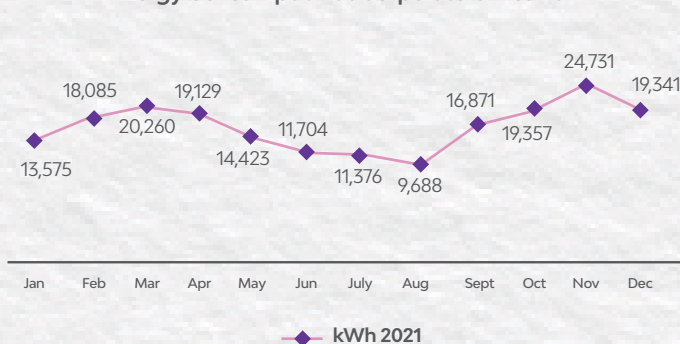
Application/Software	Objectives
e-PR	Provide platform for electronic payment requisition in replacement of the manual process.
Online training requisition	Provide platform for user to apply for training in replacement of hardcopy manual forms.
Online equipment loan requisition	Provide platform for user to request equipment from Technology department.
Online dispatch requisition	Provide platform for user to request for dispatch services in replacement of communication through Whatsapp, calls or email.
MS Defender (Email filtering system)	Advanced security to defend against cyber threats including email filtering setting.
Teamviewer	Platform for remote support. Technology department can remotely access user notebook to resolve issues that are not related to physical/hardware support.
Online employee satisfactory survey	Yearly survey online form requested by Corporate Communications Department.
Survey for Fraud & Corruption	Assisting Risk & Governance Department to gather information on anti-bribery risk and measures within ENCORP.
User survey on Business Continuity and Disaster Recover requirement	Created survey for Disaster Recovery Plan project.
Online customer satisfaction form & QR CODE for Clover phase	Assisting Corporate Communications Department to create online survey form for new project.

## ENERGY EFFICIENCY

In 2021, to conserve electricity consumption, ENCORP had initiated some energy-saving actions:

- Property Maintenance Office has provided a routine servicing programme to all air-cond units to ensure smooth operation and to reduce the energy consumption.
- Awareness to all employees on electricity saving through an energy saving campaign.
- Optimising the space used for employees' workstations whilst providing sufficient work areas to ensure a comfortable and safe workplace environment.
- Work from home due to the COVID-19 pandemic.

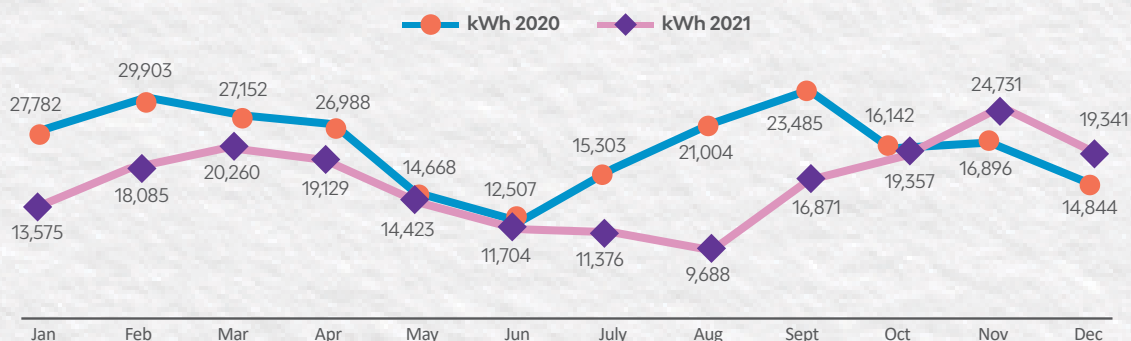
**Energy Consumption at Corporate Office 2021**



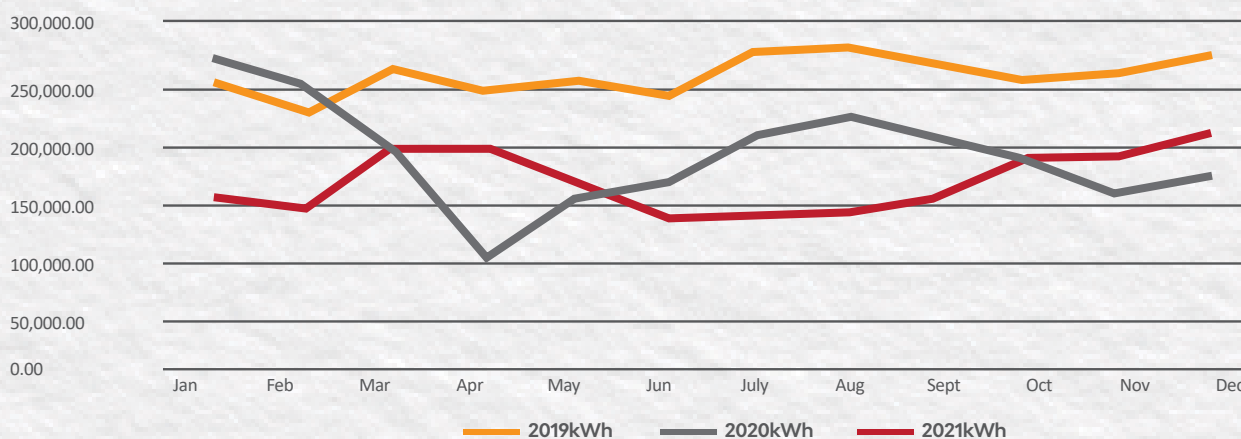
Our total energy consumption at our corporate office was **198,540kWh** for year 2021, a significant reduction by 20% compared to **246,674kWh** for year 2020. The graph above illustrates the energy consumption on a monthly basis.



Energy Consumption 2020 vs 2021



## ENERGY CONSUMPTION FOR STRAND MALL



Year	2021	2020	2019
Absolute Energy used kWh	2,025,853	2,313,942	3,148,831
Percentage reduction	12%	27%	Not Applicable

For three (3) years (2019-2021) Strand Mall's absolute energy use was a total of 7,488,626kWh energy and consume substantial amounts of energy.

As the building owner and managers, we seek to minimise our environmental impact by investing in resource efficiency and look to embed conservation practices into our operations. Our total energy saving consumption in 2021 was 1.1MWh. Comparing to our normalised portfolio, this is a reduction in energy consumption of 36% from 2019 energy consumption, which is equivalent to the energy required to power 3,255 Malaysian homes.<sup>1</sup>



Throughout the year, all our business divisions continued to undertake various energy efficiency initiatives that helped to reduce our overall energy consumption. This included initiatives such as the new installation of a baby chiller to optimise the energy consumption at night for Strand Mall, by using sensors and an automatic variable speed device at all retail outlets, as well as maximum demands.

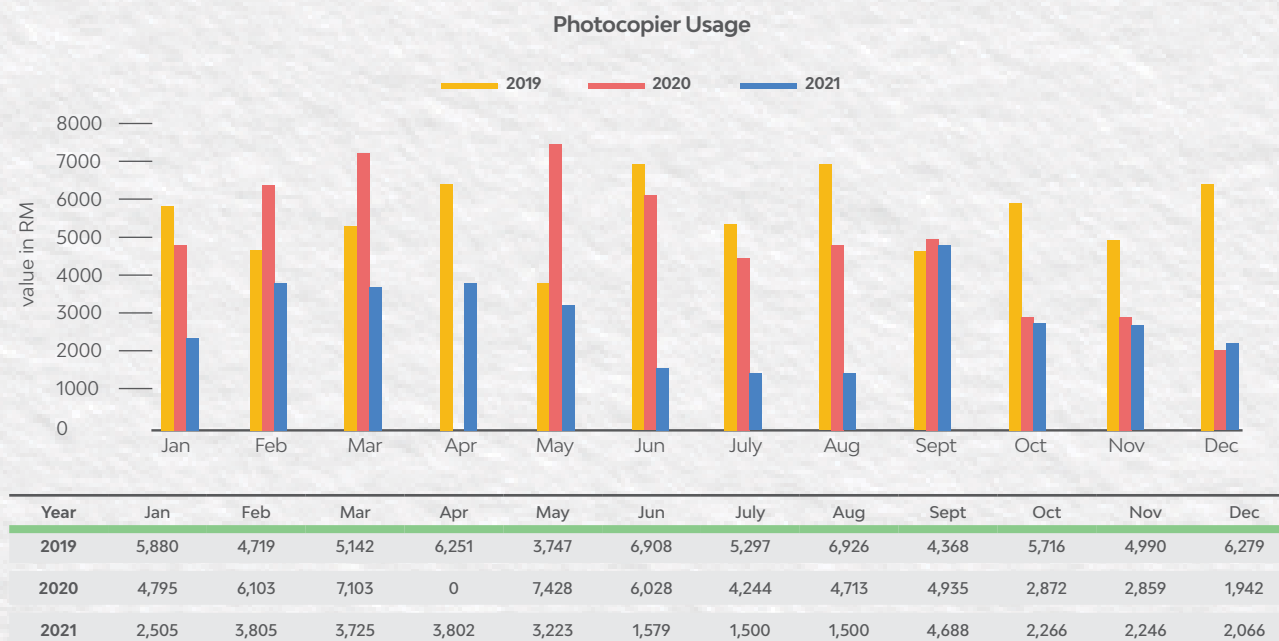
Note:

1. Ahmed, M.S.; Mohamed, A.; Homod, R.Z.; Shareef, H.; Khalid, K. Awareness on energy management in residential buildings: A case study in kajang and putrajaya. J. Eng. Sci. Technol. 2017, 12, 1280-1294.



## REDUCING PAPER USE

Since launching our digitisation initiatives, we have been able to stabilise our paper consumption at the workplace. We continue to encourage our employees to only print necessary material. We monitor our employees' use of printing through password controls on paper copier machines and printers. Monthly reports are generated on printing volumes which are then sent on to the respective business units to analyse. These business units are also encouraged to implement internal measures to reduce paper usage where possible. Our total printing usage was RM32,905 for year 2021, a significant reduction of 38% compared to RM53,022 for year 2020. The graph below illustrates the usage of paper for photocopier machines on a monthly basis.







The significant reason for the reduction in printing use was due to the Movement Control Order as employees worked from home during the COVID-19 pandemic.

## EFFLUENT AND WASTE

Waste is produced during construction and upon completion of projects. Our goal is to minimise waste generation in both stages and encourage the use of recycling and reusing to minimise the volume of waste going into landfills. We work with our contractors and tenants to achieve the best possible outcomes.



Source of Waste	Type of Waste
Corporate Office	<ul style="list-style-type: none"><li>General Waste </li><li>Paper Waste </li></ul>
Project Site	<ul style="list-style-type: none"><li>Pre-Construction Phase <i>Trees of various girth, shrubs, and bushes</i> </li><li>Construction Phase <i>Construction debris, concrete pile and structure and concrete slab</i> </li></ul>

Our waste management strategy can be summarised as follows:

- Designed for Less. We incorporate waste separation and collection facilities in our developments to make it easier for tenants to recycle their waste. We designed a slip trap to prevent soil from getting discharged into the drains.
- Built with Less. We encourage our contractors to minimise the use of wood in construction and recycle waste. Our contractors are required to disclose how much waste they generate and how they dispose of the waste.
- Disposing Less. We engage with our tenants to segregate all their waste, going beyond regulatory requirements in cultivating a recycling culture in our developments.

## COMPLIANCE TO ENVIRONMENTAL REGULATIONS

ENCORP is conscious of the environmental impact of its business and operations. All our projects sites are therefore governed by stringent policies on environmental protection, including aspects such as waste management etc. For instance, we conduct routine and scheduled monitoring and inspection of water, and air pollution, as well as record and analyse key parameters to ensure they are within the levels set by regulation. Besides, we also abide by the local environmental regulations and compliance requirements.

We take compliance seriously and ensure adherence to all relevant rules and regulations. We adhere to the Environmental Quality Act 1974 (amendment) 1996 and its subsequent Regulations and Orders. We did not receive any stop work orders or fines by the authorities for our Encorp Cahaya Alam project.

At Encorp Cahaya Alam, a 210-acre vibrant and integrated collection of commercial developments, with green features in place to benefit the community in an environment-friendly manner. The development has been designated as open spaces and boasts sustainable landscape design planning which emphasises the reintroduction and propagation of indigenous trees and plants that create more shade and provide habitats for animals in a harmonious ecosystem. As a Group, we managed to allocate an average of 20% of total development for open spaces, which is beyond the local authority's requirement of 10%.



Encorp Cahaya Alam



Green features and social amenities in Encorp Cahaya Alam for public use



Edible garden in the park

Original trees and plants maintained in the development



Pedestrian walkways



Cycling and jogging path



Planting of trees to ensure environmental sustainability



Planting of trees to ensure environmental sustainability



Public facilities such as kindergarten and surau







## SAFE WORKPLACE



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At ENCORP, health and safety is one of our most significant material issues. Due to the nature of our business, we are dedicated to ensuring that our health and safety practices comply with those required by law and are always seeking to enhance our standards so that they are in accordance with global best practices.

