

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5843
COMPANY NAME : KUMPULAN PERANGSANG SELANGOR BERHAD
FINANCIAL YEAR : December 31, 2020

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 PURSUANT TO 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.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board of Directors ("Board") of Kumpulan Perangsang Selangor Berhad ("KPS" or "Company") takes full responsibility for the overall performance of the KPS Group ("the Group"). The Board guides the Management on its short and long-term goals, defining the overall strategic direction of the business, providing advice and devising corporate strategic initiatives developed by Management, strategies on management and business development issues, and monitoring the Management's performance in implementing them.2. In discharging its roles and responsibilities, the Board is mindful of the need to protect the interests of all stakeholders including shareholders. The Board approves the Group's governance framework which is known as the Organisation Management Structure ("OMS") where specific powers of the Board are delegated to the relevant Board Committees ("BC") and Management. Dedicated BC have been established with clear Terms of Reference ("TOR"), as stipulated in the Board Charter which is available in the Company's website at www.kps.com.my to facilitate the effective discharge of these responsibilities which include amongst others the financial information review, human capital management, internal controls, risk management, governance, procurement and investment matters.3. The Board assumes, amongst others, the following primary responsibilities:<ol style="list-style-type: none">a) Promoting good corporate governance culture within the Group<ul style="list-style-type: none">➤ The Board is committed to upholding the highest standards of corporate governance ("CG") by embracing good practices that ensure the business affairs of the Company are conducted with integrity, transparency and professionalism.➤ The Board strongly advocates the importance of best practices and plays an active oversight role in the

	<p>Company's governance, with a continued focus on the implementation of an effective CG framework throughout the organisation.</p> <ul style="list-style-type: none"> ➤ To raise the bar in the Company's CG standards, the Board, from time to time reviews, benchmarks and refines KPS' governance structures and processes based on global best practices and guidelines while at the same time ensuring continued support for effective and ethical leadership, and that business sustainability is applied in the best interests of KPS. ➤ During FY2020, several enhancements were implemented, inter alia, the establishment of the KPS Group Internal Control Framework ("KPS-ICF"), revision of various policies/documents such as Enterprise Risk Management Policy & Framework ("ERM"), External Auditors Assessment Policy, Related Party Transaction Policy, Procurement Policy, Board Charter and TOR of BC; Internal Audit Charter, Annual Board Evaluation ("ABE") Template and adoption of Anti-Bribery and Anti-Corruption Policy ("ABC Policy") at subsidiaries. In addition, on 27 November 2020, the Board approved the establishment of Integrity and Governance Unit ("IGU") headed by a Chief Integrity and Governance Officer ("CIGO") aimed to further strengthening its internal controls to prevent corruption, abuse of power and malpractice, creating a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with provision in Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009. ➤ The enhancement initiatives above were undertaken to ensure that they are in line with Bursa Securities Malaysia Berhad ("Bursa Securities") Main market Listing Requirements ("Bursa Securities MMLR"), best practices of the Malaysia Code of Corporate Governance ("MCCG") issued by Securities Commission Malaysia ("SC"), other relevant rules and regulations, and the Company's business direction. The Board and the Management will to continue evaluating their governance practices in response to evolving best practices and changing requirements. <p><i>b) Establishing and reviewing the strategic direction of the Company</i></p> <ul style="list-style-type: none"> ➤ The Board plays a pivotal role in reviewing the Company's strategic direction and approving corporate strategic initiatives developed by the Management. The Board deliberates annually on the Company's strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and Managing Director/Group Chief Executive Officer ("MD/GCEO"). This will ensure
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that the CKIs/KPIs correspond with the Company's annual strategic and business plan. The Board reviews and deliberates on the Management's views/assumptions in ensuring the best decisions are reached after considering all relevant aspects.

- A separate offsite informal session between the Board, Senior Management and Heads of Subsidiaries, known as the Board Retreat Session ("BRS"), is held to have in-depth discussions and exchange of views on the Company's strategic issues/challenges. The BRS is coordinated by the Deputy Chief Executive Officer, Finance and Corporate Services ("DCEOFCS")'s Office at least twice a year and/or as and when the need arises. The BRS is a platform for the Board and Management/ Heads of Subsidiaries ("HOS") to deliberate and exchange views/opinions and brainstorming in formulating strategic initiative plans, charting the direction of the Group, including the reporting of its progress. During the financial year under review, two (2) BRS were held on 26 September 2020 and 12 to 13 December 2020.

c) Overseeing and evaluating the conduct of the Company's business

- Apart from its strategic role, the Board also assumes oversight in relation to the conduct of the Company's business. The MD/GCEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group's strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team.
- The performance of the Management is measured through the Company's and Group's quarterly financial reports as well as half yearly and full year performance review of the MD/GCEO. The Board, on a continuous basis, is kept informed at quarterly Board meetings on the progress of the Company's strategic initiatives (their execution and challenges), critical operational issues, as well as the Group's performance based on approved CKIs/KPIs.

d) Ensuring that strategic initiatives plan supports long term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability

- The Board exercises oversight of policy and strategy to strengthen sustainability at the Group level and across all subsidiaries. The oversight is central to gaining the trust and confidence of the shareholders and stakeholders. To this effect, the Board had on 28 November 2018 approved the adoption of the Sustainability Policy, which sets out the principles facilitating the Group's commitment to conducting its business responsibly via Economic, Environmental and Social ("EES") considerations.

