

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7047  
**COMPANY NAME** : FAJARBARU BUILDER GROUP BHD  
**FINANCIAL YEAR** : 30 JUNE 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors ("Board") has established clear roles and responsibilities in discharging its fiduciary and leadership functions as well as sustains long-term shareholder value while safeguarding the interests of the stakeholders. The roles and responsibilities of the Board are set out in the Board Charter, which is available on the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li><li>• The Board is responsible for the oversight of the overall management of the Company and retains full and effective control over the affairs of the Company. It reviews the policies and strategies of the group companies of Fajarbaru, actively oversees the conduct, management and business affairs of the Company, and monitors its Senior Management's performance.</li><li>• The Board and employees are committed to adhere to the Code of Conduct and Ethics.</li><li>• The Executive Directors formulate the strategic vision and business direction for all the Company's business units.</li><li>• The Board adopts the core values of integrity and professionalism in its corporate culture within the organisation.</li><li>• The Independent Non-Executive Directors provide objective and independent judgement to the decision making of the Board which provides an effective check and balance to the Board's decision-making process.</li><li>• The Board has also put in place the Risk Management and Internal Control framework in identifying and managing business risks impacting the achievement of the business objectives of the Group</li></ul>

	<ul style="list-style-type: none"> <li>• The roles and responsibilities of the Board Committees namely Audit Committee, Nominating Committee and Remuneration Committee delegated by the Board are set out in the respective Board Committees' Terms of Reference, copies of which are publicly made available on the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li> <li>• The Board and employees of the Group are committed to adhere to the Code of Conduct and Ethics, which is available on the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li> <li>• The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company and its subsidiaries.</li> <li>• The Company's sustainability strategies are as stipulated in the Sustainability Statement which provides a more insightful view into the Company's initiatives to deliver balanced growth in a responsible and sustainable manner.</li> <li>• The Board is a synergy of dynamic and experienced individuals from various sectors which reflect many years of experience in construction, property development, logging, trading, logistics, financial and corporate affairs. The profiles of the members of the Board are set out in the Annual Report.</li> <li>• The Board had delegated to the Group Chief Executive Officer ("GCEO"), Group Executive Director ("GED") and the management team the responsibility for implementing the plans chartered out and the day to day management of the Group.</li> </ul>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Chairman is appointed by the Board of Directors ("Board")</li><li>• The Company has a clear distinction and separation of roles between the Chairman and its Group Chief Executive Officer, with clear division of responsibilities. The Board is headed by Tan Sri Dato' Sri Chan Kong Choy, an executive chairman, who has broad exposure and extensive experience in the industry.</li><li>• The Chairman is responsible for the leadership and management of the Board and ensuring the Board and Board Committees function effectively. He oversees and evaluate the conduct and performance of the Group and undertake to ensure efficient functioning of the Board and that procedural rules are followed and relevant information for decision-making is delivered to Board members on a timely basis.</li><li>• The Chairman presides over Board and shareholders' meetings. He leads the discussions at Board meetings and ensures that relevant matters are included in the meeting agenda, sufficient time is allocated for discussions and the meetings run smoothly.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors (“Board”) is led by Tan Sri Dato Sri’ Chan Kong Choy, the Group Executive Chairman and the Group Chief Executive Officer of the Company is Dato Sri’ Kuan Khian Leng. There is clear segregation of responsibilities between the Group Executive Chairman and Group Chief Executive Officer, to promote accountability and ensure a balance of power and authority.</li> <li>• The Group Executive Chairman leads the Board on the oversight of management ensuring the integrity of governance process. The Group Chief Executive Officer, supported by Senior Management Team, implements the Group’s strategic plans, policies and decisions adopted by the Board and oversees the day to day operations of the Group.</li> <li>• There is no family relationship between them.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <ul style="list-style-type: none"><li>• The Chairman of the Board, Tan Sri Dato' Sri Chan Kong Choy is not a member of Audit Committee, Nominating Committee and Remuneration Committee and he does not attend any of these Committee Meetings.</li></ul>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors (“Board”) is supported by two (2) professionally qualified Company Secretaries, namely Mr. Tan Kok Aun (MACS 01564) who has more than thirty (31) years of corporate secretarial experience and Mr. Nip Chee Sien (MAICSA 7066996) who has more than sixteen (16) years of working experience in corporate secretarial practice. Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</li><li>• The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group. The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</li><li>• The Board is regularly updated and apprised by the Company Secretaries on new regulations issued by the regulatory authorities. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company’s shares. The Company Secretaries attend and ensure that all Board Meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.</li><li>• The Board is satisfied with the performance and support rendered by the Company Secretaries.</li><li>• The appointment and removal of the Company Secretary must be approved by the Board.</li></ul>
<b>Explanation for departure</b>	:	