The safety of our employees is of utmost priority. To ensure the highest level of safety, we have a Health and Safety Policy which is shared with all our contractors and relevant stakeholders.

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### ENCORP BERHAD SAFETY STATEMENT

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ENCORP is committed to the practice of inspiring confidence by ensuring the health, safety and wellbeing of its employees and the protection of the environment.

To achieve this goal, ENCORP believes in embedding the principles and policies of Safety, Health and Environment in all our employees and those involved in our daily activities, with a particular focus on leadership by top management.

In this regard, ENCORP complies with the provisions of the Occupational Safety and Health Act 1994, its regulations and all approved codes of practice. It does so by:

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- Ensuring awareness, accountability, commitment and cooperation among all Heads of Department and other top management with respect to Occupational Safety and Health and its impact on the performance of the company and employees.
- Identifying any and all hazards in the workplace, whether at the office or at construction sites, assessing and controlling risks to provide a safer working environment for employees and those involved in our activities.
- Periodically reviewing policies, procedures, documentation and training content to ensure effectiveness and to keep up to date with current laws and regulations.
- Setting Occupational Safety, Health and Environment (OSHE) targets and objectives and ensuring that these targets are monitored.

Encorp will continue striving towards achieving the highest standards in OSHE through training, commitment, support and supervision to ensure a safe and healthy working environment.

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### OUR SAFETY PERFORMANCE

In FY2021, there were no accidents or injuries recorded within the company.

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Type of Stakeholder	Gender	Minor Injuries	Major Injuries	Fatalities	Loss Time Injury
Employees	Male	0	0	0	0
	Female	0	0	0	0

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### SAFETY OF COMMUNITY IN COMBATING COVID-19



The COVID-19 pandemic has brought on unprecedented challenges, both for the Company and ENCORP businesses. Against this backdrop, we have adopted new strategies and methods of engagement to ensure business continuity and safeguard our employees and site workers. ENCORP was proactive and moved swiftly to adapt to altered operating conditions amidst the new normal by following the Standard Operating Procedures of the relevant authorities such as the Ministry of Health (MOH) and the National Security Council (MKN).

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## ESTABLISHING GOVERNANCE AND LEADERSHIP IN MANAGING COVID-19

We launched our COVID-19 Guideline in May 2020 and make the necessary SOP changes required by the authority to provide a safe and healthy working environment and to control the spread of COVID-19 in the workplace. We also collaborated with our Strand Mall anchor tenant Alpha Fertility Centre to ensure all our ENCORP staff, tenant, and relevant stakeholders received their vaccination for a better protection against COVID-19 and the continuity of our business.

In response to COVID-19, ENCORP has put in place procedures to ensure compliance with the SOPs including maintaining records of employees' vaccination and regular testing for COVID-19. Employee who do not comply with the requirement will be declined from entering to our office, mall, sales gallery and project-sites.

### Our Response to COVID-19

ENCORP continues to perform the necessary due diligence in controlling the COVID-19 outbreak. The following are the initiatives implemented to prevent COVID-19 at ENCORP's workplaces, shopping mall and project sites.



### Action by Employers

- Communicate to employees about COVID-19:
  - Advise employees on preventive methods; including personal hygiene and respiratory etiquette.
  - Remind employees of the need to practise hand hygiene regularly e.g. via e-mail, social media, gamification etc.
  - Provide regular updates on COVID-19 to employees.
  - Provide information on how to use surgical masks.
  - Provide appropriate health education materials regarding COVID-19 to all employees.
- Instruct Safety Officer to monitor symptoms of employees at the workplace.
- Collaborate with Alpha Fertility Centre to vaccinate employees and Strand Mall tenants.
- Encourage employees to measure temperature regularly and monitor if there is any respiratory symptoms.
- Consider obtaining travel declaration from employees on travel history.
- If employee develops symptoms:
  - **At home:**
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately.
    - Avoid contact with family members.
    - Accompanying person should also wear a surgical mask.
  - **At workplace:**
    - Relieve staff members from work if they are sick.
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately.
    - Avoid contact with fellow employees.
    - Accompanying person should also wear a surgical mask.
- Monitor sick leave and absenteeism among employees. Keep records of sick leave including reasons for leave, duration of leave and current status.



### Action by Employees

- Always maintain good personal hygiene:
  - Frequent hand washing with soap and water or hand sanitizer.
  - Practise respiratory etiquette.
- Employees are encouraged to take their meals at their desk.
- Limit food handling and sharing of food in the workplace.
- Keep updated on COVID-19 general news.
- If develop symptoms:
  - Need to alert the superior immediately.
  - Wear a surgical mask.
  - Seek medical treatment immediately.
  - Avoid contact with fellow employees.

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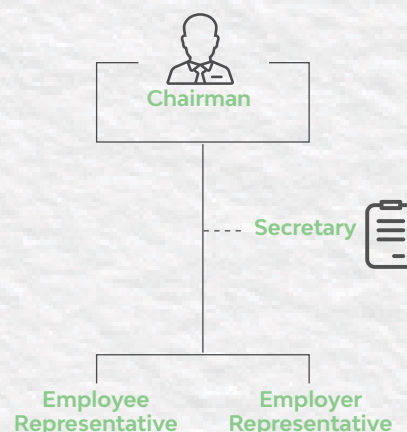
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### SAFETY & HEALTH COMMITTEE

A Safety and Health Committee is established at all of our operating units to provide an avenue for the management and workers to meet regularly and collectively improve the workplace safety and health. Workers' representatives are elected by the workers themselves and comprise representatives from various sections of the operating unit. Each operational unit's committee is trained annually by the Company's Safety and Health Officer on OSHE related matters and updates.

#### Safety and Health Committee Responsibilities:

- Assist in the development of health and safety rules and a safe working system;
- Review the effectiveness of safety and health programmes;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Report any unsafe or unhealthy work conditions or practices at the workplace to the management together with recommendations for corrective actions;
- Conduct investigations on accidents occurring at the workplace; and
- Promote and conduct OSHE activities such as health and safety campaigns, competitions and promotions.



### SAFETY INITIATIVES

Initiative	Purpose	Date
Emergency Preparedness on COVID-19	<ul style="list-style-type: none"> <li>• Protocol on facing COVID-19 and Action Plan</li> <li>• Simulation exercise to test the effectiveness of the Emergency Response Plan</li> </ul>	On going yearly
Preventive measures on COVID-19	<ul style="list-style-type: none"> <li>• Prepare Guideline, SOP, and work protocol pertaining to COVID-19</li> <li>• Project Site COVID-19 OHSE Inspection</li> <li>• COVID-19 SOP Compliance at Corporate Office, Strand Mall, Project sites and Sales Gallery</li> <li>• Provide face mask, hand sanitizer, disinfectant, infrared thermometer, hand gloves, face shield &amp; protective barriers for Corporate Office, Strand Mall and Sales Gallery</li> <li>• Training and knowledge sharing for all ENCORP employees</li> </ul>	As per MOH directive Monthly Daily Daily On going yearly

Initiative	Purpose	Date
Training	<ul style="list-style-type: none"> <li>New Hires Orientation</li> <li>Safety at Workplace</li> <li>Scaffolding Safety</li> <li>Emergency Response Plan</li> <li>Health, Safety &amp; Environment in Construction Industry</li> </ul>	On going as and when required
Plant & machinery inspection	Monthly workplace assessment is conducted following the relevant Regulations/Act: <ul style="list-style-type: none"> <li>Machinery: FMA 1967, Part III &amp; V</li> <li>False Work Safety, Working/Loading Platform, Scaffolding, Public Safety, Electricity Safety, Formwork &amp; False work : FMA (BOWEC), Reg. 1986</li> <li>Floor Opening, Expose Floor Edge, Working at Height, Access to Workplace, Workers Quarters, Site Cleanliness and Tidiness, Storage of Material, Emergency Response &amp; Preparedness and Personal Protective Equipment &amp; Others : Safety, Health &amp; Welfare, Reg. 1970</li> </ul>	Monthly
Fire Certificate by Bomba	<ul style="list-style-type: none"> <li>Building Fire Certificate for Strand Mall (Basement – 7th floor)</li> </ul>	Annually

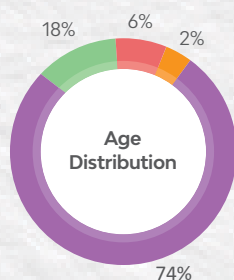
## DIVERSITY AND EQUAL OPPORTUNITY

Equality is about ensuring everybody has an equal opportunity, and is not treated differently or discriminated against because of their characteristics. Diversity is about taking into account the differences between people and groups of people, and placing a positive value on those differences.

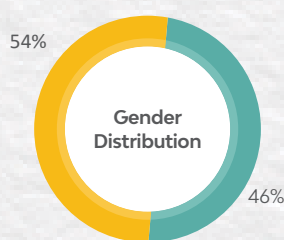
Benefits of equality and diversity in ENCORP:

- Equality and diversity add new skills to teams.
- Diversity in the workplace promotes innovation.
- Diversity and inclusion opens new markets.
- Valuing diversity improves your brand's reputation.
- Diversity management opens up new talent.

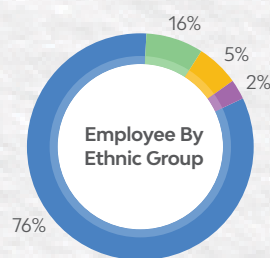
The charts below shows the age and gender distribution at ENCORP. We have an experienced team where 2% of our employees are aged above 60 years, followed by 18% aged between 51 to 60 years, 74% aged between 30 to 50 years, 6% aged below 30 years. Our gender distribution comprised of 46% female and 54% male, which is equally distributed.



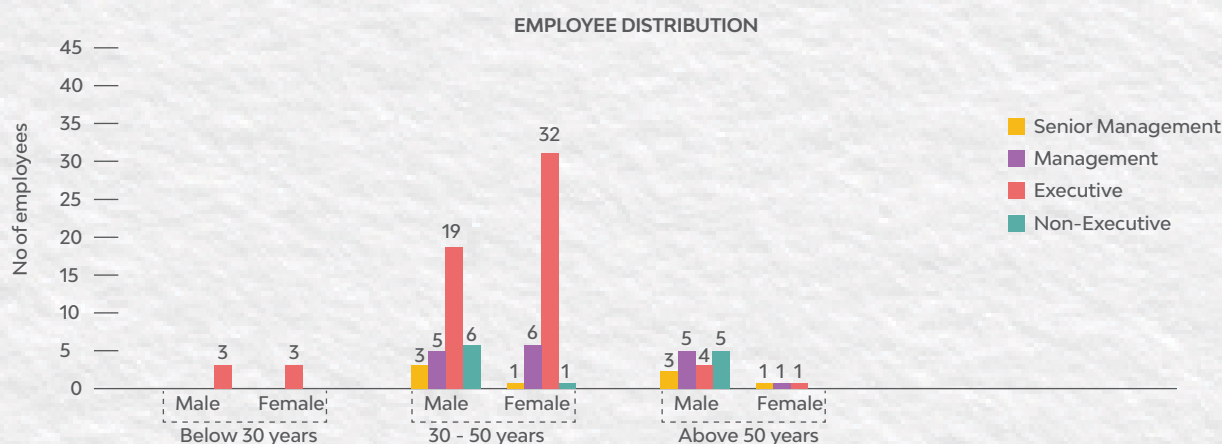
Age	Total no.
Above 60 years	2
51-60 years	18
30-50 years	73
Below 30 years	6



Gender	Total no.
Female	46
Male	53



Ethnic	Total no.
Malay	75
Chinese	17
Indian	5
Others	2



ENCORP, believes that by empowering women, we will be able to elevate the Company to greater heights. Multiple events were organised in 2021 for our female employees which include:

- Flexible Working Hours**  
 We provide flexible working hours to the women in our workforce to help them in juggling work, family and life-related matters. The flexible working hours of our female employees has increased flexibility with their work schedule while allowing them to maintain a progressive and productive work environment.
- Women's Check Up**  
 Female employees are entitled for annual medical check-ups such as pap smears, mammograms and others.
- Medical Coverage for Child Birth**  
 Female employees entitled to full term child birth medical coverage.