	<ul style="list-style-type: none"> ➤ Guided by the Sustainability Policy, the Group shall take considerable steps to: <ul style="list-style-type: none"> a) Ensure that its activities create long term value for all stakeholders via sustainable development practices; and b) Execute the Group's strategy in a manner that addresses EES risks and opportunities in achieving its business aspirations and operational excellence. ➤ The Sustainability Policy outlines the Group's plans to drive sustainability across its businesses from the different industry sectors that it operates. ➤ The Sustainability Policy has since been adopted by all subsidiaries namely Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), Toyoplas Manufacturing (Malaysia) Sdn Bhd ("TMM"), Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), Aqua-Flo Sdn Bhd ("AFSB"), Smartpipe Technology Sdn Bhd ("SPT") and KPS-HCM Sdn Bhd ("KPS-HCM"). ➤ The establishment of effective corporate governance with regards to sustainability practices allows for diversity of views and perspectives. This is to ensure all decisions and formulated plans are comprehensive and deliver meaningful and greater impact the targeted stakeholders. ➤ With respect to sustainability governance structure, the Board is supported by the Sustainability Board Committee ("SBC") which comprises selected Board members; the SBC oversees the sustainability implementation plans and make recommendations to the Board on such matters, where necessary. The SBC meets at least twice a year. ➤ In determining EES KPIs and initiatives, the Corporate Sustainability Champions ("CSC"), which comprises of cross-functional and cross-divisional Heads of Departments, identify and assess significant EES risks and opportunities pertaining to the Group's business operations. The CSC also meets at least twice a year, helping the Group ensure that sustainable development practices are carried throughout the organisation. ➤ The SBC is also assisted by the Sustainability Unit under the Investor Relations and Strategic Communication Department ("IRSC"), who collectively is responsible for coordinating and carrying out sustainability initiatives and programmes throughout the Group. Reporting to the SBC on periodically basis, not only does IRSC recommend appropriate EES-related initiatives for implementation to the SBC, but it also ensures that the initiatives yield significant impact to the targeted audience and they are well communicated to all stakeholders.
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e) Identifying principal risks and ensuring implementation of appropriate systems for managing risks

- The Group has established an ERM framework since 2013, revised in 2018 and was further enhanced in August 2020 in alignment with the ISO 31000 International Standards of Risk Management - Principles and Guidelines.
- The above framework incorporates a formalised reporting structure via establishment of the BGRC and supported by the Risk and Governance Working Committee (“RGWC”), which is chaired by the MD/GCEO. RGWC meets on a quarterly basis and it monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and recommends to BGRC for endorsement of the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance key risks, status and action plans.
- The Board, through the Board Risk and Compliance Committee (“BRCC”) (which was subsequently renamed to Board Governance and Risk Committee (“BGRC”) with effect from 1 January 2021), sets the risk parameters, objectives and policies to manage the key risks associated with KPS Group.
- The details of the Group’s ERM Framework are set out in the Statement on Risk Management and Internal Control (“SORMIC”) of the Company’s 2020 Annual Report (“Annual Report”).

f) Establishing orderly Succession Planning

- The Board is mindful of ensuring that there is effective and orderly succession planning for the Board and Senior Management in place throughout the Group. Hence, the Board had on 29 August 2018 approved establishment of the Board Succession Planning Framework (“BSPF”) to formalise the existing process related to Board Succession Planning (“BSP”) in a structured manner. The framework aims to guide the Board and Management in ensuring that every action taken connected to succession planning is in accordance with the BSPF. Premised on this, the Board upon recommendation by the Nomination and Remuneration Committee (“NRC”) had on 27 February 2020 endorsed the proposed BSP for KPS Holding Board in BC and Board Representatives (“BR”) in Investee Companies (“IC”) to ensure continuity of Board effectiveness and sustainability of the Company.
- As for Talent Management and Succession Planning for Senior Management, during the financial year under review, the NRC had on 18 March 2020 reviewed the Talent Management and Succession Planning for MD/GCEO level position (“C Level”) and Senior Management positions (C-1 Level) of the Company and

	<p>Talent Management and Succession Planning for HOS position which was subsequently endorsed by the respective subsidiaries board. The Board was satisfied that the NRC had efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its TOR.</p> <ul style="list-style-type: none"> ➤ Overall, the Board collectively concurred that succession planning for the MD/GCEO, Senior Management and the Company's future leaders have been in place. ➤ To facilitate the Board on the above, the NRC has been entrusted to review the succession planning of the Board and MD/GCEO position (C Level) as well as C-1 position (Senior Management). ➤ Among the key duties of the NRC on the succession planning of the Group as per its TOR are to review BSP, identify high potential and selected talents for C Level position, to approve specific development intervention of selected talent, to ensure follow through on development agenda of each talent and to review progress, new assignments, hiring external expertise in order to recalibrate development activities to address capability needs for optimum results. <p>g) <i>Ensuring the existence of a good investor relations programme and shareholder communication policy</i></p> <ul style="list-style-type: none"> ➤ The Company is committed to having open, clear and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospect to its stakeholders. The Company has in place the Investor Relations Policy ("IR Policy") which sets out the principles and various platforms of communication relating to the dissemination of information. ➤ Guided by the IR Policy, the Company has in place an IR Strategy that guides for effective two-way engagements between KPS and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to provide factual and adequate disclosure on the prospect of KPS' business through various communication channels to enable the shareholders and investors make informed investment decisions about KPS. <p>h) <i>Ensuring the integrity of the Company's financial and non-financial reporting</i></p> <ul style="list-style-type: none"> ➤ In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible
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	<p>assessment of the Group's financial performance and its prospects.</p> <p>➤ The Board Audit Committee("BAC") assists the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group. The BAC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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	:	<ol style="list-style-type: none">1. The Board is led by YB Dato' Nor Azmie bin Diron ("Dato' Nor Azmie"), a Non-Independent Non-Executive Chairman ("NINEC"). He was appointed as Chairman on 17 January 2020 and his principal responsibility is to ensure the effective running of the Board. As the Chairman of the Board, Dato' Nor Azmie plays a key role in ensuring the effectiveness of the Board and is responsible for instilling good CG practices, leadership and effectiveness of the Board as a whole.2. His key responsibilities include, inter alia:<ul style="list-style-type: none">➤ Provides leadership for the Board and responsible for the developments needs of the Board so that the Board can perform its responsibilities effectively;➤ Sets the board agenda in consultation with the MD/GCEO and Company Secretary and ensuring that board members receive complete and accurate information in a timely manner. Prior to each board meeting, the Chairman, MD/GCEO, DCEOFCS, Deputy Chief Operating Officer, Strategic Investments ("DCEOSI") and Company Secretaries would have a session known as Pre-Board Meeting where the MD/GCEO will brief the Chairman on the papers to be presented by the Management;➤ Leads the board meetings and discussions and ensure adherence to the meeting procedures;➤ Encourages active participation and healthy discussion to ensure that dissenting views to be freely expressed among the board members;➤ During deliberations at board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the board members and the Management;➤ The Chairman also promotes a boardroom environment that allows for expression of views in the spirit of effective debate and contribution from the board members to facilitate informed decision-making by the Board;➤ Manages interface between Board and Management and provides support and guidance to Senior Management Officers in its short and long-term goals and provides

