

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0232
COMPANY NAME : Volcano Berhad
FINANCIAL YEAR : June 30, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Rule 15.25 of the ACE Market Listing Requirements of Bursa Securities Malaysia Berhad (“AMLR”) (“Bursa Securities”).

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Rule 15.25 of the AMLR.

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors of Volcano Berhad ("VB" or "Company") ("Board") is responsible for setting vision and goals, strategic planning, resources allocation and the overall operations of the Company and its subsidiaries ("Group"). In effectively discharging its fiduciary duties and responsibilities, the Board has delegated specific responsibilities to the Board Committees, Managing Director and management of the Company. The roles and responsibilities of the Board are set out in the Board Charter, whereas, the Board Committees are governed by their respective terms of reference, which are available on the Company's website at www.volcano.com.my. The Board Committees of the Company comprise Audit and Risk Management Committee, Remuneration Committee, Nomination Committee, Sustainability Committee and Employees' Share Option Scheme Committee. The Board Charter covers the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as key matters reserved for the Board's approval.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	Ms. Wong Wan Chin, D.J.N is the Independent Non-Executive Chairman of the Board. The Chairman of the Board is responsible for ensuring good corporate governance principles are upheld in all aspects of the Group's operation and maintains regular communication with the management of the Company. The Chairman of the Board acts as a facilitator at Board meetings and ensures the effective conduct of Board Meetings. She ensures that active participation takes place and dissenting views are freely expressed. The Chairman of the Board also encourages a constructive debate on issues raised at meetings. The roles and responsibilities of the Chairman of the Board are set out in the Board Charter which is available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