## EMPLOYEE BENEFITS

ENCORP employees enjoy benefits as stipulated in the Employment Act 1955. ENCORP is committed to providing competitive pay, comprehensive benefits and a professional working environment that fosters both innovation and rewards performance. Total employee compensation includes several sustainable employment components:

Company Leave	
Annual Leave	Maternity Leave
Public Holidays	Paternity Leave
Annual Leave Brought Forward	Compassionate & Calamity Leave
Medical Leave	Marriage Leave
Hospitalisation Leave	Pilgrimage Leave
Prolonged Illness Leave	Examination Leave
	Replacement Leave
Medical - Outpatient Annual Limit (Employee & Dependents)	
Employee and Dependents Entitlement	
Executive Medical Check Up (Employee only)	
Dental Treatment (Employee only)	
Pregnancy only for any kind of full term childbirth (Female employee only)	
Group Hospitalisation & Surgical	
ENCORP provides Hospitalisation and Surgical Insurance coverage plans for its employees and eligible dependents to seek medical consultation, treatment and prescribed medicines.	



#### COVID-19 Assistance

Hardship allowance  
Sanitation Kits  
Home Sanitation

#### Employees' Insurance Scheme

All employees of ENCORP are insured under the:

- Group Term Life Insurance scheme
- Group Personal Accident Insurance scheme

#### Allowances

Allowances will be given to employees with specific duties requirements and grades:



Mobile phone



Overtime meal



Shift



Laundry



Relocation



Car



Acting capacity responsibilities



Housing



Site



Extra responsibility

#### Benefits

- Professional Association Membership
- Club Membership Fee
- Employee Welfare
- Entertainment Expenses Claim
- Winter Clothing

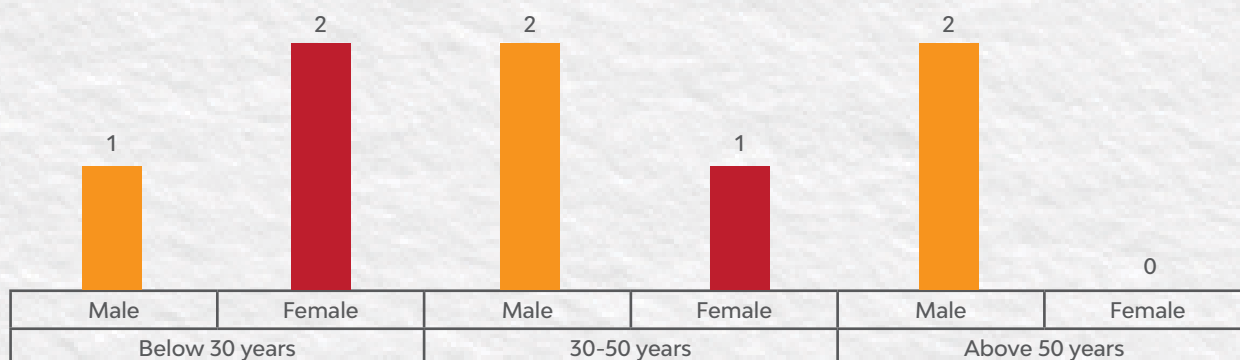


## EMPLOYEE HIRES AND TURNOVER

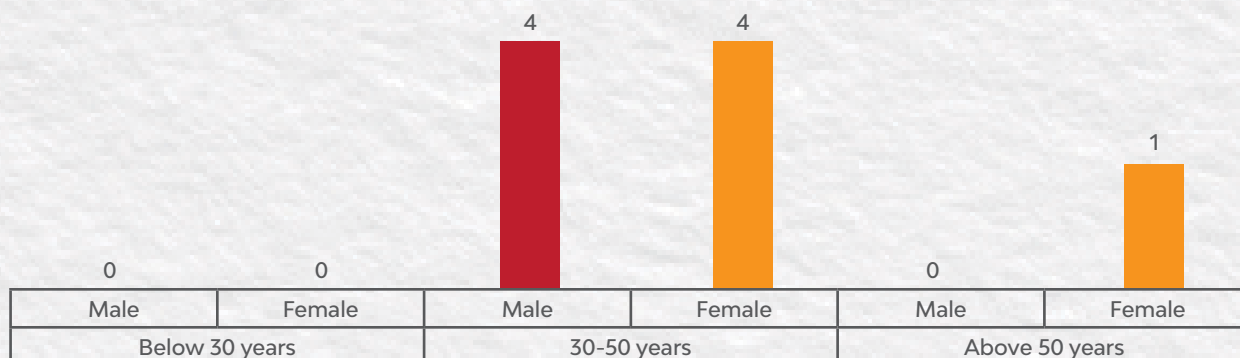
ENCORP offers an attractive working environment that keeps our employees engaged and motivated. ENCORP continues to offer competitive salaries and benefits, creating opportunities for growth whilst recognising and appreciating employees in a timely manner. We continue to focus our efforts to equip our employees with the skills and capabilities to deliver as high performing teams. We place great importance on employee engagement and provide a conducive workplace to retain our talents.

Our new employee hires and employee turnover for 2021 are shown in the graphs below, with our employee turnover rate of 19%.

New Employee Hires



Resignations



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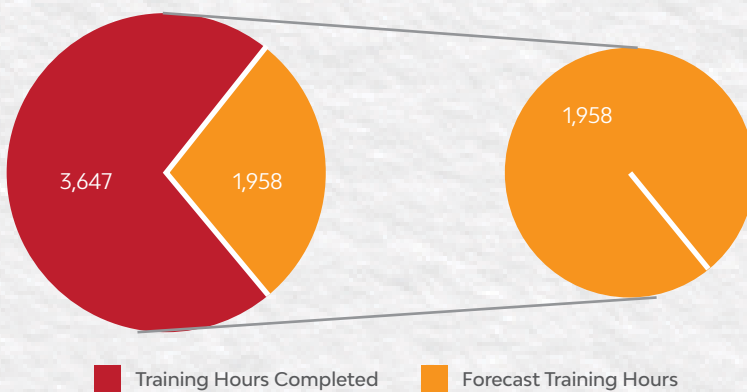
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## LEARNING AND DEVELOPMENT

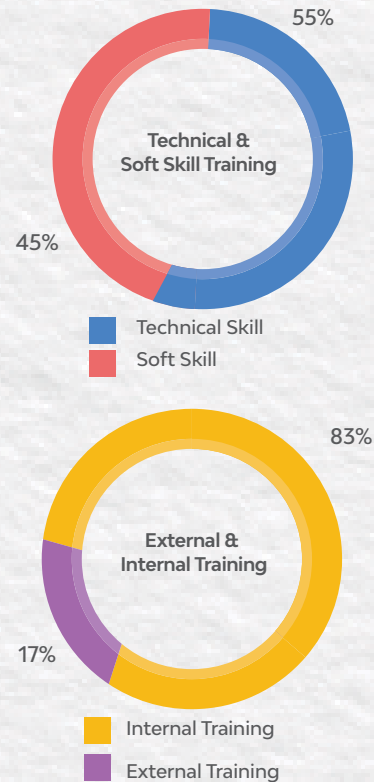
We are committed to enhancing the continual professional and personal growth of our employees. In 2021, ENCORP employees clocked over 3,647 training hours. We offered a wide spectrum of learning and development programmes in 2021 to enhance our employees' potential, covering technical programmes, emergency response preparedness and crisis management, leadership skills, selling skills and other soft skills.

### 2021 Training Programme breakdown:

#### Forecast Training Hours vs Training Hours Completed



#### Type of Trainings



## EMPLOYEE SATISFACTION AND INTER-DEPARTMENTAL SERVICE SURVEY

At ENCORP, we conduct an employee satisfaction survey at the end of every year to obtain our employees' feedback of ENCORP and to ensure better communication including perception and expectations, as well as strengths, weaknesses and areas for improvement. We value our employees' feedback as it allows us to improve our management and business practices.

Two surveys were conducted in 2021; an employee satisfaction survey and inter-departmental service survey. The employee satisfaction survey covered job satisfaction, provision of tools, technologies and resources in order to conduct daily work, training adequacy and utilisation of skills and abilities. On the other hand, our inter-departmental survey which showed participation from employees from various operating units, covered the topics on responsiveness such as speed, communication and cooperation. All feedback was anonymous. In general, the results showed that our service level ranged an average of 75% which fell under the category of "Good", an improvement from our score of 71% in 2020 and above the quality target of 70%.

## ENRICHING OUR COMMUNITY

ENCORP strives for harmonious co-existence with local communities as a "great citizen," recognising the fact that companies are also members of society. We not only contribute to society through our businesses, but also promote a wide range of local contribution activities and cooperate in achieving common regional and social goals in all countries and regions in which we do business and thereby contribute to their progress.

We also assist our employees in participating in local contribution activities as "great citizens" and offer volunteer programs in which employees can make the most of their diverse skills and capabilities, including local human resources development and environmental conservation activities in local communities.





## EMPLOYEE ENGAGEMENT

The following are highlights of our employee engagement activities in 2021.

Event	Date	Category	Description
COVID-19 care kits distribution	May	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>Distributed COVID 19 care kits filled with hand sanitizer, facemask, antibacterial wet wipes and handwash</li> </ul>
CSR Foodbank	June-December	CSR	<ul style="list-style-type: none"> <li>Set-up the CSR Foodbank at Strand Mall</li> <li>Distributed to the Food Riders and Kota Damansara community</li> </ul>
Virtual Yassin Recitation	July-November	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>To keep Muslim employees engaged and motivated</li> </ul>
Quiz 1 – Merdeka Trivia	August	Competition	<ul style="list-style-type: none"> <li>Merdeka 2021 Virtual Quiz Challenge</li> </ul>
Merdeka 2021 Virtual Challenge	August	Competition	<ul style="list-style-type: none"> <li>Virtual Merdeka challenge to relive the spirit of patriotism towards our beloved country</li> <li>To enhance employees engagement at the comfort of their home during the pandemic</li> </ul>
So Malaysian Lah! Photo Contest	September	Competition	<ul style="list-style-type: none"> <li>For employees to get creative by stories, and scenes of Malaysia through a picture</li> </ul>
Football/Futsal	October-December	Sports	<ul style="list-style-type: none"> <li>To encourage healthy living through sports and in particular football</li> </ul>
Zumba	October	Motivational Booster	<ul style="list-style-type: none"> <li>To have a balanced lifestyle</li> </ul>
Hari Sukan Negara Health Talk	October	Educational	<ul style="list-style-type: none"> <li>To provide knowledge on mental health and healthy lifestyle as part of the new norm</li> </ul>
Deepavali Gift Pack	November	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>To continue the tradition of organising a Deepavali treat for all employees</li> </ul>



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In addition, to encourage employees to instil in their children the aspiration to acquire knowledge, we also awarded the children of our employees who achieved excellent academic performances. The employees' children who excelled in major public examinations like Malaysia Certificate of Education (SPM) and Degree Programmes were awarded with cash awards.

**2021**

**Recognition of  
Employees' Children  
who excelled in Key  
Examinations**

ENCORP awarded cash rewards to 3 children of our employees who achieved 7As in SPM, 8As in SPM and a Bachelor of Science Degree with Second Class Honours, First Division in Accounting examination.



Employee: Lee Lay Hong  
Child: Su Wen Yeu  
Achievement: Bachelor of Science Degree with Second Class Upper Honours



Employee: Chan Yee Chun  
Child: Chan Shin Yuet  
Achievement: 8As in SPM



Employee: Arman Idzmy Bin Omar  
Child: Nur Shafiqah Mardhiah  
Achievement: 7As in SPM



## LOCAL COMMUNITY ENGAGEMENT

ENCORP is also committed to contribute to the society by assisting the less fortunate. In 2021, we collectively dedicated about 674 hours of service from 99 ENCORP volunteers, an average of 7 hours per employee, to local communities. The major activities organised were as follows:

**a) Food distribution to the less fortunate community in Johor (5 May 2021)**

ENCORP sponsored essential items such as dry food and transported these items to Johor for distribution. ENCORP worked with Pertubuhan Warisan Melayu Negeri Johor in efforts to assist 60 underprivileged families in Johor especially those who were hit the hardest during the COVID-19 pandemic.

**b) ENCORP Foodbank distribution to the Food Riders, Kota Damansara Community and Employees in Need (19 June – 4 December 2021)**

As a response to the COVID-19 pandemic, ENCORP sets up a Food Bank station at Strand Mall to distribute basic necessities to the low-income families from the Kota Damansara community who faced adverse situations related to food insecurity. Items such as toiletries, rice, salt, sugar, sauces, flour, cooking oil, drinks and fresh eggs were sponsored by ENCORP employees. On appointment basis, a total of 291 Kota Damansara households were assisted.

ENCORP's assistance were extended to six (6) identified employees who received food bank items and cash donation as a form of encouragement for employees to pull through hard times.

**c) Food Packs Distribution to CAC Stadium Melawati (August – October 2021)**

In appreciation of the frontliners and volunteers of the COVID-19 Assessment Centre Stadium Melawati (CAC) for all their hard work and patience in helping the community through the COVID-19 pandemic, ENCORP distributed a total of 1,600 breakfast and 1,600 lunch food packs.