	<p>advice and devising strategies on business development issues;</p> <ul style="list-style-type: none"> ➤ Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and ➤ In promoting a strong corporate governance culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting, to ensure reliability, timeliness, transparency and compliance with the relevant standards. <p>3. Based on the ABE 2020, the Chairman has demonstrated strong leadership skills and promotes high standards of corporate governance as well as efficient and effective conduct of the Board meetings. This was acknowledged by his score rating of 3.63 (Exceeds Expectation) out of 4.00 (Excellent) rating scale. This has translated that the Chairman has discharged his duties as a Chairman of the Company effectively.</p> <p>4. The detail roles and responsibilities of the Chairman of the Board are clearly stipulated in Clause 3.5.1 of the Board Charter which is available in the Company's website at www.kps.com.my.</p>	
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 CEO are held by different individuals.

Application :	Applied					
Explanation on application of the practice	1. The roles of Chairman and MD/GCEO are separate and held by different individuals with clear and distinct roles as stipulated in Clause 3.5.1 and 3.5.2 of the Company's Board Charter. The separation of powers ensures that no one individual has unfettered decision-making powers, thus, safeguarding the equilibrium of power in the Company, as summarised below:					
	<table><tr><th>Chairman of the Board</th><th>MD/GCEO</th></tr><tr><td><ul style="list-style-type: none">• The Chairman presides over the meetings of the Board and manages the Board's operation by focusing on strategy, policy, governance and compliance as well as collective oversight of Management.• Provides leadership to the Board in relation to all aspects of the Board's roles and responsibilities.• In promoting a strong CG culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation.</td><td><ul style="list-style-type: none">• The MD/GCEO is responsible for the overall operation of the business, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board.• The MD/GCEO works closely with the HOS and fully supported by the Management team in managing the business as a whole on a day-to-day basis.</td></tr></table>	Chairman of the Board	MD/GCEO	<ul style="list-style-type: none">• The Chairman presides over the meetings of the Board and manages the Board's operation by focusing on strategy, policy, governance and compliance as well as collective oversight of Management.• Provides leadership to the Board in relation to all aspects of the Board's roles and responsibilities.• In promoting a strong CG culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation.	<ul style="list-style-type: none">• The MD/GCEO is responsible for the overall operation of the business, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board.• The MD/GCEO works closely with the HOS and fully supported by the Management team in managing the business as a whole on a day-to-day basis.	
	Chairman of the Board	MD/GCEO				
<ul style="list-style-type: none">• The Chairman presides over the meetings of the Board and manages the Board's operation by focusing on strategy, policy, governance and compliance as well as collective oversight of Management.• Provides leadership to the Board in relation to all aspects of the Board's roles and responsibilities.• In promoting a strong CG culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation.	<ul style="list-style-type: none">• The MD/GCEO is responsible for the overall operation of the business, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board.• The MD/GCEO works closely with the HOS and fully supported by the Management team in managing the business as a whole on a day-to-day basis.					
2. Details of the roles and responsibilities of the Chairman and MD/GCEO are clearly spelt out in Clause 3.5.1 and 3.5.2 of the Board Charter, which is available on the Company's website at www.kps.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

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 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	<div><div><div>1. The Company Secretaries of KPS namely Puan Hashimah binti Mohd Isa (“Puan Hashimah”) and Puan Selfia binti Muhammad Effendi (“Puan Selfia”) are persons qualified to act as company secretaries under Section 235 of the Companies Act, 2016 (“CA 2016”). Puan Hashimah is a member of the Malaysian Association of Company Secretaries (“MACS”) and Puan Selfia is an associate member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</div><div>2. The Company Secretaries provide advisory to the Board on corporate administrative and governance issues including compliance to relevant laws, rules, procedures and regulatory requirements affecting the Group, as well as the principles of best CG practices.</div><div>3. The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information; managing all Board and BC meetings; attending and recording all Board and BC meetings, Annual General Meeting (“AGM”), Extraordinary General Meeting ("EGM"); and facilitating Board communications.</div><div>4. Besides that, the Company Secretaries serve as a focal point for stakeholders’ communication and engagement on CG issues as well as communication between regulators and the Board and Senior Management. They ensure that regulators’ requests and instructions are conveyed to the Board and Senior Management in a timely manner and with the appropriate advice.</div><div>5. The Company Secretaries constantly keep themselves abreast of evolving regulatory changes and developments in CG through continuous training. During the year under review, the Company Secretaries attended the following training programmes:</div></div><table><tr><th>No.</th><th>Company Secretary</th><th>Courses Attended in 2020</th><th>Date</th><th>Organiser</th></tr><tr><td rowspan="2">1.</td><td rowspan="2">Hashimah (Practicing Certificate No. 201908000993 / (MAC 01269)</td><td>i) Webinar Series: The Economics of Remote Work</td><td>26 August 2020</td><td>Tricor</td></tr><tr><td>ii) Workshop 2020 on CA 2016:<ul style="list-style-type: none">Capital Reduction Regime</td><td>5 September 2020</td><td>MACS</td></tr></table></div>	No.	Company Secretary	Courses Attended in 2020	Date	Organiser	1.	Hashimah (Practicing Certificate No. 201908000993 / (MAC 01269)	i) Webinar Series: The Economics of Remote Work	26 August 2020	Tricor	ii) Workshop 2020 on CA 2016: <ul style="list-style-type: none">Capital Reduction Regime	5 September 2020	MACS
No.	Company Secretary	Courses Attended in 2020	Date	Organiser										
1.	Hashimah (Practicing Certificate No. 201908000993 / (MAC 01269)	i) Webinar Series: The Economics of Remote Work	26 August 2020	Tricor										
		ii) Workshop 2020 on CA 2016: <ul style="list-style-type: none">Capital Reduction Regime	5 September 2020	MACS										