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

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



## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>All the Directors are provided with a set of Board papers consisting of the agenda and all other relevant materials seven (7) days prior to the Board Meetings or Committee Meetings or any other time frame as agreed by the Board of Directors ("Board"), when necessary, to ensure that the Directors receive sufficient relevant information on a timely manner for their detailed review and consideration so as to enable them to participate effectively in the Board's decisions.</li> <li>Board papers are comprehensively prepared covering aspects such as Group financial performance, business plans and proposals, quarterly result announcements, proposed policies and procedures, operational and risk management issues and updates on statutory regulations and requirements affecting the Group.</li> <li>The minutes of each Board and Committee Meeting(s) are circulated to all Directors for their perusal prior to confirmation of the minutes at the respective meetings. Upon confirmation by the Board, the minutes would be kept in the Minutes Book.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Company has adopted the Board Charter and it is subject to regularly review by the Board of Directors (“Board”) to ensure it is remains consistent with the Board’s objectives, responsibilities and the relevant standards of corporate governance.</li> <li>• The Board also delegates certain responsibilities to the Board Committees, all of whom operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.</li> <li>• The Board will review the Board Charter periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities to ensure its effectiveness. The Board Charter and terms of reference of the Board Committees can be viewed at the Company’s website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors has formalised a Code of Conduct and Ethics ("Code"), which sets out the standard of conduct expected of Directors and Employees, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity and accountability.</li><li>• The Code sets out the ethical, business and lawful conduct of the Board, which describes the standards of business conduct and ethical behaviour for Directors and Employees in the performance of their duties as Directors and Employees of the Company or when representing the Company.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, the Board has established the Whistle-Blowing Policy to enable whistle-blowers to raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up action is taken and brought to the attention of the Audit Committee.</li><li>• The Whistle-Blowing Policy aims to provide an avenue for all employees and external parties to raise concerns about possible improprieties, suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, unethical or illegal activities within the Group.</li><li>• All details pertaining to the name and position of the whistle-blower will be kept strictly confidential throughout the investigation proceedings.</li><li>• The Whistle-Blowing Policy can be found on the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li><li>• During the financial year 2022, the Chairman of the Audit Committee did not receive any whistleblowing report.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors (“Board”) is committed to drive responsible and sustainable business practices to be aligned with the company’s strategies and priorities.</li> <li>• At the management level, sustainability is championed by a group of middle and senior management team from various business units and departments to form the Sustainability Working Group (“SWG”). SWG is responsible for ensuring the Group’s continued progress and improvement in the areas of environmental, social, and governance (“ESG”) and is steered and monitored by the Sustainability Committee (“SC”), which in turn is chaired by the Group Chief Executive Officer (“GCEO”).</li> <li>• The SC is responsible for leading progress on implementing action plans and reporting sustainability related matters to the Board.</li> <li>• A more detailed strategic management and responsibilities will be disclosed in Sustainability Statement in the Company’s Annual Report 2022.</li> <li>• The Company’s Annual Report 2022 will be made available in the Group’s website and accessible to all stakeholders.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Group's sustainability strategies, priorities, targets and performance on how the Company has continued to make progress on its journey of sustainability are communicated to its internal and external stakeholders through its Sustainability Statement as set out in the Company's Annual Report 2022.</li><li>• The Company also organised a quarterly town hall to present and update the Company's sustainability developments to the employees.</li><li>• The Company's adoption of a Sustainability Policy demonstrates its commitment to embody sustainable business practices throughout the Group's operations. The Sustainability Policy is available on the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a>.</li><li>• The Company's Annual Report 2022 will be made available in the Group's website and accessible to all stakeholders.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors (“Board”) has sufficient understanding and knowledge of the sustainability issues that are relevant to the Company and its business and to discharge its role effectively.</li> <li>• During the financial year, the Sustainability Committee had presented to the Board the sustainability matters relevance practices to the Group.</li> <li>• With the ever-growing emphasis on sustainability as well as the increased expectations for the Group to behave responsibly, the Board will continue to engage with subject matter experts from external and internal to ensure that the Board have the knowledge in supporting the Group to lift their sustainability focus to a sustainable strategy, including climate related risks and opportunities.</li> <li>• The Board is committed to stay abreast with sustainability issues associated with the ever-evolving operating environment and keep themselves apprised with relevant sustainability developments by way of formal training including webinars, presentation of updates, structured reading and brain-storming.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Group has become more aware of the need to take sustainability more seriously and it is our priority for the Board of Directors (“Board”), senior management as well as the employees to understand the sustainability risks and opportunities that can impact the Group.</li> <li>• The Nominating Committee was satisfied that the Board members have sufficient understanding and knowledge of the sustainability issues that are relevant to the Group and its business and the Board had performed its duties effectively in considering sustainability issues during its deliberations on the Group’s strategies and business plans.</li> <li>• The key performance indicators and key achievements set for the senior management also take into consideration sustainability risks and opportunities, where applicable.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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.