The activity includes supporting four (4) small local-business food operators within Kota Damansara to help to keep their operations running during the COVID-19 pandemic. In support of ENCORP's Eco Campaign, the food operators provided paper food packaging to reduce plastic waste.

**d) ENCORP Eco Campaign (11 June - 26 October 2021)**

ENCORP organised an environmental awareness programme throughout the organisation. 77 employees collectively gathered 1,904 reusable and recyclable materials weighing 151kg ranging from papers, plastic bottles, aluminium, batteries, light bulbs and old clothing. All items collected were separated and disposed properly at IPC Recycling & Buy Back Centre.

**e) Flash Flood Aid (21 – 23 December 2021)**

ENCORP came forward to help the flood-affected families who were evacuated to the Shah Alam City Council (MBSA) flood relief centre. In the hour of need, ENCORP distributed basic necessities such as towels, toiletries, soap laundry detergent, baby milk powder, feminine products and dry food items such as instant noodles, sachet drinks, instant porridge and biscuits.

The effort continues to provide immediate assistance to our employees who are also amongst those affected by the flash flood. We came together as a family to provide aid, temporary accommodation at Encorp Strand Residences homestay, support and assistance including post-flood clean up.

**f) Donation to Majlis Belia Felda Malaysia (27 December 2021)**

ENCORP donated RM10,000 to Majlis Belia Felda Malaysia in collaboration with Yayasan FELDA and FELDA in supporting of the "Program Mobilisasi Sukarelawan Pasca Banjir Belia Felda" to assist flood victims within FELDA areas by helping with post-flood clean up and providing food items. 312 volunteers were involved in the two (2)-day programme.

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## COVID-19 RELIEF MEASURES AND SUPPORT

ENCORP acknowledges the difficulties of employees and the community during this challenging time. As part of ENCORP's response to the COVID-19 pandemic, ENCORP has made contributions within the workplace and for the community includes:

Hybrid Work From Home Work Model: employees with the option to either work on-site or remotely	4 sets of non-contact Temperature Assessment Devices throughout ENCORP's premises		Over 90 litres of hand sanitiser for employees and public
1,600 foodpack meals for frontliners of COVID-19 Assessment Centre Stadium Melawati	Over 4,200 face masks	Over 434 COVID-19 test kits for employees and visitors	Donation in-kind for 291 Kota Damansara households
Donation in-kind for 60 Johor households	Supported 4 small local-business food operators within Kota Damansara	Cash donation for 6 identified employees	Disinfection service for 6 employee homes

## CONCLUSION

Moving forward, we aim to emphasise more on monitoring and managing the impact of Environmental, Economy, Social (ESG) that arise in our business operations as well as to incorporate sustainable development practices in our projects.





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Garden Lake at Encorp Cahaya Alam



### 2021 HIGHLIGHTS



5 May

ENCORP collaborated with Pertubuhan Warisan Melayu Negeri Johor and provided essential items to sixty underprivileged families in Johor who were affected by the COVID-19 pandemic.



11 June - 26 Oct

Collective drive for recyclable items. All items were separated and disposed properly at IPC Recycling & Buy Back Centre.



19 June - 4 Dec

ENCORP set up a Food Bank station at Strand Mall to distribute basic necessities to a total of 291 Kota Damansara households and Food Riders.



Aug - Oct

Breakfast and lunch food packs distributed to frontliners and volunteers of the CAC Stadium Melawati.



10 Sept

ENCORP's 21<sup>st</sup> Annual General Meeting.







## 2021 HIGHLIGHTS



16 Dec

Winner of Human Resources Asia Best Companies to Work for in Asia 2021 at the HR Asia Awards.



21 - 23 Dec

ENCORP distributed basic necessities to the flood-affected families who were evacuated to the Shah Alam City Council (MBSA) flood relief centre.



21 Dec

ENCORP's effort continues to provide immediate assistance to the plight of our employees who were also amongst those unfortunate victims of the flash flood.



27 Dec

ENCORP donated to Majlis Belia Felda Malaysia in collaboration with Yayasan FELDA in support of the "Program Mobilisasi Sukarelawan Pasca Banjir Belia Felda" to assist flood victims within FELDA regions.



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ENCORP IN THE NEWS

THE STAR  
1 April 2021

STAR812, THURSDAY 1 APRIL 2021

## Encorp posts Q4 net profit of RM56mil

PETALING JAYA: Encorp Bhd recorded a net profit of RM56mil for its fourth quarter ended Dec 31, 2020, compared with a net loss of RM30mil in the previous corresponding period, mainly due to a reversal of accretion interest for 2019 and cumulative accretion interest as at the third quarter of 2020 of RM16.8mil.

In a filing with Bursa Malaysia, the property firm said earnings during the quarter were also spurred by cumulative interest charges of RM9.1mil as at the third quarter of 2020.

Additionally, Encorp said its revenue in the fourth quarter dipped to RM445.4mil compared with RM462.3mil a year earlier.

"The decrease in revenue is mainly attributed from reduced sales of properties, as the movement control order imposed due to the Covid-19 pandemic crisis had restricted marketing and sales activity significantly."

Encorp said the revenue recorded for its property development segment during the fourth quarter was generated from the launch of landed developments Dahlia and Clover parcels at Encorp Cahaya Alam.

"The sales of high-rise properties in Johor and Selangor remained weak due to overhang and poor buying sentiment arising from the Covid-19 pandemic."

For its financial year ended 31, 2020, Encorp's net loss to RM3.8mil compared RM46.4mil in the previous corresponding period, while it dipped to RM134.1mil RM160.8mil a year earlier.

Commenting on its prospect 2021, Encorp said property sentiment has been affected current economic situation.

"Landed residential projects continue to remain in demand. However, high-rise residential properties continue to remain challenging at this juncture due hang units," it said.

ENCORP CORP

ENCORP

## Encorp shares trade higher as major shareholder eyes exit

KUALA LUMPUR (Aug 18): Encorp Bhd, whose major shareholder Federal Land Development Authority (FELDA) is looking to dispose of its stake, saw its shares trading higher today.

The counter opened four ses higher at 30 ses. On market close, it remained some gains to settle at 31.5 ses, up 2.5 ses or 8.62%, after 100 million shares were traded.

The rise in the property developer's share price was in line with Bursa Malaysia's overall upward index on positive political developments and expectations of higher corporate earnings.

The Edge Malaysia reported that FELDA is looking at exiting Encorp with an asking price of RM5.

THE EDGE  
23 August 2021

## Encorp: Appointment of three new directors 'sparks interest'



● The Strand mall in Kota Damansara is one of Encorp's key assets (Photo by The Edge)

EDGEPROP.MY (/NEWS/AUTHOR?NAME=EDGEPROP.MY)  
September 18, 2021 | Updated 7 months ago

KUALA LUMPUR (Sept 18): Excitement and gains in share price seem to have originated from the appointment last week of three new directors at the property development company Encorp Bhd, reported The Edge Malaysia.

THE EDGE  
18 September 2021



ENCORP BERHAD (Company No: 200001004231 (506836-X))

## RECOGNITION OF A GROWING ENCORP

01

Winner of HR Asia:  
Best Companies to Work for in Asia Awards 2017, 2018, 2019 and  
2021

Winner of Employer of Choice Award (Silver),  
Malaysia HR Awards 2017

02

Winner of Employer of Choice Award (Silver) Private Sector,  
Malaysia International HR Awards 2018

Winner of Property Development (CSR),  
Malaysia Social Media Week Awards 2017

03

Winner of Best Investor Relations Company,  
7th Asian Excellence Recognition Awards 2017

Winner of Property Development,  
Selangor Business Excellence Awards 2017

04

Winner of Jury for Encorp Strand Mall,  
Universal Design Award 2016

Finalist of Best Mixed Development for Encorp Strand,  
iProperty.com People's Choice Awards 2016

05

**Winner of HR Asia:  
Best Companies to Work  
for in Asia Awards 2021**

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## GROUP FINANCIAL HIGHLIGHTS



**N1** There is no margin available due to the loss position for that year.

**N2** The results are attributable to owners of the parent company.

**N3** The net gearing ratio is calculated using the loans and borrowing amount plus trade and other payables however excluding the Sukuk Murabahah, cash and bank balances, fixed deposits and investment securities. The Sukuk Murabahah has been excluded as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk does not have any financial recourse to the Group.

**N4** Includes property development cost.



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FINANCIAL RATIOS	2021	2020	2019	2018	2017
Profit before tax margin (%)	1.3%	1.2%	N1	0.8%	N1
Basic loss per share (sen)	(3.44)	(1.18)	(15.30)	(2.54)	(12.23)
Closing share price as at end of year (RM)	0.330	0.235	0.31	0.43	0.65
Price-earning ratio (times)	(0.10)	(0.21)	(0.02)	(0.17)	(0.05)
Return on capital employed (ROCE)	0.07	0.05	0.06	0.06	0.04
Return on equity (ROE) <sup>N2</sup>	(0.031)	(0.010)	(0.13)	(0.02)	(0.09)
Net gearing ratio (%) <sup>N3</sup>	5%	11%	57%	55%	53%
Net assets per share (RM) <sup>N2</sup>	1.12	1.15	1.13	1.32	1.34
Shares ('000)	316,685	316,685	306,474	293,952	293,952

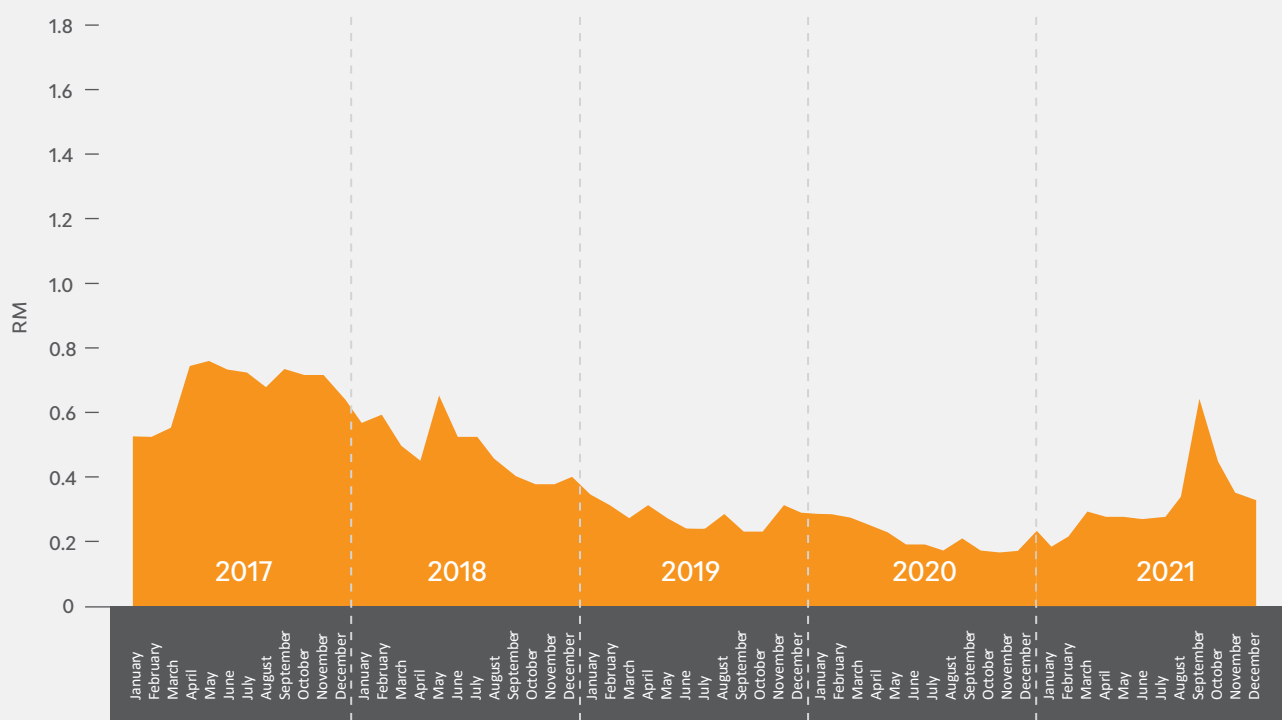
KEY BALANCE SHEET DATA	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	4,828	5,084	5,298	5,623	6,258
Investment properties	290,290	284,050	303,050	303,620	314,740
Land held for property development	17,034	36,683	501,581	511,739	404,814
Trade and other receivables	650,160	756,225	807,763	906,193	906,851
Inventories <sup>N4</sup>	113,007	144,937	148,122	157,417	266,211
Cash & cash equivalents and Investment Security	179,301	157,691	173,369	179,858	145,761
Other assets	36,732	11,768	29,465	44,259	97,260
Assets of disposal group classified as held for sale	-	-	-	100	97
Right-of-use asset	17,597	19,622	21,056	-	-
<b>Total Assets</b>	<b>1,308,949</b>	<b>1,416,060</b>	<b>1,989,704</b>	<b>2,108,809</b>	<b>2,141,992</b>
Loans and borrowings	90,244	103,191	93,041	136,571	122,940
Sukuk Murabahah	651,860	721,943	785,021	841,275	895,984
Trade and other payables	90,065	87,863	633,292	626,364	572,145
Other liabilities	15,862	33,590	23,121	33,094	70,096
Liabilities of disposal group classified as held for sale	-	-	-	950	945
Lease liabilities	20,074	21,370	22,005	-	-
<b>Total Liabilities</b>	<b>868,105</b>	<b>967,957</b>	<b>1,556,480</b>	<b>1,638,254</b>	<b>1,662,110</b>
Total Equity	440,844	448,103	433,224	470,555	479,882
Non-controlling interest	87,095	84,370	87,335	82,343	86,345
Shareholders' equity <sup>N2</sup>	353,749	363,733	345,889	388,212	393,537

### SHARE PERFORMANCE

Stock Exchange	Stock Name	Stock Code
Bursa Malaysia Securities Berhad	ENCORP	6076

During the year	2017	2018	2019	2020	2021
Highest (RM)	0.92	0.83	0.45	0.31	0.70
Lowest (RM)	0.57	0.35	0.27	0.17	0.18

Share Price (Bursa Malaysia)  
Based on month-end closing price







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Clover show unit, Encorp Cahaya Alam

## ● ● ● ● CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) reaffirms its commitment to and supports the best practices of the Malaysian Code on Corporate Governance 2012 (“the Code”) which sets out broad principles, intended outcome and guidance to promote and cultivate a strong culture of good corporate governance for listed companies.