			<ul style="list-style-type: none"> Beneficial Ownership on Legal Person 		
			iii) Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by Secretarial Department (“SD”) of KPS)
			iv) How Governance Risk and Controls (“GRC”) – “The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board”	14 September 2020	Speaker: Mr Lee Min Onn (Internal Training Series for Board and Management: Organised by SD KPS)
			v) Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
			vi) Information Security Management System	6 October 2020	SmartSEL
			vii) Webinar: Violations of the CA2016 – Oversights by Directors and Secretaries	20 October 2020	MACS
			viii) Webinar: Technical Briefing for Companies of Listed Issuers 2020	22 October 2020	Bursa Securities
			ix) Webinar: MAICSA Annual Conference 2020: New Decade Governance:	2 to 3 December 2020	MAICSA

			Influence, Strategy, Impact		
	2.	Selfia (Practicing Certificate No. 201908000999/ MAICSA 7046782)	i) Webinar Series: Violations of the CA2016: Oversight by Directors & Secretaries	23 July 2020	MAICSA
			ii) Webinar Series: Section 117 Capital Reduction	27 July 2020	MAICSA
			iii) Program Pegawai Integriti Bertauliah Siri 2 Bil 1/2020 Untuk GLC	17 August.2020 to 10 September 2020	Malaysia Anti- Corruption Academy (MACA)
			iv) Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
			v) How GRC – “The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board”	14 September 2020	Speaker: Mr Lee Min Onn (Internal Training Series for Board and Management: Organised by SD KPS)
			vi) Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
			vii) Information Security Management System	6 October 2020	SmartSEL
			viii) Webinar: Technical Briefing for Company Secretaries of Listed Issuers 2020	19 October 2020	Bursa Securities
			ix) Webinar: MAICSA Annual Conference 2020: New Decade	2 to 3 December 2020	MAICSA

			Governance: Influence, Strategy, Impact		
			x) Webinar: The Company Secretary Becoming a Changemaker	15 December 2020	Bursa Securities & Institute of Corporate Directors Malaysia ("ICDM")
	6. Based on the Board Satisfaction Survey 2020 conducted by Secretarial Department, the Board was satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.				
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

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

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	:	<ol style="list-style-type: none">1. The Board schedules meetings on a quarterly basis. Additional meetings are held as and when necessary, to discuss specific issues that require deliberation in between the scheduled meetings. The calendar for Board and BC meetings is scheduled in advance, which include the pre-Board meetings, AGM and BRS, with dates for the year circulated to the Board in the month of November of the preceding year to give the Directors ample time to plan their attendance. A pre-Board meeting is held prior to any Board meetings for the Management to provide the Chairman with insights into the papers that will be deliberated.2. In light of COVID-19 pandemic and the Movement Control Order ("MCO"), the Conditional Movement Control Order ("CMCO") and followed by the Recovery Movement Control Order ("RMCO") imposed by the government thereof, the Board has taken the necessary measures to conduct the Board meeting virtually via online platform as permitted under Clause 120 of the KPS's Constitution, where it stipulates that the Directors may participate in the Board/BC Meeting by means of teleconference, video conference or any other communication channel that allows the Board's participation in the meeting virtually.3. The Notice of the Board meetings together with the Agenda of the meeting are circulated at least seven (7) days before the meeting via email. The same notification is sent to the Management which includes the deadlines for submission of meeting materials for the Management's easy reference for submitting meeting documents in a timely and more efficient manner.4. In support of paperless environment and in line with the Group sustainable practices, the Company had since August 2014 uploaded copies of the Board papers/documents via a meeting software platform which allows the directors to securely access, read and review the Board/BC papers electronically at least five (5) working days prior to the meetings. This permits prior review by the Directors and if necessary, to request provision of further information for deliberation at the meeting to ensure informed and effective decision-making.5. All key deliberations and decisions at Board/BC meetings are duly recorded in the respective minutes of meetings. The draft minutes of Board and BC meetings were disseminated via email for the Board's and BC's review and comments before tabling at the following meetings for confirmation and signature by the respective Chairpersons. The signed board minutes are entered in minutes books kept by the Company Secretaries at the registered office.

	<p>6. The Company Secretaries will also communicate to the relevant Management the Board's decisions/recommendations via circulation of Board Decision for appropriate actions to be taken. The Company Secretaries will follow up with Management on status of actions as matters arising and tabled at the subsequent Board/BC meetings for notation/deliberation until they are resolved.</p> <p>7. The Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at KPS' expense in furtherance of their duties.</p>	
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 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	:	<ol style="list-style-type: none">1. The Board has in place the Board Charter which sets out the roles, powers, duties and responsibilities of the Board, BC, individual Directors, MD/GCEO and Company Secretary.2. It outlines the guidelines and procedures for the Board and its BC in discharging their stewardship effectively and efficiently.3. The Charter provides an overview amongst others on the following:<ol style="list-style-type: none">a) The delineation of the duties, responsibilities and powers of the Chairman of Board and its directors and MD/GCEO of the Company;b) Delegation of authority by the Board to individual directors and its BC in assisting the Board to execute its duties and responsibilities;c) Matters reserved for consideration and approval by the Board; andd) The Board's operating procedures and practices for Board effectiveness.4. The Charter also serves as a guide to individual Board members and the Board as a whole regarding their duties and responsibilities. With this guide, the Board is expected to perform their duties with integrity, honesty and in a professional manner in the interest of the Company which include its shareholders and its broader stakeholders.5. Besides that, the Charter serve as a source reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of KPS.6. The Board Charter is reviewed from time to time and updated regularly to ensure that it remains relevant to the Company's objectives and strategies to align with the current rules and regulations. Hence, the Board had on 14 October 2020 approved the revision of the Board Charter to incorporate the roles &