The positions of Chairman and Chief Executive Officer are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The roles and responsibilities of the Chairman of the Board and the Managing Director of the Company are clearly defined and the positions are held by two (2) separate individuals with each having a clear scope of duties and responsibilities to ensure there is a balance of power and authority. Ms. Wong Wan Chin, D.J.N, who is the Independent Non-Executive Director of the Company, is the Chairman of the Board whilst Datuk Ch'ng Huat Seng (an Executive Director of the Company) is the Managing Director of the Company. Their profiles are outlined under the Profile of Directors in the Company's Annual Report 2024. The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board whilst the Managing Director of the Company is responsible for overseeing the day-to-day management of the business and operations of the Group as well as the implementation of the Board's policies, directives, strategies and decisions. During scheduled Board meetings, the Managing Director of the Company briefed the Board on the performance of the Group and business plans going forward. The division of the responsibilities of the Chairman of the Board and the Managing Director of the Company has been clearly defined in the Board Charter, which is available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board is also the Chairman of Remuneration Committee and a member of the Audit and Risk Management Committee and Nomination Committee. All Board Committees are supported by another two (2) Independent Non-Executive Directors. The Chairman of the Board is a lawyer by profession. She has acted objectively and independently in discharging her roles at the Board level and at the Board Committee level. All matters before recommending to the Board are thoroughly deliberated at the Board Committees' level which involves the participation of other two (2) Independent Non-Executive Directors. All recommendations by the Board Committees to the Board have been arrived at unanimously and this would mitigate the risk of self-review. In addition, the roles and responsibilities of the Chairman of the Board and the Board Committees are clearly defined in the Board Charter and the respective Board Committees' terms of reference, which are available on the Company's website at www.volcano.com.my. The Board will continue to actively source for suitable candidates and consider the appointment of an additional Independent Non-Executive Director for the segregation of duties of the Chairman of the Board and member of the Board Committee as and when the right candidates are available.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by a Company Secretary, who is qualified, competent and experienced. The Company Secretary of the Company is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as company secretary under subsection 235(2) of the Companies Act 2016. The Company Secretary advises the Board on rules and regulations pertaining to the duties and responsibilities of Directors, together with corporate compliance requirements. The Company Secretary also ensures that all Board meetings are properly convened and that proper and accurate records of proceedings, deliberations are minuted and resolutions passed are documented and statutory registers are properly maintained at the registered office of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	The notices for Board and Board Committees meetings together with relevant materials are circulated to the Directors of the Company at least seven (7) business days prior to each meeting to allow sufficient time for the Directors of the Company to review, consider and deliberate on matters. The management of the Company is responsible for furnishing the Board with all information that may assist the Board and Board Committees in discharging respective responsibilities and to facilitate informed decision-making. Senior management of the Group, internal auditors, external auditors and advisors, where applicable, are also invited to attend Board meetings on specific agenda that require clarification. The Board is also briefed on the latest updates on the Group's business activities by the senior management of the Group. The Company Secretary of the Company or her representative attends all Board meetings and ensures all proceedings of the meetings including issues raised, deliberations and decisions of the Board are properly documented. The minutes of meetings are circulated within a reasonable period upon conclusion of the meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has a Board Charter which clearly defines the roles and responsibilities of the Board and the requirements of Directors in carrying out their roles and discharging their duties. The Board Charter is periodically reviewed and updated in accordance with the practices of the Group and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised a Code of Ethics for the Directors and other policies such as Anti-Bribery and Anti-Corruption Policy which set out acceptable practices and guide the behaviour of directors, management and employees of the Group. The Code of Ethics and the Anti-Bribery and Anti-Corruption Policy are available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has formalised a Whistleblowing Policy which allows the whistle-blower(s) to raise genuine concerns about actual or potential corporate fraud or breach of ethics involving any officers of the Group. The Whistleblowing Policy is available on the Company’s website at www.volcano.com.my .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	Our Group's sustainability agenda is led by the Sustainability Committee under the stewardship of our Independent Non-Executive Director, Mr. Tan Yen Yeow, and the Board oversees the corporate sustainability matters concerning the impact on environmental, social and governance. The Sustainability Committee is supported by the Sustainability Working Committee, which is headed by our Executive Director, Mr. Yeap Guan Seng, and also comprises the senior management and department heads of the Group. The Sustainability Working Committee is responsible for the execution, monitoring, and reporting of sustainability initiatives of the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company’s sustainability strategies, priorities and targets as well as performance against these targets are set out in the Sustainability Report in the Annual Report 2024 of the Company.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	On an on-going basis, the Sustainability Working Committee which comprises Executive Directors, senior management and department heads of the Group has clear accountabilities to monitor the existing sustainability issues, identify emerging challenges, maintain the adequacy, effectiveness and relevance of action plans to manage the relevant risks and opportunities, then report to the Sustainability Committee and the Board. All the Directors of the Company had attended the Mandatory Accreditation Programme Part II: Leading for Impact during the current financial year under review.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board, with the assistance of the Nomination Committee, monitored the performance of the Board and senior management of the Group in addressing the Group's material sustainability risks and opportunities through a formal annual board evaluation.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Sustainability Working Committee comprises one (1) Executive Director and six (6) senior management of the Group. The Sustainability Working Committee is chaired by an Executive Director of the Company, Mr. Yeap Guan Seng, who is appointed by the Board to provide dedicated focus on sustainability matters.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee oversees the selection and appraisal of Directors of the Company to ensure the Board's composition remains relevant and optimal. The Nomination Committee reviews the composition and size of the Board, the tenure of each Director and the annual re-election of Directors by taking into account the Directors' performance and contribution to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently consists of eight (8) members, comprising five (5) Executive Directors and three (3) Independent Non-Executive Directors as at 30 June 2024. The percentage of Independent Directors was 37.50%. The Board is cognisance that the current composition does not align with the recommended practice of at least half of the Board to comprise independent directors. However, the Company complies with Rules 3.08 and 15.02 of the AMLR, ensuring that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. The existing Independent Directors of the Company have a mix of knowledge, skills and expertise which allows them to provide independent and objective judgment to facilitate a balanced leadership in the Board as well as providing effective check and balance to safeguard the interest of the minority shareholders and other stakeholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	Currently, there are no Independent Non-Executive Directors who have served on the Board for more than nine (9) years as the Company was listed on the ACE Market of Bursa Securities on 6 April 2021. If the Board wishes to retain an Independent Non-Executive Director who has served for more than nine (9) years, the Company must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. The cumulative term of an Independent Non-Executive Director is up to twelve (12) years from the date of his/her first appointment as an Independent Non-Executive Director of the Company or in any one or more of its related corporations in accordance with Guidance Note 9, Paragraph 1.1(h) of the AMLR.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board, through the Nomination Committee, ensures that the appointment of director and senior management of the Group are based on objective criteria, merits such as character and integrity, experience and competence, time commitment and with due regard for diversity in skills, experience, age, cultural background and gender. Only the qualified candidate will be recommended by the Nomination Committee for the Board's approval. The Board had adopted the Directors' Fit and Proper Policy to ensure a transparent and rigorous process for the appointment and re-election of Directors of the Group. This policy is available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee recommends the appointment of Directors to the Board after considering salient attributes such as character and integrity, experience and competence, time commitment as well as a mix of skills and multiple facets of diversity to ensure a balanced mix of talents on the Board. In searching for suitable candidates, the Nomination Committee leverages on the Directors' network of professional and business contacts in its search for candidate as new Director of the Group. Apart from the referral from internal sources, the Nomination Committee is open to utilise independent sources to identify suitably qualified candidates, where necessary. The appointment of Mr Andrew Su Meng Kit on 21 February 2024 as an Executive Director of the Company was recommended by the Managing Director of the Company to the Nomination Committee. Considering the Group's current size, sourcing candidates internally is more cost efficient and saves time as compared to external sources.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Company provides details of the appointment and reappointment of a director in a statement accompanying the notice of annual general meeting to enable shareholders to make informed decisions in exercising their voting rights. The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2024 of the Company. The Nomination Committee and the Board were satisfied with the performance of the Directors who sought re-election at the forthcoming Annual General Meeting of the Company ("AGM") and recommended their re-election.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Ms. Hing Poe Pyng, who is an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is supportive of gender diversity on the Board and currently, two (2) out of the eight (8) Directors of the Company are female, representing 25% of the total Board members.	
		The Board does not set any specific target for female Directors and will actively work towards having more female Directors on the Board.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a Gender Diversity Policy which provides a framework for the Group to improve its gender diversity. The summary of this policy was disclosed in the Corporate Governance Overview Statement in the Company’s Annual Report 2024. The Board acknowledges the importance of gender diversity and commits to diversity at the leadership and employee levels. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Gender Diversity Policy is made available on the Company’s website at www.volcano.com.my	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The Nomination Committee has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each Director as well as the performances of Audit and Risk Management Committee and its members on an annual basis. The evaluations were tabled at the Nomination Committee meeting which was then reported to the Board at the Board meeting held thereafter. The Nomination Committee reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board. Pursuant to Rule 15.20 of the AMLR, the nominating committee of a listed issuer must review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference. The Nomination Committee has reviewed and assessed the performance of each of the members of the Audit and Risk Management Committee on a peer assessment basis and was satisfied with the performance and effectiveness of the Audit and Risk Management Committee and each of its members. The Nomination Committee had conducted its annual assessment and concluded that the Directors of the Company have discharged their duties more than satisfactory. The Nomination Committee was also satisfied with the performance of the Board and the Board Committees. As for the balance and composition of the Board, the