The Board strives to ensure that the highest standards of corporate governance are practiced to protect and enhance shareholders’ value.

During the financial year ended 31 December 2021, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on how the Company has applied each Practice as set out in the Code in the Corporate Governance Overview Statement below, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each Practice set out in the Code during the financial year ended 31 December 2021, please refer to the Corporate Governance Report 2021 on the Company’s website at [www.encorp.com.my](http://www.encorp.com.my).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board’s Role and Responsibilities

The Board is charged with leading and managing the Company in an effective and responsible manner and is collectively responsible for meeting the objectives and goals of the Company. Each Director has a legal duty to act in good faith and in the best interest of the Company exercising due care and diligence avoiding conflict of interest wherever possible. Directors are to refrain from making improper use of information, property or opportunity gained through the position of Director or engaging in business which is in competition with the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.

In line with the Code, the Board has adopted a Board Charter which primarily sets out the Board’s strategic intent and outlines the Board’s roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded.

The Board had adopted and implemented a Code of Conduct and Business Ethics to provide guidance and set common ethical standards to promote consistency in behavior across the Group. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies. The Directors, management and employees are expected to behave ethically and professionally at all times and protect the reputation of the Company. The Group communicates its Code of Conduct and Business Ethics to all Directors, management and employees.

More information on the Board Charter, and the Code of Conduct and Business Ethics can be found on the Company’s website at [www.encorp.com.my](http://www.encorp.com.my).



The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Setting, reviewing and approving the business plan and overall strategic plan of the Company that supports long term value creation which includes strategies on environmental, economic, social considerations which underpins sustainability for the Company;
- Review, challenge and decide on Management's proposals or the Company and monitor its implementation by Management;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Together with Senior Management, promote good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behavior;
- Identifying principal financial and non-financial risks and ensuring the implementation of appropriate risk management framework to identify, analyse, evaluate, manage and monitor these risks and to set the risk appetite;
- Succession planning, includes appointment, training, fixing compensation of and where appropriate, replacing key management;
- Ensure the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical, prudent and professional behavior and working with Senior Management in promoting a culture of good Corporate Governance and promoting a culture of corporate responsibility.

All the Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

#### Board Balance

The Board comprises a majority of independent directors where the Chairman is an Independent Non-Executive Director. The current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgements and expertise to the Board. Further, the Chairman also ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings. The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

In addition, the role of the Chairman and the Group Chief Executive Officer ("GCEO") are distinct and separate to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The GCEO of the Company was appointed on 17 February 2021 to run the day-to-day management of Encorp Group business within the limits of authority delegated by the Board. The GCEO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. Notwithstanding that, the GCEO is also responsible to achieve goals and decisions made by the Board, ensure effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

To further strengthen the Group's Board governance, the Nominating and Remuneration Committee is given the responsibility to review the roles and responsibilities of the Board and the Board Committees.

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The Board is also of the view that the Chairman of the Board should not involve in any Board Committees in order to ensure check and balance as well as objectivity will not be impaired/influenced by the Chairman of the Board.

Detailed description of these roles can be found on the Board Charter inclusive of the TOR of the Board Committees online at [www.encorp.com.my](http://www.encorp.com.my).

#### Role of Company Secretary

The Board is supported by a suitably qualified and competent company secretary that has legal qualifications, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance of the Company. In this respect, Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation for the affairs of the Board. The Company Secretary reports directly to the Chairman of the Board.

Company Secretary has attended trainings and seminars conducted by the Companies Commission of Malaysia and Bursa Malaysia Securities Berhad ("Bursa Securities") to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on the Main Market Listing Requirements ("MMLR") of Bursa Securities, compliance with the Capital Markets and Services Act 2007, Companies Act 2016 and to ensure the Company's adherence to the Code. Therefore, the Board are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements.

#### Access to Information

The Directors have timely, full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively. The Board is expected to meet at least four (4) times for each financial year, with additional meetings to be convened when necessary to discuss and resolve on urgent basis.

#### Board Meetings

To ensure that Directors can plan ahead, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meeting is convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

During the financial year under review, nine (9) Board meetings were held. The summary of attendance of the Board is as follows:

Name of Directors	No. of Meetings Attended
Tuan Haji Hussein Bin Ismail <i>(Retired on 10 September 2021)</i>	4/4
Abdul Rahim Bin Abdul Hamid <i>(Retired on 10 September 2021)</i>	4/4
Tuan Haji Sr. Mohd Ali Bin Abd Karim <i>(Appointed on 14 September 2021)</i>	4/4
YBhg Datuk Haji Jaafar Bin Abu Bakar	9/9
Mahadzir Bin Mustafa	9/9
Datuk Shireen Ann Zaharah Binti Muhiudeen <i>(Appointed on 14 September 2021)</i>	4/4
Tuan Haji Lukman Bin Abu Bakar <i>(Appointed on 14 September 2021)</i>	4/4



## Sustainability

Encorp Group acknowledges the importance of sustainability relating to environmental, social and governance ("ESG") including their risks and opportunities to/for our Group. The Company will implement an ESG policy with the objective to priorities health and safety in the Group's business operations.

The Company is committed to communicate the targets and performances of the ESG to all the stakeholders of the Group regardless internally or externally. Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Report of the Annual Report 2021 which is available on Bursa Securities and the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

## II. Board Composition

The Company is managed and led by Board members from diverse professional backgrounds with relevant experiences and expertise in financial, business and other fields.

Practice 5.2 of the Code states that at least half (1/2) of the Board should comprise of Independent Directors. During the financial year ended 31 December 2021, there were five (5) members of the Board, comprising one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director. The Independent Directors make up the majority of the composition of the Board.

This composition also complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors.

The Board implemented an evaluation process, for assessing the effectiveness and competencies of the Board as a whole. The results of the self-assessment by Directors and the Board's effectiveness as a whole, as compiled by the Company Secretary were tabled to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

### Board Independence

The Board has developed the criteria to assess the independence of the independent directors on an annual basis. When assessing independence, the Board is encouraged to focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations.

The Board Charter sets out the restriction on the tenure of an independent director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. Otherwise, the Board must justify and seek shareholders' approval at General Meeting in the event it retains the Director as an Independent Director.

The Nominating and Remuneration Committee had performed an annual review on the independence of the Independent Directors. At present, there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.

The Board has undertaken an assessment of the Independent Director as per the criteria defined under the MMLR and other independence criteria applied by the Company which took into account the individual Director's independence of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment, and his ability to advise the Board on matters relating to transaction where conflict of interest may exist. Based on the assessment done, the Board concluded that each of the Independent Directors continues to demonstrate behaviour that reflect their independence.

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### Appointment of Directors

When appointing a Director, the Nominating and Remuneration Committee and the Board will consider the cultural background, experience, skill, age, gender, competency, knowledge and potential contribution of the candidate, whilst the Practice 5.5 of the Code will also be given due consideration for boardroom diversity. The Nominating and Remuneration Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nominating and Remuneration Committee recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the Nominating and Remuneration Committee and determines the appointments to be made.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board. Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. In compliance with Paragraph 15.06(1) of the MMLR, all Directors of Encorp do not hold more than five (5) directorships of listed issuer at any one time.

On 14 September 2021, two new Independent Non-Executive Directors namely Tuan Haji Sr. Mohd Ali Bin Abd Karim and Tuan Haji Lukman Bin Abu Bakar were appointed, were appointed. Their appointment was reviewed and recommended by the Nominating and Remuneration Committee. The Nominating and Remuneration Committee also reviewed and recommended the candidate for Non-Independent Non-Executive Director namely Datuk Shireen Ann Zaharah Binti Muhiudeen. Datuk Shireen Ann Zaharah Binti Muhiudeen was appointed to our Board on 14 September 2021.

The above appointments were recommended by the Company's major shareholder during candidate selection. The Nominating and Remuneration Committee scrutinised the suitability and qualification of the candidates and recommend the same for the Board's approval. In discharging this duty, the Nominating and Remuneration Committee assessed the suitability of the candidates by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

The Board recognises the challenges in achieving the right balance of diversity on the Board. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Board has established a Board Diversity Policy to ensure that through the Nominating and Remuneration Committee, selection and appointment of new board member take into the consideration the candidates from a wide variety of background, without discriminating based on gender, age, ethnic, marital status and religion but on the required mix of skill, knowledge and professional experience which the new director should bring to the Company. With Datuk Shireen Ann Zaharah Binti Muhiudeen's appointment to the Board, Encorp achieved a 20% female representation. The Board is mindful of the Practice 5.9 of the Code and will ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This will be done over time, taking into account the present size of the Board, the merit and suitability of female candidates and the evolving challenges to the Company from time to time.

### Re-Election and Re-Appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire from office at each Annual General Meeting ("AGM") and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM. Newly appointed directors during the year must offer themselves to the shareholders for re-election at the next AGM following their appointment.

To assist the shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election can be found in this Annual Report.





## Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects.

During the financial year ended 31 December 2021, the Directors have attended the following training programmes/seminars/workshops/talks:

Name of Director	Training and Seminars attended
Tuan Haji Sr. Mohd Ali Bin Abd Karim	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Datuk Haji Jaafar Bin Abu Bakar	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Mahadzir Bin Mustafa	<ol style="list-style-type: none"><li>1. Pemikiran Felda 2040: Fortune 500 Corporation, Satu Pemikiran Baharu</li><li>2. Media Training Breezing Through the Media Interview</li><li>3. Bengkel Pelan Strategik Felda Tahun 2022-2026</li><li>4. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>5. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Datuk Shireen Ann Zaharah Binti Muhiudeen	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Tuan Haji Lukman Bin Abu Bakar	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>

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### III. Remuneration

#### Board Remuneration

The Nominating and Remuneration Committee recommends the remuneration package for the Executive Director/ GCEO to the Board for approval. The Executive Director abstains from deliberation and voting on decisions in respect of his own remuneration.

The Nominating and Remuneration Committee comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:-

Name of Member	Designation	Directorship
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar (Redesignated as Chairman on 5 November 2021)	Chairman	Independent Non-Executive Director
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 5 November 2021)	Member	Non-Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar (Appointed on 5 November 2021)	Member	Independent Non-Executive Director

The Nominating and Remuneration Committee assists the Board in fulfilling the following functions:

#### (i) New appointments, re-election and re-appointment

- to establish clear and appropriate criteria on the selection and recruitment of the Board;
- to consider and recommend to the Board candidates for directorship based on a variety of sources including existing Board members, management, major shareholders and/or independent sources, taking into consideration the candidates' skills, knowledge, expertise, experience, time, commitment, character, professionalism, independence and integrity that fit the Company's objectives and strategic goals;
- to recommend to the Board candidates to fill the seats on Board as Directors or Board Committees having regard to their ability to discharge the responsibilities/functions as required under the MMLR of Bursa Malaysia Securities Berhad;
- to evaluate the balance of skills, knowledge, experience and diversity (including gender diversity), age, cultural background on the Board and senior management;
- to evaluate and recommend to the Board on the re-election and re-appointment of the directors who are subject to retirement at annual general meeting;
- to evaluate and recommend to the Board the appointment, promotion and termination of the executive director, chief executive officer and senior management;
- to ensure each of the Director, chief executive officer or key senior management has the character, experience, integrity, competence and time to effectively discharge his role as Director, chief executive officer or key senior management as required under Paragraph 2.20A of the MMLR before appointment and fulfills the requirements under Section 198 of Companies Act, 2016 and Paragraph 15.05 of the MMLR.