	<p>responsibilities of BR and to align it with SC Guidelines on Conduct of Directors of Listed Corporations & their Subsidiaries ("SCGCD") issued on 30 July 2020.</p> <p>7. The Board Charter is available on the Company's Corporate website at www.kps.com.my.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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	:	<ol style="list-style-type: none">1. The Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:<ol style="list-style-type: none">a) To establish a standard of ethical behaviour for Directors based on trustworthiness and that acceptable values are held or upheld by any one person; andb) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company.2. In the performance of their duties, the Directors at all times observe the following Codes:<ol style="list-style-type: none">a) Corporate Governanceb) Relationship with Shareholders, Employees, Creditors and Customersc) Social Responsibilities and the Environmentd) Confidential Informatione) Conflict of Interestf) Insider Tradingg) Gifts, Gratuities and/or Bribesh) Dishonesty/General Conducti) Discoveryj) Sexual Harassmentk) General Compliance3. In the event of violation of the Code, the Board observe the following reporting of the breaches/whistleblowing:<ol style="list-style-type: none">a) Where a conflict of interest situation arises, the Director shall disclose to the Board of Directors all potential conflict and where relevant, abstain from voting as a member of the relevant committee on any matter in which he/she may have an interest (direct or indirect) or where there may be potential conflict of interest.

	<p>b) A Director who knows of a violation of the Code that has been committed by another director or employee is under obligation to whistle blow or reports it to the IGU via email: integrity@kps.com.my or telephone: 03-55248448 and the Chairman of the BGRC via email chairmanbgrc@kps.com.my as stipulated in the Whistleblowing Policy and Guidelines.</p> <p>4. In addition to the Code, the Company has also in place a Code of Conduct for staff ("Code for Staff") which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity and cohesiveness, all of which are critical to the success and well-being of the KPS Group. The Code for Staff is part of the KPS Group Scheme and Conditions of Service and is binding all employees.</p> <p>5. The Code is available on the Company's website at www.kps.com.my.</p>	
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	:	<ol style="list-style-type: none">1. The Board established a Whistleblowing Policy & Guidelines ("Whistleblowing Policy") on 25 August 2011, which was subsequently revised in May 2018 and on 25 February 2021. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by all employees and directors in the course of their work.2. The Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistle blowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors and other stakeholders, may use the procedures set out in the Whistleblowing Policy to report any concerns regarding questionable conduct.3. The Whistleblowing Policy, enables key internal and external stakeholders of the Company to raise concerns regarding the Company in that it provides:<ol style="list-style-type: none">a) a safe and acceptable platform for staff or any other stakeholders to raise concerns so that these can be addressed in an independent and unbiased manner; andb) an internal mechanism for the Company to be notified about such concerns and if required, take any action deemed appropriate.4. The Whistleblowing Policy covers amongst others, misconduct on matters relating to:<ol style="list-style-type: none">a) an offence or a breach of law;b) breach of the Company's Rules and Regulations, Financial Regulations or other policies or standards which Companies applies;c) fraud and corruption;d) disclosure related to possible miscarriage of justice;e) health and safety issues which violate the relevant laws and standards;f) sexual or physical abuse; andg) other unethical conduct.

	<p>5. With the establishment of IGU, the administration of the Whistleblowing Policy was transferred to IGU in February 2021. The Whistleblowing Policy provides the contact details of the CIGO (via email: integrity@kps.com.my or telephone: +603-5524 8448) and the Chairman of the BGRC (via email chairmanbgrc@kps.com.my) as the avenue for stakeholders to raise concerns. During the year under review, there were no material concerns raised.</p> <p>6. The Code and Whistleblowing Policy can be found in the Company's corporate website at www.kps.com.my.</p> <p><u>Anti-Bribery and Anti-Corruption Policy("ABC Policy")</u></p> <p>7. In line with the amendment to the Bursa Securities MMLR on 18 December 2019 with regards to anti-corruption measures ("Anti-Corruption Amendments"), in support of the National Anti-Corruption Plan 2019-2023, the Board had on 28 November 2019 approved the establishment of ABC Policy to prevent corrupt practices, provide adequate safeguard measures and defences against corporate liability for corruption under section 17A of the MACC Act 2009.</p> <p>8. The ABC Policy shall be reviewed periodically to assess its effectiveness, at least once every three (3) years.</p> <p>9. The ABC Policy can be found in the Company's corporate website at www.kps.com.my.</p> <p><u>Integrity Governance Unit</u></p> <p>10. The Board had on 27 November 2020 approved the establishment of an IGU and appointment of CIGO at KPS Group as of 1 January 2021 in line with the Government's directive and effort that all Government Linked Companies ("GLCs"), to establish IGU in their respective companies.</p> <p>11. The establishment of IGU will help KPS Group in strengthening its internal controls to prevent corruption, abuse of power and malpractice to inculcate a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with the provision in Section 17A MACC Act 2009.</p>
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 4.1