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <ul style="list-style-type: none"><li>• The Group Chief Executive Officer (“GCEO”), Dato’ Sri Kuan Khian Leng, is the key designated person to provide dedicated focus to lead the charge and responsible to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.</li><li>• GCEO takes responsibility to take care of the interest of all the stakeholders and ensure that it supports long-term value creation and promotes sustainability, taking into consideration the economic, environmental, social as well as governance considerations.</li><li>• The Sustainability Committee Meeting was chaired monthly by the GCEO with senior management to review all sustainability commitments and ensure these are aligned with the Group’s Vision, Mission and Core Values, including setting important initiatives and sustainable growth plans as well as providing guidance on operational functions.</li></ul>

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Nominating Committee of the Company reviews annually on the overall composition of the Board in terms of the required mix of skills, knowledge and experience between the Executive Directors and the Non-Executive Directors.</li><li>• Based on the results of the annual review, the Nominating Committee recommended to the Board on re-election of directors who retire in accordance to the Company's Constitution.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors (“Board”) currently comprises of nine Directors, whereby three are Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and four Executive Directors. Whilst this is in compliance with the requirements of Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of at least two or one-third (1/3) of the Board are Independent Directors, the Board always strive to increase its composition as to be in line with the above Practice 5.2.</li><li>• During the Financial Year 2022, the Nominating Committee had reviewed the composition of the Board of Directors (“Board”) and opined that the Board consists of adequate members at the moment with the right mix of skills and core competencies. All Directors, regardless of their independence status, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.</li><li>• However, the Board recognises the benefits of having at least half of its composition comprising of Independent Directors that make to good corporate governance.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• As recommended by the MCCG, the tenure of an Independent Director of the Company should not exceed a cumulative term of nine years. An Independent Director may continue to serve the Board of Directors ("Board") subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine years, shareholders' approval will be sought. The Board believes that valuable contributions can be obtained from directors who have, over a period of time, developed valuable insight of the Company and its business. Their experience enables them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board, notwithstanding their tenure on the Board.</li><li>• The Board believes that the independent directors' experience in their own respective fields contributes immensely to the Company. The Board is also unanimous in its opinion that these independent directors' independence has not been impaired or compromised. Hence, the Board resolves to seek the shareholders' approval for them to continue serving as independent directors of the Company.</li><li>• Thus, the Board would recommends to the shareholders for approval at the forthcoming 28<sup>th</sup> Annual General Meeting for the retention of Dato' Ismail Bin Haji Omar, of which he has served the Board for more than nine (9) years as Independent Non-Executive Director.</li><li>• The Board is of the view that the ability of long serving Independent Directors to remain independent and to discharge their duties with integrity and competency should not be assessed solely by tenure of service or any pre-determined age. The Board has recommended Dato' Ismail to continue to act as an</li></ul>