#### (ii) Evaluation

- to establish clear and appropriate criteria on annual assessment of the Board;
- to assess annually the effectiveness and competencies of the Board as a whole, the Board Committees and the contribution of each individual director; and
- to assess annually the independence of the independent directors



**(iii) Succession planning and training**

- to establish appropriate plans for succession at Board level and senior management level; and
- to review the training needs of the Board.

**(iv) Remuneration**

- to establish formal and transparent remuneration policies and procedures to attract and retain Board members and senior management of the Company and its subsidiaries ("the Group");
- to review and recommend to the Board the remuneration package for executive director, chief executive officer and senior management;
- to review with chief executive officer and executive directors, their goals and objectives and to assess their performance against these objectives as well as contribution to the Company's short-term and long-term corporate strategy; and
- to review and recommend to the Board the annual increments and bonuses of executive directors and senior management team.

**(v) Additional duties and responsibilities**

- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Nominating and Remuneration and the Board from time to time; and
- to carry out such other responsibilities as guided by MMLR and the Code.

The terms of reference of the Nominating and Remuneration Committee is provided in the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

The Nominating and Remuneration Committee deliberated on the following matters in 2021:

- Annual Board assessment on the effectiveness and competencies of the Board as a whole, Board Committees and individual directors;
- Evaluation of the independence of each Independent Director on an annual basis;
- Identification of appropriate training and education programmes with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Group;
- Proposed appointment of new member and chairman of Nominating and Remuneration Committee; and
- Proposed appointment of new member and chairman of Audit, Risk and Governance Committee.

**Policies and Procedures**

The Executive Director/GCEO is not entitled to annual Directors' fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends.

Non-Executive Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Directors for each Board or committee meeting they attend.

The Directors' Remuneration Policy was adopted by the Board on 26 November 2015, which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

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The remuneration of Directors for the financial year ended 31 December 2021 are as follows:

Group	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Tuan Haji Sr. Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)	44	5	-
Datuk Haji Jaafar Bin Abu Bakar	129	18	-
Mahadzir Bin Mustafa	117	15	-
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)	14	5	-
Tuan Haji Lukman Bin Abu Bakar (Appointed on 14 September 2021)	23	6	-
Tuan Haji Hussein Bin Ismail (Retired on 10 September 2021)	181	7	-
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	97	12	-
<b>Total</b>	<b>605</b>	<b>68</b>	<b>-</b>

Company	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Tuan Haji Sr. Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)	36	4	-
Datuk Haji Jaafar Bin Abu Bakar	99	16	-
Mahadzir Bin Mustafa	97	13	-
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)	14	5	-
Tuan Haji Lukman Bin Abu Bakar (Appointed on 14 September 2021)	18	5	-
Tuan Haji Hussein Bin Ismail (Retired on 10 September 2021)	167	5	-
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	83	10	-
<b>Total</b>	<b>514</b>	<b>58</b>	<b>-</b>

#### Senior Management Remuneration

Practice 8.2 of the Code states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits in kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues. The remuneration for the top five (5) Senior Management for the financial year ended 31 December 2021, ranged as follows:

Remuneration range (RM)	No. of Senior Management
200,001 – 250,000	0
250,001 – 300,000	2
300,001 – 350,000	0
350,001 – 400,000	1
400,001 – 450,000	0
450,001 – 500,000	1
500,001 – 550,000	0
550,001 – 600,000	0
600,001 – 650,000	1

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****I. Audit, Risk and Governance Committee**

The Audit, Risk and Governance Committee is made up of three (3) members comprising of two (2) Independent Non-Executive Directors and one (1) Non-Independent Director appointed by the Board and it has written terms of reference clearly setting out its authority and duties.

The Audit, Risk and Governance Committee take note of Practice 9.2 of the MCCG 2021 that the cooling-off period shall be at least three (3) years before a former partner is appointed as member of the Audit Committee. During the financial year ended 31 December 2021, none of the Audit, Risk and Governance Committee members were former key audit partners of the Company. The Audit, Risk and Governance Committee will review and recommend to the Board to update its terms of reference on the requirement to observe the cooling-off period of at least three (3) years before appointment of a former partner of the external audit firm of the Company as a member of the Audit, Risk and Governance Committee, as recommended by the Code.

The terms of reference and Report of the Audit, Risk and Governance Committee are also provided in this Annual Report and website at [www.encorp.com.my](http://www.encorp.com.my).

The Audit, Risk and Governance Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit, Risk and Governance Committee currently comprises the following members:

Name	Designation	Directorship
Abdul Rahim Bin Abdul Hamid <i>(Retired on 10 September 2021)</i>	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar <i>(Redesignated as Chairman on 30 November 2021)</i>	Chairman	Independent Non-Executive Director
Mahadzir Bin Mustafa	Member	Non-Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar <i>(Appointed on 30 November 2021)</i>	Member	Independent Non-Executive Director

More information on the Audit, Risk and Governance Committee and its activities for year 2021 is also available in this Annual Report.

**Relationship with External Auditors**

Through the Audit, Risk and Governance Committee, the Group has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the laws and regulations. The external auditors were invited to attend the Audit, Risk and Governance Committee Meeting to give their views on the state of affairs of the Company, where necessary. The external auditors also highlight to the Board any material deficiency pertaining to the system of internal control and compliance issues of the Group.

The Company has established an External Auditors Policy to assess and monitor the external auditors. The Audit, Risk and Governance Committee has assessed the independence of Ernst & Young PLT and was satisfied with their competency and independence. The Audit, Risk and Governance Committee has therefore recommended the re-appointment of Ernst & Young PLT as auditors to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

## II. Risk Management and Internal Control Framework

### Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and Group's senior management. The Risk Management Committee reports to the Audit, Risk and Governance Committee on a quarterly basis. The Audit, Risk and Governance Committee assists the Board in providing oversight over the Group's management of risk and reviews the adequacy of compliance and control throughout the Group.

### Internal Control

The Board of Directors recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goal of maximising shareholders' value. To this extent, the need for a strong internal control environment has been ingrained into the culture of the Group by the Board and Management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit, Risk and Governance Committee. The Group's Statement on Risk Management & Internal Control is set out in this Annual Report.

### Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle Blowing Policy. This is essentially a mechanism to enable the employees to disclose internally any serious malpractice or misconduct without fear of reprisal. This policy provides a safe and acceptable platform for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Group.

The complainant should report immediately if they have a reasonable belief that a wrongdoing has been, is being or it believed to have committed. The complainant is encouraged to make a report via the following methods:

- Meet or contact any Risk and Governance Department staff to make a report; and
- In writing and delivered either by hand, mail to the Chairman of Audit, Risk and Governance Committee.

The Board and the Management give their assurance that the whistle-blower identities are kept confidential and the whistle-blower will not be at risk to any detrimental action as a result of raising a concern with good faith. The Company, however, does not extend this assurance to someone who maliciously raises a matter which is untrue. If an investigation is necessary, the investigation team shall have full access to people, documentation and evidences as required and necessary to carry out the investigation in accordance to the authority assigned by the Board.

The Whistle-Blowing Policy is provided on the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

### Anti-Bribery and Corruption Guideline ("ABAC Guideline")

The Board had also adopted the Anti-Bribery and Corruption Guideline to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities.

The ABAC Guideline is provided on the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

### Internal Audit Function

The internal audit function of the Company is outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd, which assists the Audit, Risk and Governance Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit, Risk and Governance Committee.

The outsourced Internal Audit is an integral part of the Group's internal control system, with the function reporting directly to the Audit, Risk and Governance Committee. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group.

Further details of Internal Audit are also available in this Annual Report.



**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. Communication with Stakeholders**

The Company adheres strictly to the disclosure requirements under the MMLR of Bursa Securities. The financial results of the Company are announced quarterly to Bursa Securities via Bursa Link. Material transactions and events are also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the practices under the Code, a Stakeholders' Communication Policy was implemented to handle the process of handling queries from its stakeholders.

The Company maintains regular and effective communication with its shareholders and stakeholders by attending to shareholders' and investors' e-mails and phone calls enquiries, Company general meetings and other Company events. The Notice for the Company's Annual General Meetings provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their rights to appoint a proxy and information as to who may count as a proxy.

The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.

**Corporate Disclosure Policy**

The Board has formalised a Corporate Disclosure Policy ("CDP") which aims to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by the investors and stakeholders. The CDP sets out the policies and procedures for disclosure of material information of the Group. The CDP is applicable to all Directors and employees of the Group.

**II. Conduct of General Meetings**

The AGMs serve as the principal avenue for shareholders to engage the Board and Management in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team.

In view of the COVID-19 pandemic situation Encorp had successfully convened its Twenty First Annual General Meeting as a virtual meeting conducted via live streaming. All members participated the AGM online and voted electronically using the Securities Services e-Portal. Meanwhile, shareholders and proxies of the Company were also able to submit their questions electronically via the virtual event platform during the AGM.

Proper notices of AGM or any general meeting are at all times dispatched to the shareholders at least 21 days prior to the meetings, unless otherwise required by law, in order to provide sufficient time for shareholders to understand and evaluate the subject matter. Notwithstanding that, the Code strongly advised that the notice of AGM should be given to the shareholders at least 28 days prior to the meeting. The Notice convening the 2021 AGM was issued to shareholders on 24 May 2021, which was more than 28 days prior to the AGM date. Each item of special business included in the notice of the meeting is accompanied by a full explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

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During the AGM, the Board encourages participation from shareholders by having question and answer session during the AGM (inclusive of the Chairman of the Board, Audit, Risk and Governance Committee and Nominating and Remuneration Committee) were available to provide meaningful responses to queries raised. Shareholders had direct access to the Board during the AGM proceedings and to participate in the question-and-answer session on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to participate in the virtual AGM are allowed to appoint proxies to participate and vote on their behalf in accordance with the Company's Constitution. The GCEO, Board members in attendance and the external auditors, if so required, will endeavor to respond to shareholders' questions during the meeting. All questions posed by shareholders during the AGM were well attended by the Board and/or the Management.

Lastly, the AGM minutes and summary of Q&A dialogues had been published on our corporate websites for public viewing following the conclusion of the 21st AGM.

The minutes of the AGM was made available to shareholders within 30 business days after the 21st AGM of the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

#### **Future Priorities**

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in the Corporate Governance Report 2021.

This Corporate Governance Overview Statement was approved by the Board of Directors on 28 February 2022.



## ADDITIONAL COMPLIANCE INFORMATION



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### PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### Audit and Non-Audit Fees

During the financial year under review, the fees paid / payable to the external auditors, Ernst & Young PLT and its affiliated companies in relation to the audit and non-audit services rendered to Encorp Berhad and its subsidiaries are as follows:

	Group (RM)	Company (RM)
Statutory audit services provided by Ernst & Young PLT	254,000	80,000
Non-audit services provided by Ernst & Young PLT	18,000	10,000
Advisory services provided by affiliates of Ernst & Young PLT	N/A	N/A
<b>Total</b>	<b>272,000</b>	<b>90,000</b>

#### Material Contracts

There were no material contracts entered into by the Group involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year under review or which were entered into since the end of the previous financial year.

#### Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions for the sale of properties in the ordinary course of business, provision of comprehensive facilities management services, construction and property development works with related parties ("Recurrent Transactions") at the Twenty First Annual General Meeting held on 10 September 2021.

There were no Recurrent Transactions conducted during the financial year ended 31 December 2021.

#### Utilisation of Proceeds

During the financial year ended 31 December 2021, there were no proceeds raised by the Company from corporate proposals.

## AUDIT RISK AND GOVERNANCE COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit, Risk and Governance Committee ("ARGC") for the financial year ended 31 December 2021.

### MEMBERSHIP AND MEETINGS OF THE ARGC

During the financial year ended 31 December 2021, the ARGC convened three (3) meetings which were attended by the members as tabulated below:-

Name of members	Directorship	No. of Meetings Attended
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	Chairman, Independent Non-Executive Director	2/2
Datuk Haji Jaafar Bin Abu Bakar (Redesignated as Chairman on 30 November 2021)	Chairman, Independent Non-Executive Director	3/3
Mahadzir Bin Mustafa	Non-Independent Non-Executive Director	3/3
Tuan Haji Lukman Bin Abu Bakar (Appointed on 30 November 2021)	Independent Non-Executive Director	-

The Chief Executive Officer, Head of Finance, the Head of Risk & Governance Management and the representatives from the external auditors and internal auditors and/or advisor also attended the meetings at the invitation of the ARGC. The Company Secretary acts as the secretary of the ARGC.