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

Application :	Applied																		
Explanation on application of the practice	<p>1. The Board, led by a NINEC, consists of seven (7) Non-Executive Directors ("NEDs") and a MD/GCEO, five (5) of whom are Independent Directors ("IDs"). The existing composition of IDs exceeded the minimum number of IDs as prescribed under Paragraph 15.02 of Bursa Securities MMLR which states that at least one third (1/3) of the Board of Directors are IDs and Practice 4.1 of the MCCG where at least half of the Board comprises IDs.</p> <p>2. A high proportion of IDs which is 62.5% provides for an effective check and balance in the functioning of the Board. Details of the Directors, including their qualifications, experience, and details of their length of service, can be referred to in the Profile of Directors section of the 2020 Annual Report. In summary, the Directors are as follows:</p> <table><tr><th>Name of Director</th><th>Designation</th></tr><tr><td>1. Dato' Nor Azmie</td><td>NINEC</td></tr><tr><td>2. Encik Soffan Affendi bin Aminudin ("Soffan Affendi")</td><td>Non-Independent Non-Executive Director ("NINED")</td></tr><tr><td>3. Dato' Idris bin Md Tahir ("Dato' Idris")</td><td>Independent Non-Executive Director ("INED")</td></tr><tr><td>4. Dato' Ikmal Hijaz bin Hashim ("Dato' Ikmal Hijaz")</td><td>INED</td></tr><tr><td>5. Puan Norliza binti Kamaruddin ("Norliza")</td><td>INED</td></tr><tr><td>6. Mr Leon Koay</td><td>INED</td></tr><tr><td>7. Dato' Norazman bin Abd Aziz ("Dato' Noorazman")</td><td>INED</td></tr><tr><td>8. Ahmad Fariz bin Hassan ("Ahmad Fariz")</td><td>MD/GCEO</td></tr></table> <p>3. The Board recognises the importance of the role of the INEDs, particularly in ensuring that strategies proposed by Management are fully deliberated and examined objectively, taking into perspective, among others, the long-term interests of shareholders as well as other stakeholders and the community at large.</p> <p>4. During the financial year under review, the NRC and Board have considered, assessed, and concluded that the independence of the IDs remain objective and intact and has met the independence criteria developed by the NRC based on Paragraph 1.01 of Bursa Securities MMLR as follows:</p>	Name of Director	Designation	1. Dato' Nor Azmie	NINEC	2. Encik Soffan Affendi bin Aminudin ("Soffan Affendi")	Non-Independent Non-Executive Director ("NINED")	3. Dato' Idris bin Md Tahir ("Dato' Idris")	Independent Non-Executive Director ("INED")	4. Dato' Ikmal Hijaz bin Hashim ("Dato' Ikmal Hijaz")	INED	5. Puan Norliza binti Kamaruddin ("Norliza")	INED	6. Mr Leon Koay	INED	7. Dato' Norazman bin Abd Aziz ("Dato' Noorazman")	INED	8. Ahmad Fariz bin Hassan ("Ahmad Fariz")	MD/GCEO
Name of Director	Designation																		
1. Dato' Nor Azmie	NINEC																		
2. Encik Soffan Affendi bin Aminudin ("Soffan Affendi")	Non-Independent Non-Executive Director ("NINED")																		
3. Dato' Idris bin Md Tahir ("Dato' Idris")	Independent Non-Executive Director ("INED")																		
4. Dato' Ikmal Hijaz bin Hashim ("Dato' Ikmal Hijaz")	INED																		
5. Puan Norliza binti Kamaruddin ("Norliza")	INED																		
6. Mr Leon Koay	INED																		
7. Dato' Norazman bin Abd Aziz ("Dato' Noorazman")	INED																		
8. Ahmad Fariz bin Hassan ("Ahmad Fariz")	MD/GCEO																		

	<p>a) Have fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities MMLR;</p> <p>b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;</p> <p>c) Have performed their duties as Directors without being subject to influence of Management;</p> <p>d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;</p> <p>e) Is not a family member of any executive Director, officer and major shareholder of the Company; and</p> <p>f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>5. The IDs are also assessed on their ability to provide strong, valuable contributions to the Board's deliberation without interference to and acting in the best interest of KPS.</p> <p>6. The IDs have declared themselves to be independent from Management and free of any business or other relationship or circumstances which could materially interfere with the exercise of their independent judgement and objective participation in the decision-making process of the Board. Such declarations by the IDs were made via written confirmation in the IDs Self-Assessment Checklist of the ABE Template which form part of ABE 2020 exercise.</p> <p>• Board Skills Matrix</p> <p>7. A Board Skills Matrix ("BSM") was developed since 2017 to serve as a guide to identify skills, knowledge, experience and capabilities of existing Board as well as the desired Board to enable it to meet both current and future challenges of the Company. Besides that, the BSM reveals the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues.</p> <p>8. The BSM, which forms part of the ABE Template, comprises of three (3) criteria namely Key Skills; Experience; and Industry/Sector Background that the Directors bring to the Board. The Directors are required to make self-declaration based on the above three (3) criteria and rate their degree of competencies accordingly based on the rating scales endorsed by the NRC/Board.</p> <p>9. Overall, the Board, having reviewed the size and complexity of the Group's operations, believes the number of members in the Board is appropriate. Currently, there is no specific policy on board composition. Nevertheless, it has been the practice of the Company for the composition of the Board to be periodically reviewed on an annual basis by the NRC to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.</p>
:	

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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
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

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted												
Explanation on adoption of the practice	:	<div><div>1. The Board has in place an Independent Directors Tenure Policy ("IDT Policy") which limits the tenure of ID to nine (9) years. Upon completion of the nine (9) years, the ID may continue to serve on the Board as a non-independent director ("NID"), subject to the NRC's rigorous review and recommendation for the Board to retain and re-designate the affected director(s) as NID.</div><div>2. Currently, none of the ID have served on the Board for more than nine (9) years from the date of his or her appointment. Details of the ID tenure are as follows:</div><table><tr><th colspan="2">Tenure of ID</th><th>Total ID FY 2020</th></tr><tr><td>1 year</td><td>1 Director (Dato' Noorazman)</td><td rowspan="4">5</td></tr><tr><td>2 years</td><td>1 Director (Leon Koay)</td></tr><tr><td>3 years</td><td>2 Directors (Dato' Ikmal Hijaz and Norliza)</td></tr><tr><td>7 years</td><td>1 Director (Dato' Idris)</td></tr></table><div>3. The IDT Policy can be found on the Company's corporate website at www.kps.com.my.</div></div>	Tenure of ID		Total ID FY 2020	1 year	1 Director (Dato' Noorazman)	5	2 years	1 Director (Leon Koay)	3 years	2 Directors (Dato' Ikmal Hijaz and Norliza)	7 years	1 Director (Dato' Idris)
Tenure of ID		Total ID FY 2020												
1 year	1 Director (Dato' Noorazman)	5												
2 years	1 Director (Leon Koay)													
3 years	2 Directors (Dato' Ikmal Hijaz and Norliza)													
7 years	1 Director (Dato' Idris)													

Intended Outcome

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

Practice 4.4

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.