	<p>Independent Non-Executive Director based on the following justifications:</p> <ul style="list-style-type: none"> <li>a) He has fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia.</li> <li>b) He has vast experience in a diverse range of businesses and legal matters and therefore would be able to contribute constructive opinions; he exercises independent judgment and has the ability to act in the best interest of the Company.</li> <li>c) He has devoted sufficient time and attention to their professional obligations for informed and balanced decision-making.</li> <li>d) He has continued to exercise their independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders.</li> <li>e) He has shown great integrity of independence and have not entered into any personal related party transaction with the Company.</li> </ul>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors (“Board”) is committed to ensuring diversity in its composition and acknowledge that adopting a diverse Board would bring value-adding impact on the Company.</li> <li>• While the Board affirms the importance of boardroom diversity, the appointments to the Board has always been based on merit.</li> <li>• The Nominating Committee is responsible for reviewed and assessed the mix of skills, expertise, composition, size, experience and effectiveness of the Board and its Committees.</li> <li>• This process ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.</li> <li>• The Nominating Committee assess the suitability of candidates for appointment as directors prior to the recommendation to the Board. The Nominating Committee shall evaluate the candidates on the aspects of their skills, knowledge, expertise and experience, professionalism and integrity. For position of independent director, the candidate’s ability to discharge such responsibilities/ functions independently as expected from an Independent Director.</li> <li>• The Board also supports gender diversity with two (2) female Directors on the Board.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• In evaluating the suitability of candidates to the Board of Directors (“Board”), the Nominating Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate’s independence.</li><li>• Nominating Committee will recommend to the Board if the proposed candidate is found to be suitable. This includes recommendation for appointment as a member of the various Board committees, where necessary.</li><li>• In identifying candidates for appointment of directors, besides recommendation from existing Board members, Senior Management or major shareholders of the Company, the Board may seek for external and independent sources to identify suitable and qualified candidates.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The profile of the Directors is published in the Annual Report and on the Company's website. These include their age, gender, directorships in other companies, working experience and any conflict of interest.</li><li>• The Board of Directors has also provided statement to support the re-election of the Board of Directors and the reasons in the Corporate Governance Overview Statement which is published in the Annual Report 2022 and the Notice of 28<sup>th</sup> Annual General Meeting.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Nominating Committee comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive with Dato' Norasni Binti Ayob as its Chairman; and Dato' Lim Siew Mei and Mr. Ooi Leng Chooi as its members.</li><li>• The Nominating Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board of Directors ("Board") in reviewing on an annual basis the overall composition, appropriate balance and size of non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee members. All recommendations of the Nominating Committee are subject to the endorsement of the Board.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors (“Board”) currently has two (2) female Director on the Board, namely Dato’ Norasni Binti Ayob and Dato’ Lim Siew Mei, thus providing the Board with gender diversity that serves to bring value to Board discussions from different perspectives.</li><li>• Besides women representation on Board, the Company’s gender equity effort has resulted in a fairly good gender mix within the Group, with female employees currently making up 48% of the total employees.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"> <li>The Board of Directors ("Board") recognises the importance of boardroom diversity and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Nevertheless, the Board acknowledges that appointment of Director should always prioritise merit and with due regard to the candidate's background, experience and competency so that an appointment would add value to the Company.</li> </ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors (“Board”) through its Nominating Committee carries out annual assessment on the effectiveness of the Board as a whole, the Board Committees and contribution of each individual director. In addition, the Nominating Committee also review annually the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.</li> <li>• The Nominating Committee conducted its annual evaluation and appraisal on the effectiveness of the Board, its committees and the contribution of each director. The evaluation comprised assessment by individual directors and assessment of independence of independent directors. The assessment of individual director is based on specific criteria, covering areas such as Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.</li> <li>• The Board also undertaken an annual assessment of the independence of the Independent Directors via disclosed interests and the criteria for assessing their independence developed by the Nominating Committee and adopted by the Board.</li> <li>• Key findings are set out in the Corporate Governance Overview Statement in the Annual Report 2022.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors ("Board") has in place the policies and procedures to determine the remuneration for Directors and senior management which is reviewed from time to time to take into account the needs of the business and market practices.</li> <li>• Both Nominating &amp; Remuneration Committee ("NRC") also reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the company offers fair compensation and is able to attract and retain talent who can add value to the Company.</li> <li>• The remuneration for the Non-Executive Directors comprise directors' fees and meeting allowances have been reviewed by the NRC and the Board, thereafter, recommends to the shareholders for approval.</li> <li>• The remuneration structure of the Executive Directors and Non-Executive Directors are disclosed under the Corporate Governance Overview Statement in the Company's Annual Report.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>The Remuneration Committee comprises of two (2) Independent Non-Executive Director, one (1) Non-Independent Non-Executive Director with Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon as its Chairman; Dato' Ismail Bin Haji Omar and Mr Ooi Leng Chooi as its members.</li> <li>The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board of Directors ("Board") on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration, thereafter, recommends to the shareholders for approval.</li> <li>Senior Management's remuneration has been delegated for approval by the Executive Directors of the Board instead of the Remuneration Committee as the Executive Directors are involved in the operations of the business and hence, have a better understanding of the market practices relating to the remuneration of Senior Management staff.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		