### TERMS OF REFERENCE OF ARGC

#### Objective

The objective of the ARGC is to assist the Board in discharging its responsibility relating to the Group's financial reporting, as well as, to assist the Board in fulfilling its fiduciary duties in relation to governance, ethics and risk management.

#### Composition

The Board shall appoint the ARGC members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the ARGC members shall be independent directors.

The Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").





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All members of the ARG C shall be financially literate and at least one (1) member of the ARG C must be:

- (a) a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience; and
  - he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  - he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the ARG C. Any former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least three (3) years before he/she is eligible for appointment as a member of the ARG C.

If a member of the ARG C resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall fill the vacancy within three (3) months.

#### Chairman

The members of the ARG C shall elect a Chairman from amongst their number who shall not be the Chairman of the Board and who is an independent director.

In the absence of the Chairman, the other members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

#### Secretary

The Company Secretary shall be the Secretary of the ARG C and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

#### Meetings

The ARG C shall meet regularly and hold at least four (4) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. However, the Company only conducted three (3) ARG C meetings for the financial year ended 31 December 2021 due to insufficient quorum. Nevertheless, the agendas were deferred, and properly attended, deliberated and approved at the Board of Directors' meeting held on 30 November 2021. The ARG C will ensure that future meetings were scheduled and managed suitably.

In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. ARG C meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the members as a whole to participate for the entire duration of the meeting.

Upon the request of the external auditors, the Chairman of the ARG C shall convene a meeting of the ARG C to consider any matter the external auditors believe should be brought to the attention of the Directors or Shareholders.

The Chairman of the ARG C shall engage on a continuous basis with senior management, such as the chief executive officer, chief operating officer, the Head of Finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Chief Executive Officer, Chief Operating Officer, the Head of Finance, a representative of the internal auditors and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARG C.

The ARGC shall be able to convene meetings with the external auditors without the presence of other directors and employees at least once a year.

Questions arising at any meeting of the ARGC shall be decided by a majority of votes of the members present.

A member of the ARGC shall abstain from discussion or deliberation and voting on matters which give rise to an actual or perceived conflict of interest for him.

#### **Resolution in Writing**

A resolution in writing, signed by all the members of the ARGC for the time being entitled to receive notice of a meeting of the Audit, Risk and Governance, shall be as valid and effectual as if it had been passed at a meeting of the ARGC duly convened and held.

#### **Minutes**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARGC and also to the other members of the Board. The Chairman of the ARGC shall report on each meeting to the Board.

The minutes of the ARGC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

#### **Quorum**

In order to form a quorum for the ARGC meeting, the majority of members present must be independent directors.

#### **Authority**

The ARGC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties;
- (c) obtain independent professional or other advice; and
- (d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity

Where the ARGC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market LR of Bursa Securities, the ARGC shall promptly report such matter to Bursa Securities.



## Duties

The duties of the ARGC shall be:-

### (a) oversee all matters relating to external audit

- to discuss with the external auditors where necessary, the nature and scope of the audit and ensure co-ordination of audits where more than one audit firm is involved;
- to discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (In the absence of management, where necessary);
- to review with the external auditors, their management letter and management's response, the external auditors' report and the audited financial statements before the same are presented to the Board for approval;
- to review with the external auditors, their evaluation of the systems of internal control and risk management framework of the Group;
- to consider the appointment of external auditors taking into consideration, amongst others, the suitability, independence, experience, resource and objectivity as well as the appropriateness of their audit fees as recommended by the management;
- to assess the suitability and independence of external auditors in respect of the provision of audit and non-audit services to the Group and the Company in accordance with the terms of all relevant professional and regulatory requirements;
- to annually assess the performance of the external auditors and report to the Board on the independence of the external auditors and obtaining their assurance on the continued registration with Audit Oversight Board;
- to consider any letter of resignation of external auditors and any questions of resignation and dismissal;
- to review the level of assistance given by the employees of the Group to the external auditors; and
- to undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

### (b) oversee all matters relating to internal audit

- to review and ensure that the Company and Group maintains a sound and effective system of internal controls and risk management framework;
- to review the adequacy of the scope, functions, competency, experience and resources of the internal audit function;
- to ensure the internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits;
- to review and approve the internal audit plan and internal audit annual budget;
- to ensure co-ordination of external audit with internal audit;
- to review major findings of internal audit reviews and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the member of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/ her reasons for resigning.

### (c) review of financial statements

To review the quarterly and year end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant audit issues and adjustments arising from audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Main Market LR of Bursa Securities and other legal requirements.

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**(d) review of systems of internal control and risk management**

- to review the reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control systems in mitigating risks;
- to review and recommend the risk management policy, procedures and risk management framework to the Board;
- to review the effectiveness of the risk management framework and to ensure that the framework adopted is based on an internationally recognised risk management framework that is able to identify, assess, manage and monitor significant financial and non-financial risks in a regular and timely manner;
- to provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group;
- to communicate to the Board the critical risks (present & potential) the Group faces, their profile change (if any) and the management action plans to manage these risks; and
- to conduct annual review and periodic testing of the Group's internal control and risk management framework.

**(e) governance responsibilities**

- to review the Group's governance framework as guided by the Malaysian Code of Corporate Governance and other best practices in corporate governance;
- to review the Group's policies to support the implementation of the Group's governance framework; and
- to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements.

**(f) additional duties and responsibilities**

- to review any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- to verify the allocation of Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") in compliance with the criteria as stipulated in the by-laws of the ESOS and ESGS of the Company, if any; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the ARGc and the Board from time to time.

**Review of Committee**

The Nominating and Remuneration Committee shall review the term of office and performance of the ARGc and each of its members at least once a year to determine whether the ARGc and its members have carried out their duties in accordance with the terms of reference and thereafter make its recommendations to the Board for consideration.

The ARGc shall review its terms of reference periodically and recommend any changes it considers necessary.

**TRAINING**

The ARGc members have attended the following training, seminars and conferences during the year to acquire relevant knowledge that enables them to discharge their duties effectively:

1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors
2. Corporate Liability, ISO 37001 & Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System
3. Fortune 500 Corporation, Satu Pemikiran Baharu
4. Corporate Director Series
5. Personality Profile and Self Development Plan Workshop





## SUMMARY OF ACTIVITIES OF THE ARGC DURING 2021

In accordance with its Terms of Reference, the following activities were undertaken during the year by the ARGC:

- Reviewed the quarterly unaudited financial statements of the Company and the Group for the financial quarters ended 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities. The review focused particularly on:-
  - Any change in or implementation of accounting policies and practices;
  - Significant adjustments arising from the audit, if any;
  - The going concern assumption;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2020 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Securities.
- Reviewed and discussed Management Accounts with Management.
- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated on quarterly basis by the Risk Management Department.
- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.
- Assessed the performance of the external auditors, including their suitability and independence and recommended the same to the Board for re-appointment.
- Met with the external auditors without the presence of the Executive Board members and Management and no major issues were highlighted.
- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.
- Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report, ARGC Report and Statement on Risk Management & Internal Control and Statement of Sustainability and to the Board for approval.
- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2021;
- Reviewed related party transactions entered into by the Group.
- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- Discussed the implication of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

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### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR

The internal audit function of the Company has been outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd, which assists the ARGC in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the ARGC.

The internal audit provides risk-based and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

During the financial year ended 31 December 2021, the major activities carried out by the out-sourced internal audit were as follows:

- Performed risk-based internal audits as specified in the approved annual audit plan;
- Issued internal audit reports to the ARGC detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls. The identified key internal audit areas performed in 2021 are the following:
  - Human Resource Function
  - Project Management for Project Cahaya Alam
- Report status of action plans arising from internal audit issues highlighted to ARGC; and
- Conducted follow-up on selected areas upon ARGC's request.

The costs incurred for the internal audit function for the financial year ended 31 December 2021 amounted to RM41,870.00.



## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL



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The Board of Directors (the Board) is pleased to present its Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021 of Encorp Berhad (ENCORP or Company).

This Statement serves to outlines the nature and scope of risk management and internal control system of the Company and its subsidiaries (Group) for the financial year ended 31 December 2021 (FYE2021) and covers all of the Group's operations except for associate companies as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and Practice 10.1 for Principle B of the Malaysian Code on Corporate Governance (MCCG) 2021.

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### BOARD'S RESPONSIBILITY

The Board recognises and affirms its overall responsibility in maintaining a risk management framework and internal control systems within the Group as well as constantly to review the adequacy and integrity of the system to safeguard the assets of the Group as well as to protect shareholder's interest and investment. The system of risk management and internal control covers financial, operational, management information systems, organisational and compliance controls. The implementation of the control systems is undertaken by the management which regularly reports on identified risks and action taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Board and assisted by the Risk Management Committee (RMC).

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The Group's risk management and internal control systems are designed to efficiently and effectively manage risks that may prevent the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making and ensuring compliance with regulatory and statutory requirements. The Board also ensures that there is a robust framework on ongoing risk management processes in identifying, evaluating and managing significant risks faced by the Group to promote long-term success of the Group.

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In view of the limitations that are inherent in any systems of internal controls, the Board recognises that these systems can only manage rather than eliminate, the possibility of poor judgement in decision-making, human error, control process being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, it should be noted that these systems can only provide reasonable and not absolute assurance against material misstatement or loss. Nonetheless, in striving for continuous improvement, the Board will put in place appropriate actions plans, when necessary, to further enhance the Group's systems of risk management and internal control.

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During FYE2021, the RMC reviewed, appraised and assessed the controls and actions in place to mitigate and manage the overall Group's risk exposure, as well as raised issues of concerns and recommended mitigating actions. The RMC reports to the Audit, Risk and Governance Committee (ARGC) on a quarterly basis where key risks and mitigating actions are deliberated and implemented. The ARGC subsequently presents a summary of the respective key risks and action plans to the Board. Where there are internal controls and risk-related matters warranting the attention of the Board, these matters are recommended by the ARGC to the Board for its deliberation and decision.

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There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

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## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has a well-defined organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group and delegated authority limits by the Board. The corporate structure enhances the ability of each subsidiary or department, as the case may be, to focus on its assigned core or support functions within the Group. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

### 1. RISK MANAGEMENT

The Board fully supports the contents of Practices 10.1 and 10.2 of the MCCG which call for the establishment of an effective risk management and internal control framework and the disclosure thereof.

The Group's risk management activities are governed by the Risk Management Policy and Risk Management Framework approved by the Board.

The Board has delegated the responsibility of risk management oversight and control to the ARG. However, the Board as a whole remains responsible for all the actions of the committee with regards to the execution of the delegated role. The ARG reviews the Group's enterprise-wide risk management framework and ensures effectiveness of process to identify, evaluate, control, report and manage risks. The Chairman of the ARG would inform the Directors of any salient matters noted by the ARG and which require the Board's notice or direction. Mandate and commitment from the Board and ARG are key contributors to the success factors in the implementation of enterprise risk management programmes.

The ARG is assisted by RMC, which consists of Group Chief Executive Officer (GCEO), risk managers and respective Heads of Department, is responsible for developing, executing and maintaining an effective risk management system, including the continual review process of identified risks and the effectiveness of mitigation strategies and controls. The periodic reporting to both the Board and ARG on the risk management activities undertaken by the RMC, keeps the Board and ARG apprised and advised of all aspect of the enterprise risk management, and significant risks and risk trends.

At operating unit level, risk owners are responsible for identifying risks that may have an impact on achieving their operational/financial and other business objectives. Gross risks are ranked accordingly, after taking into consideration of gross likelihood and gross impact should the risks occur, before they are ranked according to the residual risks, after taking into consideration the effectiveness of controls and action plans taken or proposed to be taken to mitigate such identified risks. Detailed action plans would then be implemented in order to manage such risks to an acceptable level.

Detailed Risk Registers are used to capture the identified key risks and controls information. The identified key risks and controls are assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major departments are presented to the RMC for deliberation and approval for adoption.

The enterprise risk management processes are undertaken 4 times a year to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as developing action plans to mitigate such risks. The enterprise risk management reviews are carried out to address major risk areas of concern, if any from the perspectives of the environment, regulatory and legal governance, operational controls, financial, the customer, products and services, suppliers and human capital.

During the FYE2021, all risks identified by respective owners together with the controls and action plans undertaken or proposed to be undertaken to mitigate and manage the risk exposure are reviewed, appraised and assessed by RMC. Where applicable, the RMC had also raised other issues of concerns and recommended additional mitigation actions to further mitigate the risk exposure. RMC then reports the key risks and mitigations actions which have been deliberated and recommended to be implemented on a quarterly basis to ARG. After due deliberation, ARG would then present a summary of the key risks, mitigation actions and its recommendation to the Board for final endorsement.