Application :	Applied
Explanation on application of the practice :	<p>1. The NRC is responsible for reviewing the Board's composition, identifying, and recommending suitable candidates for appointment to the Board. The NRC also recommends to the Board the re-election of Directors. In such review, the NRC shall evaluate the suitable candidate based on merit and against objective criteria developed by the NRC in a formal and transparent manner having considered the candidates':</p> <ul style="list-style-type: none"> i) diversity in skills, knowledge, expertise and experience, age, cultural background and gender (based on the current BSM); ii) professionalism; iii) integrity; and iv) in the case of candidates for the position of IDs, the NRC would also evaluate the candidates' ability to discharge such responsibilities/functions as expected from IDs. <p>2. The Board has established a clear and transparent nomination process for the appointment of a Director of the Company which involves seven (7) stages as illustrated below:</p> <pre> graph LR A[Identification of candidates (nomination by existing Director, Management, independent search firm or major shareholder);] --> B[Evaluation of suitability of candidates (based on the selection criteria taking into consideration the Board Skill Matrix and the current/future needs of the Company);] B --> C[Background screening and verification;] C --> D[Interview by NRC members;] D --> E[Final deliberation by the NRC;] E --> F[Recommendation to Board for decision; and] F --> G[Formal invitation by the Chairman.] </pre> <p>3. With regards to appointment of MD/GCEO (Senior Management) of the Company, the assessment by the NRC was also made based on merit and against objective criteria developed by the NRC, in a formal and transparent manner with due regard for diversity in skills, experience, age, race and gender as well as candidate' professionalism and integrity. As for renewal of contract for MD/GCEO, the NRC would also appraise the past trend records of the MD/GCEO's CKI/KPI results as well as other non-financial achievements as the basis for the recommendation to the Board for approval.</p>

	<ul style="list-style-type: none">• Re-election of Directors <p>4. The requirements for the re-election of Directors are laid down in the Company's Constitution. An election of Directors by rotation will take place each year at the AGM where one-third (1/3) or if the number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. All Directors shall retire at least once in every three (3) years.</p> <p>5. The Directors recommended to be re-elected at the AGM are subject to the prior assessment by the NRC and the affected Directors are required to give their consent on their re-election prior to KPS Board meeting. In assessing the candidates, NRC takes into consideration their attributes, competencies, commitment, personality and qualities, as well as their contribution and performance based on the ABE. Assessment of the Board's structure and balance as well as the concerned Directors' independence is also made. NRC's recommendations are thereafter submitted to the Board and shareholders for approval.</p> <p>6. At the forthcoming 44th AGM to be held on 25 May 2021, three (3) Directors namely Dato' Idris, Norliza and Leon Koay whose profiles are set out on pages 96, 98 and 99 will retire pursuant to Clause 76(3) of the Company's Constitution.</p>	
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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board is mindful of diversity in the areas of skills and competencies, experience and background, age, gender, ethnicity and nationality as an important element in maintaining its competitive advantage and to ensure a balanced and effective decision-making process. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, not only gender but also skill sets, experience et cetera. 2. Currently, the Board composition and all Board appointments/re-election are based on merit and to fill the gaps in the BSM identified as necessary rather than fulfilling any gender quotas. This is to provide a balanced board composition that meets the objectives and strategic goals of the Company. 3. Notwithstanding the above, the Board had on 28 April 2015 established the Board Diversity Policy ("BD Policy") which was subsequently revised on 30 May 2019 to incorporate diversity on skill, expertise, experience and independence in addition to gender, age, ethnicity in pursuit to inculcate boardroom diversity in the Board composition of KPS in maintaining a competitive edge. 4. To uphold its gender diversity commitment, the Company currently has one (1) woman Director namely Norliza who has been in the Board since 2018, representing 12.5% of overall Board composition of KPS. The BD Policy can be found on the Company's corporate website at www.kps.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 4.6

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.

Application	:	Applied	
Explanation on application of the practice	:	<div>1. The sourcing of candidates is made via recommendations by other Board Members or shareholders, based on the expectation of the roles and capabilities described and required by the Board. This is subsequently followed by a submission to the NRC for deliberation.</div> <div>2. Besides that, if the need arises, the Board may engage an independent professional search firm in identifying suitably qualified candidates for succession planning of the Board as stipulated in Clause 3.8.3 of the Board Charter.</div>	
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 4.7

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

Application	:	Applied																									
Explanation on application of the practice	:	<p>1. The NRC is chaired by Dato’ Ikmal Hijaz, an ID who was appointed on 27 February 2020 and is well supported by three (3) members. Presently, the NRC comprises exclusively NEDs with majority being IDs. As a Chairman of NRC, Dato’ Ikmal leads the succession planning and appointment of Board and Senior Management, and leads the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.</p> <p>2. The composition of the NRC complies with Paragraph 15.08A(1) of Bursa Securities MMLR and Practice 4.7 of the MCCG, where the members of the NRC were appointed by the Board from amongst the Directors of the Company and consists exclusively of NEDs, the majority of whom are independent. The members of NRC are as follows:</p>																									
		<table><tr><th colspan="4">NRC Membership</th></tr><tr><th colspan="2">Name</th><th>Designation</th><th>Meeting Attendance</th></tr><tr><td>Chairperson</td><td>Dato’ Ikmal Hijaz</td><td>INED</td><td>3/3</td></tr><tr><td rowspan="3">Members</td><td>Dato’ Idris</td><td>INED</td><td>3/3</td></tr><tr><td>Norliza</td><td>INED</td><td>3/3</td></tr><tr><td>Soffan Affendi</td><td>NINED</td><td>3/3</td></tr></table>				NRC Membership				Name		Designation	Meeting Attendance	Chairperson	Dato’ Ikmal Hijaz	INED	3/3	Members	Dato’ Idris	INED	3/3	Norliza	INED	3/3	Soffan Affendi	NINED	3/3
	NRC Membership																										
	Name		Designation	Meeting Attendance																							
Chairperson	Dato’ Ikmal Hijaz	INED	3/3																								
Members	Dato’ Idris	INED	3/3																								
	Norliza	INED	3/3																								
	Soffan Affendi	NINED	3/3																								
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