	Nomination Committee concluded that the Directors of the Company have the appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company has in place a Remuneration Policy which aims to attract and retain Directors and senior management in pursuing good corporate governance and hence ensuring sustainability of the Group. The Remuneration Policy is reviewed from time to time to ensure that the remuneration of Directors and senior management of the Group are competitive with those of other comparable public listed companies within the industry in order to ensure competitive remuneration policy that reflects the prevailing market rate. The Remuneration Committee is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors and senior management of the Group, taking into consideration individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and prevailing market conditions. As for Non-Executive Directors of the Company, the level of fee should reflect the experience and level of responsibilities undertaken by the said Non-Executive Directors. With the recommendation from the Remuneration Committee, the Board as a whole determines the fee for the Non-Executive Directors and seek approval from the shareholders at the AGM. All individual Directors shall abstain from making decisions in respect of his/her own remuneration. The Remuneration Policy is made available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Remuneration Committee that consists exclusively of Independent Non-Executive Directors of the Company. The composition of the Remuneration Committee is as follows:- 1. Ms. Wong Wan Chin, D.J.N (Chairman, Independent Non-Executive Chairman) 2. Mr. Tan Yen Yeow (Member, Independent Non-Executive Director) 3. Ms. Hing Poe Pyng (Member, Independent Non-Executive Director) The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Non-Executive Directors as well as remuneration packages of Executive Directors and senior management. The terms of reference of the Remuneration Committee is made available on the Company's website at www.volcano.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual Directors of the Company is set out in the Corporate Governance Overview Statement in the Company's Annual Report 2024.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Wong Wan Chin, D.J.N	Independent Non-Executive Chairman	60	3.50	-	-	-	-	63.50	60	3.50	-	-	-	-	63.50
2	Datuk Ch'ng Huat Seng	Executive Director	-	-	-	-	-	-	-	-	24	1,008	371	-	263	1,666
3	Dato' Wong Tze Peng	Executive Director	-	-	-	-	-	-	-	-	16	302	131	-	83	532
4	Gan Yew Thiam	Executive Director	-	-	-	-	-	-	-	-	-	346	137	-	85	568
5	Yeap Guan Seng	Executive Director	-	-	-	-	-	-	-	-	24	973	358	-	254	1,609
6	Andrew Su Meng Kit	Executive Director (Appointed on 21.2.2024)	-	-	-	-	-	-	-	-	-	314	-	-	46	360
7	Tan Yen Yeow	Independent Non-Executive Director	60	3.50	-	-	-	-	63.50	60	3.50	-	-	-	-	63.50
8	Hing Poe Pyng	Independent Non-Executive Director	36	3.50	-	-	-	-	39.50	36	3.50	-	-	-	-	39.50
9	Khoo Boo Wui	Executive Director (Resigned on 21.2.2024)/CFO	-	-	-	-	-	-	-	-	-	331	60	-	76	467