Identified key risks of the group were assessed and recorded in the risk register for continuous monitoring. Being in the property and project development businesses, it is inherent that the group is facing with the key risks such as project progress challenges, increasing cost of construction, liquidity and sales.

ENCORP's assurance function such as internal auditors provide further independent assurance on the adequacy and effectiveness of risk management and internal control systems as part of their audit reviews. All reports relating to the risk management process are brought to the attention of the Board through the ARGC.

## 2. AUDIT

### • Internal Audit (IA) Function

The Group has outsourced its internal audit function to an independent professional firm, BDO Governance Advisory Sdn Bhd (BDO), which assists both the Board and ARGC by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system. To ensure independence from Management, the internal audit function reports directly to the ARGC.

The Internal Audit function provides assurance to the ARGC through the internal audit reviews on various operating units within the Group based on the internal audit plan approved by the ARGC. Internal Audit also facilitates and evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate, for the improvement of the control policies and procedures. Findings arising from these reviews are presented, together with Management's response and proposed action plans, to the ARGC. The ARGC receives reports on the Internal Audit findings and is updated regularly on issues that require further follow-up and rectification by management. Further details of the activities of the internal audit function are provided in the Audit, Risk and Governance Committee Report.

The RGD performed checks for due compliance by the respective operating units with Group's policies and procedures as well as the effectiveness and adequacy of the internal control systems and accordingly highlighted material audit findings, together with recommendations and proposed action plans.

### • External Auditors

The external auditors' annual audit strategy, audit plan, scope of work, and audit procedures for the financial year in relation to the audit services on the Group's financial statements as well as non-audit services are reviewed and approved by the ARGC. Further details on the oversight of the external auditors are set out in the Audit, Risk and Governance Committee Report.

### • Quality Management System

The Group's Property Division and its subsidiaries have been accorded ISO 9001:2015 Quality Management System (QMS) accreditation, demonstrating the Group's quest in consistently improving the strength of its internal controls. As part of the requirements of the certification, scheduled audits are conducted internally by the Compliance & Sustainability unit of the RGD as well as by auditors of the relevant certification bodies.

## OTHER INTERNAL CONTROL PROCESSES

Apart from risk management and audits, the Group's system of internal controls also comprises the following key elements:

### 1. INTEGRITY AND ETHICAL VALUES

The Board acknowledges that tone at the top is a prerequisite for an ethical corporate culture that shapes the Company's values and forms the bedrock for sustainable growth of the business. The Board is cognisant that ethical leadership has been made even more imperative with the operationalisation of corporate liability provision [vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018] on 1 June 2020 which places the onus on Directors and Management to proactively avert corrupt practices through the establishment of adequate procedures and exercise of due diligence.

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Taking into account on the reform measure introduced by the corporate liability provision as well as the accompanying Guidelines and Adequate Procedures as released by National Centre for Governance, Integrity and Anti-Corruption, the Group will continue to reinforce its ethical framework which is currently composed of the following key components:

- **Code of Conduct and Business Ethics Guideline (the Code)**

The Code is a vital and an integral part of Group's governance framework as it defines the core principles and ethical standards in conducting business and engagement with all stakeholders besides reinforcing the need for compliance with relevant laws and regulations. All employees of the Group are called upon to adhere to the Code in carrying out their duties and responsibilities to guide them to observe high standards of personal and corporate integrity in their dealings with internal and external stakeholders. In addition, the Group has an Employee Handbook that guides the Group's employees in their day-to-day conduct, conducting themselves with integrity and objectivity and not be placed in a position of conflict of interest.

- **Whistleblowing Policy and Guideline**

The Whistleblowing Policy and Guideline has been established and implemented to provide an avenue for stakeholders of the Company to raise genuine concerns to designated recipients within the Group in a safe and confidential manner related to possible illegal actions, improprieties in relation to financial reporting, unethical conduct, potential breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices within the Group to the management without fear of retaliation. Avenues are also available for stakeholders to escalate bona fide concerns directly to the Chairman of ARGCC, especially if the report pertains to a member of Company's Management team. The Whistleblowing Policy and Guideline set out the protection accorded to whistleblowers who disclose such irregularities in good faith.

- **Anti-Bribery and Corruption Guideline**

The Anti-Bribery and Corruption Guideline (ABC) has been developed with the purpose of fulfilling the legal and regulatory requirements and sets out the overall position on bribery and corruption in all forms. The ABC guideline provide guidance to Director, employees or persons performing services for the Group on how to deal with common forms of bribery and corrupt activities, including but not limited to guidelines for and/or prohibitions against the following:

- Paying commissions and incentive payments;
- Paying unofficial facilitation fees;
- Giving kickbacks and gifts;
- Providing entertainment and hosting hospitality events;
- Making political donations and contributions; and
- Making donations, charitable support and sponsorships.

## 2. AUTHORITY AND RESPONSIBILITY

- **Organisation Structure**

The Group has a clear organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. The corporate structure enhances the ability of each subsidiary or department, as the case may be, to focus on its assigned core or support functions within the Group.

- **Board Committees**

The Board has established several committees to assist in discharging its duties. These include the ARGCC and Nomination and Remuneration Committee. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.



- **Audit, Risk and Governance Committee**

The ARGC, with the assistance of the RMC, is responsible for providing an independent oversight of the implementation and operation of Group's risk management framework, policies and performs regular risk management assessments and through RGD, reviews the internal control procedure and processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group, whenever required.

The ARGC also ensures that there are continuous efforts by Management to address and resolve areas with control weaknesses. Further details are set out in the Audit, Risk and Governance Committee Report.

- **Risk Management Committee**

The RMC is responsible for monitoring and performing regular reviews on the Group's risk management processes and for ascertaining if the enterprise-wide risk management framework approved by the Board is properly implemented throughout the Group's business and operations. The RMC reports directly to the ARGC. The RMC is chaired by the GCEO and includes representatives from all departments.

- **Nomination and Remuneration Committee**

This Committee assists the Board to,

- establish formal and transparent procedures for the appointment of new directors to the Board;
- identify, consider, assess and recommend new directors to the Board;
- develop the Group's remuneration policy and determine the remuneration package for the Company's directors holding executive positions;
- review and recommends the appropriate remuneration payable to each director for their services at the Board level as well as at the respective committees of the Board; and
- annually review the effectiveness of the Board as a whole (in relation to its size and composition) and the contribution of each individual Director (including Board Committees).

- **Management Committee (MC)**

The MC comprising key senior management personnel reports to the Board and is responsible for the development and effective implementation of strategic business plans for the Group in line with the strategic directions approved by the Board. The MC reports regularly to the Board on the progress of the execution of the strategic business plans approved by the Board with periodic financial and operational performance of the various business departments as well as other strategic, financial and operational matters.

- **Limits of Authority (LOA)**

LOA duly approved by the Board are prescribed to govern the authority limits granted to the designated personnel who are duly authorised to carry out their respective job responsibilities as well as to represent the Group in all official correspondences and documentations on behalf of the Group covering procurement, payments, investments, acquisitions and disposals. The LOA are reviewed periodically and updated in line with changes in the organisation to incorporate any changes that affect the authority limit.

### 3. **PLANNING, MONITORING AND REPORTING**

- **Performance, Monitoring and Reporting**

Regular, comprehensive and up-to-date information are conveyed to the Board and its committees of the Group including major subsidiaries covering finance, operations and other business indicators such as economic and market conditions at their monthly or periodic meetings, facilitating the monitoring of performance against the corporate strategy and business plans.

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#### • Performance Review

The preparation of periodic and annual results and the state of affairs of the Group are reviewed and approved by the Board before releasing the same to the regulators whilst the full year financial statements are audited by the external auditors before their issuance to the regulators and shareholders.

#### • Financial Budgeting

Annual budgets for the forthcoming year by departments and Group are prepared and submitted by each department in the Group for review by Senior Management prior to tabling to the Board for approval. Actual performance is reviewed against the budget with explanations provided for material variances. It provides the Board with comparative information to assess and monitor the performance of the Group.

### 4. POLICIES, PROCEDURES AND VALUES

- The Group's policies, procedures and guidelines are properly documented and have been put in place to ensure compliance with internal controls, relevant laws and regulations which are subject to periodic review and improvements, have been communicated to all levels and are easily accessible to all employees on the Company's intranet platform to ensure that all employees are aware of and will comply with them. Standard operating policies, procedures and guidelines are updated to reflect changes in processes or to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by IA to ARGC.
- Proper guidelines for recruitment, selection and termination, compensation and benefits, code of conduct, human capital development and performance appraisal system based on the Group and individual Key Performance Indicators (KPIs), core values and competencies of personnel are in place. Employee engagements and customer satisfaction surveys, where applicable, are conducted to gain feedbacks for continuous improvement.
- The Group's Vision, Mission and Core Values, are shared and communicated to all levels of employees of the Group and are accessible on the Company's official website and intranet. The Code of Conduct & Ethics for Employees is available on Company's website at [www.encorp.com.my](http://www.encorp.com.my).
- Centralised controls of selected key functions of the Group include:
  - Project Management (including Planning & Design, Contracts, Liaison with Authorities);
  - Procurement and Tender;
  - Health, Safety and Environment;
  - Finance & Accounts (including Budget, Tax and Treasury);
  - Legal & Company Secretarial;
  - Sales & Marketing;
  - Mall Management (including Leasing & Marketing);
  - Human Resource & Administration;
  - Corporate Communications; and
  - Technology.

The centralisation of these key functions enables the Management to have a more effective and efficient control over of the Group's operations, whilst monitoring and managing the risks associated therewith.

### 5. COMMUNICATION AND INVESTOR RELATIONS

#### • Reporting to Shareholders and other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group's performance, are submitted to Bursa Malaysia Securities Berhad for release to shareholders and stakeholders on a timely basis. All quarterly results are reviewed by the Board prior to their announcements.

The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the MMLR of Bursa Securities.





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## INSURANCE COVERAGE AND SAFEGUARDING OF MAJOR ASSETS

As an entity with a diversified business portfolio, the Group faces exposure to various form of risks. Where possible, all such insurable risks relating to the Group's business operations, assets and employees are adequately insured in order to minimise any adverse financial impact.

Sufficient insurance coverage is in place to enable major assets to be adequately covered against mishaps, calamities and thefts that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group's risk appetite. At the same time, physical security measures are taken to safeguard these major assets. Information technology-based assets (software and hardware) are upgraded from time to time to mitigate the possibility of security breaches.

## MATERIAL JOINT VENTURES AND ASSOCIATES

The Group's system of internal control applies principally to ENCORP and its subsidiaries. Joint ventures have been excluded because the Group does not have full management and control over them.

This statement does not cover the risk management, and internal control framework and processes of the Group's material joint ventures and associates as these areas fall within the control of their shareholders and management.

The Group safeguards its interests in those entities by appointing representatives on their respective boards and in some cases, through their management or operational committees. The representatives provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

It also important to note that the IA independently reviews the internal control systems to provide to the ARGC with sufficient assurance that the systems of internal control are effective to address the risks identified.

The Board is satisfied with the design of the control system and is of the view that the system which is in place for the year under review is sound and sufficient to safeguard shareholders' investment, customers' interest and the Group's assets.

## ASSURANCE FROM MANAGEMENT

In line with the Guidelines, the Management have provided the Board with reasonable assurance that the Group's existing risk management and internal control system are in place and operating adequately and effectively in all material aspects. All internal control weaknesses identified during the period under review have been or are being addressed. There were no major internal control weaknesses that require disclosure in the Annual Report. The Management has also committed to continuously review and take measures to strengthen the risk management and internal control system to ensure its adequacy and robustness.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors of the Company, Messrs. Ernst & Young PLT, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide (AAPG) 3 - Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in this Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal controls system of the Group including the assessment and statements by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems. The review by the external auditors was made solely for the benefit of the Board in connection with the compliance with the MMLR of Bursa Securities by the Company. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of their review.

Based on their review, Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

#### THE BOARD'S CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board satisfied that the existing level of systems of risk management and internal control is effective to enable the Group to achieve its business objectives and there were no material losses, contingencies or uncertainties identified from the reviews resulted from significant control weaknesses that require additional disclosure in this Annual Report.

The Board also received assurance from the GCEO of the Company that the Group's enterprise risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Company.

The Board will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the Risk Management and Internal Control system of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 28 February 2022.



## STATEMENT OF DIRECTORS' RESPONSIBILITY



### On Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the financial position as at the end of each financial year and the financial performance for each financial year of the Company and all its subsidiaries (Group).

In preparing the financial statements for the financial year ended 31 December 2021, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- used reasonable and prudent judgments and estimations;
- ensured that applicable approved accounting standards and statutory requirements have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are also responsible for ensuring the Group properly keeps adequate accounting records that are sufficient to explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the relevant statutory requirements. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

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