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

## Intended Outcome

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

### Practice 8.1

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

<b>Application</b> :	Applied																																																																																																		
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"> <li>The Directors' remuneration package is reviewed periodically to support long-term sustainability and shareholder value, consistent with Fajarbaru's business strategy.</li> <li>Detailed disclosure on named basis in respect of the individual directors' remuneration package including fees, salaries, bonuses and estimated value of benefits-in-kind are disclosed under Corporate Governance Overview Statement of the Company's Annual Report.</li> <li>Detailed information on named basis of the Directors' remuneration are disclosed in page 81 of the Annual Report 2022 and is also illustrated below:</li> </ul> <table border="1"> <thead> <tr> <th rowspan="2">Directors</th> <th>Fees</th> <th>Salaries</th> <th>Bonus</th> <th>Allowance</th> <th>EPF</th> <th>Socso</th> <th>BIK</th> <th>Total</th> </tr> <tr> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Dato' Sri Chan Kong Choy</td> <td>68</td> <td>621</td> <td>-</td> <td>10</td> <td>21</td> <td>0</td> <td>21</td> <td>641</td> </tr> <tr> <td>Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon</td> <td>90</td> <td>-</td> <td>-</td> <td>6</td> <td>-</td> <td>-</td> <td>7</td> <td>103</td> </tr> <tr> <td>Dato' Sri Kuan Khian Leng</td> <td>-</td> <td>623</td> <td>126</td> <td>73</td> <td>98</td> <td>1</td> <td>4</td> <td>924</td> </tr> <tr> <td>Datuk Seri Lau Kuan Kam</td> <td>-</td> <td>270</td> <td>60</td> <td>-</td> <td>38</td> <td>1</td> <td>-</td> <td>369</td> </tr> <tr> <td>Ir. Kong Kam Loong</td> <td>-</td> <td>433</td> <td>88</td> <td>69</td> <td>71</td> <td>1</td> <td>2</td> <td>664</td> </tr> <tr> <td>Dato' Ismail Bin Haji Omar</td> <td>42</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>-</td> <td>-</td> <td>44</td> </tr> <tr> <td>Dato' Norasni Binti Ayob<sup>1</sup></td> <td>20</td> <td>-</td> <td>-</td> <td>4</td> <td>-</td> <td>-</td> <td>-</td> <td>24</td> </tr> <tr> <td>Dato' Lim Siew Mei</td> <td>172</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> <td>-</td> <td>-</td> <td>174</td> </tr> <tr> <td>Ooi Leng Chooi</td> <td>42</td> <td>-</td> <td>-</td> <td>8</td> <td>-</td> <td>-</td> <td>-</td> <td>60</td> </tr> </tbody> </table> <p><sup>1</sup> Appointed on 16 December 2021</p>	Directors	Fees	Salaries	Bonus	Allowance	EPF	Socso	BIK	Total	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	Tan Sri Dato' Sri Chan Kong Choy	68	621	-	10	21	0	21	641	Tan Sri Dato' Sri Kuan Peng Ching @ Kuan Peng Soon	90	-	-	6	-	-	7	103	Dato' Sri Kuan Khian Leng	-	623	126	73	98	1	4	924	Datuk Seri Lau Kuan Kam	-	270	60	-	38	1	-	369	Ir. Kong Kam Loong	-	433	88	69	71	1	2	664	Dato' Ismail Bin Haji Omar	42	-	-	2	-	-	-	44	Dato' Norasni Binti Ayob <sup>1</sup>	20	-	-	4	-	-	-	24	Dato' Lim Siew Mei	172	-	-	2	-	-	-	174	Ooi Leng Chooi	42	-	-	8	-	-	-	60
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## Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"> <li>• After careful and in-depth consideration, the Board of Directors ("Board") is of the opinion that the disclosure of the said remuneration is on aggregate basis and in bands instead of in named basis as the Board is of the opinion that the disclosure of the Senior Management's individual remuneration components (salary, bonus, benefits in-kind and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns and to support the Group's efforts to attract and retain executives. This will be detrimental to the Group as this will facilitate the opportunity of prospective employers to approach the Group's top senior management employees considering the dearth of such persons with a particular skill and also importantly such disclosure will expose them to personal security risks.</li> <li>• Alternatively, to this practice, the Company is disclosing on a no-named basis the Group's top senior management employees by band of RM50,000 and the components of remuneration under the Corporate Governance Overview Statement of the Company's Annual Report.</li> </ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Audit Committee is led by Mr. Ooi Leng Chooi, an Independent Non-Executive Director, who is not the Chairman of the Board of Directors ("Board").</li><li>• Tan Sri Dato' Sri Chan Kong Choy is the Chairman of the Board of Fajarbaru Builder Group Bhd.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• In the current Board of Directors composition, there is no former key audit partner serving as member of the Audit Committee of the Company.</li><li>• The Terms of Reference of Audit Committee provides that in the event of a proposal to appoint a former key audit partner of the external auditors as a member of the Audit Committee, the Company has to ensure that such former key audit partner has observed a cooling-off period of at least three years from his/her last engagement as external audit partner for the Company.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors ("Board") has adopted an Auditors Independence Policy which stipulates the guidelines and procedures to be followed by the Audit Committee in reviewing, assessing and monitoring the suitability, independence and performance of the External Auditors, Crowe Malaysia PLT.</li><li>• The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the Audit Committee will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the AGM.</li><li>• The Group adopted a policy of seven (7) years rotation of Engagement Partner to mitigate the risk of threat to the auditor's independence where the same audit partner conducts consecutive audits of the Group. The rotation of engagement partner in accordance with Malaysia Institute of Accountants By-Law which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond seven (7) years.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Adopted
<b>Explanation on adoption of the practice</b> :	<ul style="list-style-type: none"><li>• The Audit Committee comprises of three (3) Independent Non-Executive Directors with Mr Ooi Leng Chooi as its Chairman; and Dato' Ismail bin Haji Omar and Dato' Norasni Binti Ayob as its members.</li></ul>



## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The members of the Audit Committee have the relevant accounting knowledge and their experience and qualifications are disclosed in the Board of Directors' profile in the Company's Annual Report.</li><li>• The Chairman of the Audit Committee, Mr Ooi Leng Chooi, is a Chartered Accountant, a member of the Malaysian Institute of Accountants (MIA) and a Certified Finance Planner (CFP).</li><li>• Besides, during the Audit Committee meetings, all the members were updated by the external auditors, Messrs Crowe Malaysia PLT, on the key areas of Financial Reporting developments, adoption of Malaysian Financial Reporting Standards, Malaysian Code on Corporate Governance and other changes in regulatory environment.</li><li>• During the financial year under review, the Audit Committee attended the below trainings:<ul style="list-style-type: none"><li>i. Audit Oversight Board's Conversation with Audit Committees</li><li>ii. Malaysian Code on Corporate Governance 2021 Update</li><li>iii. Key Amendment to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad Relating to Director Appointment, Independence and Other Amendments</li></ul></li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors ("Board") has established a comprehensive framework for risk management and a sound internal control system. The Group's Risk Management Committee oversees its business risk management, review and approves actions developed to mitigate key risks and advising the Board on risk related issues. In addition, it also provides direction and counsel to the risk management process as well as involves in the evaluation of the structure for the Group's risk management processes and support system.</li><li>• The Board has also established an internal audit function by setting up an Internal Audit Department ("IAD") within the Group. The IAD assists the Audit Committee in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.</li><li>• Further information on the Group's risk management and internal control framework is made available on the Statement on Risk Management and Internal Control in the Company's Annual Report.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• Details of the feature of risk management and internal control framework, which include the governance and processes of the risk are disclosed in the Company's Annual Report under the Statement on Risk Management and Internal Control.</li><li>• The Board of Directors ("Board") recognises that the framework is designed to mitigate rather than to eliminate risks or event with significant adverse impact on the achievement of the Group's objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.</li><li>• The Group continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.</li><li>• During the financial year under review, internal control and risk related matters which warranted the attention of the Board, were highlighted in the half-yearly Risk Management Committee meeting and quarterly Audit Committee meeting to the Board.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Internal Audit function is an integral part of the assurance framework and it is performed in-house and undertaken by Internal Audit Department (“IAD”). The mission of IAD is to enhance and protect the Company and the Group’s organisational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</li> <li>• To ensure that the responsibilities of IAD are fully discharged, the Audit Committee reviews annually the adequacy of the scope, function and resources of the IA. The IAD staff kept themselves up to date with developments in the profession by attending seminars and training workshops.</li> <li>• The Internal Auditor reports to the Audit Committee which approves its Audit Plan and the Internal Auditor provides independent and objective reports on the Group via Audit Reports as well as make the necessary recommendations to management on improvements to be made on processes and internal controls of the Company.</li> <li>• The Internal Audit reports directly to the Audit Committee. The Audit Committee approves the Internal Audit’s annual plan, monitors the progress of the completion of the Audit plan, as disclosed in the Audit Committee Report in the Company’s Annual Report.