Intended Outcome

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

Practice 8.2

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

Application	:	Not applicable as the top 5 senior management of the Group are the Executive Directors of Volcano.	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board. Having the position of Chairman of the Board and Chairman of the Audit and Risk Management Committee assumed by different individuals allows the Board to objectively review the Audit and Risk Management Committee's findings and recommendations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the Board or the Audit and Risk Management Committee are former key audit partner of external audit firm of the Group. The Audit and Risk Management Committee has included in its terms of reference that a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee. The terms of reference of the Audit and Risk Management Committee is available on the Company’s website at www.volcano.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied	
Explanation on application of the practice	:	During the financial year ended 30 June 2024, the Audit and Risk Management Committee has monitored and reviewed the performance and independence of the External Auditors, and was satisfied with the technical competency and independence of the External Auditors. The External Auditors have confirmed to the Audit and Risk Management Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All members of the Audit and Risk Management, including the Chairman of the Audit and Risk Management Committee, are Independent Non-Executive Directors of the Company.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Audit and Risk Management Committee consists of members with professional experiences in financial, legal and corporate secretarial. All members of the Audit and Risk Management Committee are financially literate and are able to read, interpret and understand the financial statements. The Chairman of Audit and Risk Management Committee is a member of Malaysian Institute of Accountants, Institute of Internal Auditors Malaysia and Institute of Internal Auditors Inc. Through the Nomination Committee, the Board reviews the terms of office of the Audit and Risk Management Committee and annually assesses the performance of the Audit and Risk Management Committee and each of the members of the Audit and Risk Management Committee. All members of the Audit and Risk Management Committee are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The training programs attended by the Audit and Risk Management Committee members are disclosed in the Company's Annual Report 2024.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that are not limited to financial aspects of the business but also operational and regulatory compliance. The Audit and Risk Management Committee has been entrusted by the Board to ensure the effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments. The Board acknowledges that the internal control system is devised to cater to the particular needs of the Group and risk management to provide reasonable assurance against material misstatements or loss. The Statement on Risk Management and Internal Control as set out in the Company's Annual Report 2024 provides an overview of the state of risk management and internal controls within the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the risk management and internal control system together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report 2024.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit and Risk Management Committee comprises all Independent Non-Executive Directors and its scopes and functions are set out in the terms of references which is available on the Company's website at www.volcano.com.my .

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Internal Audit Function of the Group is outsourced to a professional services firm that independently reviews and evaluates the adequacy and effectiveness of the Group’s risk management and internal control system and reports directly to the Audit and Risk Management Committee. The activities of the outsourced Internal Auditors during the financial year under review are set out in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report in the Company’s Annual Report 2024.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	The Internal Audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet the Group's required service level. The Internal Audit personnel are free from any relationships or conflict of interest which could impair their objectivity and independence. The profile of the outsourced Internal Auditors of the Group is as follows: Name of Firm: Sterling Business Alignment Consulting Sdn Bhd Name of Engagement Director: Dr. So Hsien Ying Qualification: Certified Internal Auditor and Associate Member of the Institute of Internal Auditors Malaysia with 29 years of professional experience in internal audit and risk management The Internal Audit function is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of effective, transparent, regular and timely communication with shareholders and other stakeholders to keep them informed on the Group's latest financial performance, business and corporate developments. The Group disseminates information through the annual reports, quarterly reports, circulars (if applicable) and various announcements. These announcements and reports are released through Bursa Securities' website. The Company has also established a corporate website at www.volcano.com.my to serve as a useful reference source of information to the shareholders and other stakeholders. Additionally, the AGM serves as a principal forum for Directors to communicate with the shareholders. Shareholders are able to participate, engage the Board effectively and make informed voting decisions.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of fifth (5 th) AGM was sent to the shareholders at least twenty-eight (28) days before the date of the meeting and published in a major local newspaper. Items of special business included in the AGM will be accompanied by an explanation of the proposed resolutions.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company had attended the Fifth (5th) AGM held on 16 November 2023. The Directors of the Company encouraged shareholders to participate during general meetings by giving meaningful time to the floor during the questions and answers session.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Based on an analysis of the shareholders, the Company does not have a large number of shareholders. A large majority of shareholders are Malaysians.	
		The AGM will be held at a hotel, which is easily accessible to all shareholders.	
		The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders and cost-benefit to the Company, before adopting this practice.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Chairman of the Board will ensure the Company's general meetings are conducted in an efficient manner in order to serve as the principal forum for dialogue and interaction with the shareholders of the Company. At general meetings, the proceedings include addressing questions raised by the shareholders, shareholders are encouraged to present their views or to seek clarification on the progress, performance and major developments of the Company and the Group. The Chairman of the Board also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and senior management of the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

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

Application	:	Not applicable – only physical general meetings were conducted during the financial year under review.	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>				
Application	:	Applied		
Explanation on application of the practice	:	The minutes of the general meeting will be made available to shareholders and the public for viewing at the Company's website, www.volcano.com.my no later than 30 business days after the general meeting.		
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

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

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

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