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Internal Auditor is free from any relationships or conflict of interest which could impair his/her objectivity and independence.</li> <li>• A statement on the Internal Audit function with the required disclosure is available under the Audit Committee Report in the Company's Annual Report.</li> <li>• A brief statement on the internal audit function and summary of key activities are disclosed under Audit Committee Report and Statement on Risk Management and Internal Control in the Company's Annual Report.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>The Board of Directors ("Board") adheres strictly to the Bursa Malaysia Securities Berhad disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	• Not applicable as the Company is not a large Company as defined by the Malaysian Code on Corporate Governance 2021.	
		• The Company intends to gradually move towards a more integrated approach of reporting from its existing reporting structure.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• In line with the MCG 2021, the Company endeavours to issue the Notice of Annual General Meeting (“AGM”) at least 28 days prior to the meeting to accord sufficient time to our shareholders to prepare for the meeting and make informed voting decisions.</li><li>• In respect of our 28<sup>th</sup> AGM scheduled on 1 December 2022, the Notice of AGM and Annual Report 2022 were issued on 28 October 2022 giving our shareholders notice of at least 28 days prior to the meeting.</li><li>• Furthermore, the notice of AGM is disseminated to shareholders in writing via hardcopy or electronic format or a combination of both. In addition, the notice of AGM will be advertised in at least one nationally circulated daily newspaper and announcement made through to Bursa Malaysia Securities Berhad.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>All Board members are aware of their duty to attend at all General Meetings of the Company. Barring unforeseen circumstances, all Board members will attend all General Meetings of the Company. The Chairman of the Audit, Nominating, Risk Management and Remuneration Committees will provide meaningful responses to questions addressed to them.</li> <li>The Senior Management Team are also present to respond to the shareholders' questions during the general meeting.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>• The Company's shareholders are entitled to appoint corporate representatives or proxy(s) to attend, speak and vote on their behalf in their absence at the Company's Annual General Meetings ("AGM").</li><li>• Due to the Company having a relatively small number of shareholders and that the Company's AGM is not held in remote areas, voting in absentia and remote shareholders' participation are not facilitated as advocated in MCCG's Practice 13.3.</li><li>• The Company always takes into consideration the convenience and accessibility of the location before fixing the venue of its shareholders' meeting. The Company's AGM has always been held within the Klang Valley.</li><li>• The poll voting result of all the resolutions tabled in the AGM will be published at the Bursa Malaysia's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> and the Company's website at <a href="http://www.fajarbaru.com.my">www.fajarbaru.com.my</a> respectively and it is accessible by public.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <ul style="list-style-type: none"><li>• During the 27<sup>th</sup> Annual General Meeting, the Chairman successfully established meaningful interactions with the Board of Directors ("Board"), Senior Management and Shareholders. All Directors and Senior Management Personnel of the Company attended the 27<sup>th</sup> Annual General Meeting and answered the questions raised by Shareholders.</li><li>• The shareholders are welcomed to pose questions to the Board.</li></ul>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>The company conducted physical meeting for the 27th Annual General Meeting. The 28th AGM will also be conducted in a physical manner.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>The minutes of the 27th AGM of the Company held on 1 December 2021 was made available on our corporate website within 30 business days after the AGM.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

Not applicable
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