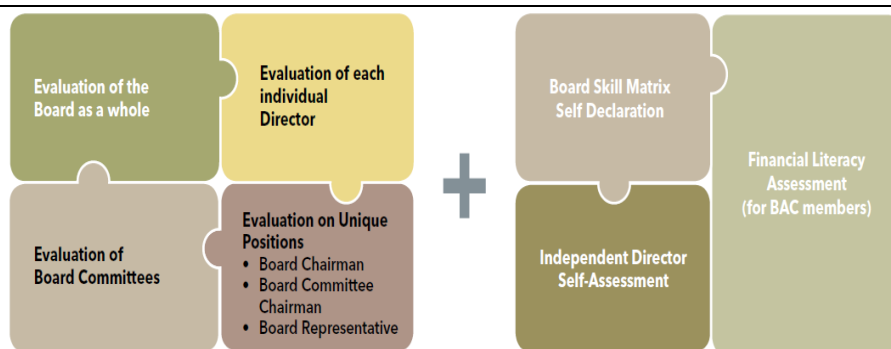
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The NRC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board. The exercise was facilitated by the Company Secretarial Department who has professionally and continuously maintained an objective evaluation methodology. Candid assessment by the Directors is well kept, maintaining confidentiality of the feedback given. The assessment was then analysed, and the findings presented to the NRC for deliberation and thereafter the summary of the results were tabled to the Board for discussion/endorsement.2. During the financial year under review, the questionnaires of the ABE Template have recently been revised since it was introduced in 2016. The revised ABE Template was then approved by the Board on 14 October 2020 for adoption in ABE 2020. The rationale for the revision is to ensure that the quality of questionnaires used in the ABE are more objective and map against the latest roles and responsibilities of the Board as set out in the Board Charter, as well as aligned with the latest guidance/framework on board evaluation as espoused in Bursa Securities Corporate Governance Guide 3rd Edition ("Bursa CG Guide"). Besides that, the focus of the questionnaires was also linked with the Company's Governance Framework where the Board is being assessed from the perspective of Strategic, Governance (Audit & Risk Management), Financial Reporting, Communication (Investor Relations) rather than on operational.3. Having the appropriate performance criteria in place will enable the Board to meet the following ABE objectives:<ul style="list-style-type: none">• Improve the overall performance of the Company and its Board/BC;• Assess individual and collective success;• Improve working relationship;• Reinforce individual relationship; and• Improve the support given by Management to the Board members.4. As guided by Bursa CG Guide and MCCG, the Board has concurred with the following subject reviews for the ABE 2020:



5. The Performance Criteria/Parameters used for each of the above subject review are illustrated below:

PERFORMANCE EVALUATION CRITERIA	
Board Skill Matrix <ul style="list-style-type: none"> Skills; Experience; and Industry/Sector Background. 	Individual Director's <ul style="list-style-type: none"> Roles and Responsibilities (from perspective of Strategic, Governance (Compliance, Risk); Contribution and Performance; and Attributes and Personality.
Board as a whole <ul style="list-style-type: none"> Fulfilling the Board's Fundamental Roles & Responsibilities from perspective of strategic (business plan/ budget/ CKI/ KPI/ sustainability/ succession planning), governance (internal control and risk management, compliance,) financial, communication (investor relations); and Board mix and composition/dynamic. 	Board Chairman <ul style="list-style-type: none"> Strategic thinking; Interpersonal communication skills; Promoting high standard of integrity, probity, and CG; Leadership; Relationship Management; and Effectiveness in conducting meeting.
BC (NRC, BGRC, BIRC, SBC, TBC) <ul style="list-style-type: none"> Composition; Skills and competencies/experience; Provide useful recommendations in assisting the Board for better decision-making; BC Chairman assessment; Appointment of BC members based on appropriate criteria; and Quality of communication by BC to the Board. 	Board Representative (Chairman of IC) <ul style="list-style-type: none"> Alignment of IC business plan, budget with KPS strategic initiatives; Providing constructive opinion on CKI/KPI of IC that form part of KPS Group; Ensuring smooth integration of KPS Group-wide policy; Ensuring effective compliance framework and sound Internal control and risk management at IC; Ensuring non-recurring key strategic audit issues/findings highlighted by the Internal Audit or External Auditors on IC; Oversee the financial reporting process and ensure the quality of financial reporting of the IC are in accordance with the applicable

		<div>accounting standards or internal policies; and</div> <div><div></div><div>Escalate pertinent strategic issues of the IC to the Holding Board.</div></div>
	<div>BAC</div> <div><div>i) For BAC as a whole:</div><div><div></div><div>quality and composition;</div><div>skills and competencies</div><div>meeting administration and conduct; and</div><div>fulfilling its roles & responsibilities.</div></div></div> <div><div>ii) As for the assessment of individual BAC members</div><div><div></div><div>interpersonal qualities;</div><div>experience;</div><div>participation in ongoing education;</div><div>analytical thinking;</div><div>understanding of risks;</div><div>understanding of Company's compliance processes;</div><div>understanding of financial and statutory reporting requirements; and</div><div>significant accounting policies, accounting estimates and financial reporting practices.</div></div></div> <div><div>iii) Financial Literacy Assessment.</div></div>	<div><div>Independent Directors' Self-Assessment</div><div><div></div><div>Background relationship with KPS;</div><div>Business relationship with KPS;</div><div>Family relationship with KPS;</div><div>Tenure status in KPS; and</div><div>Other quantitative assessments.</div></div></div>
	<div>6. Each Board member was provided with their own individual results of the ABE, together with a peer average rating in each area of assessment for personal information and further development. The results of these assessments formed part of the justifications of the NRC's recommendations to the Board for the re-election of Directors at the next AGM.</div> <div>7. The results of the evaluations and comments from the Directors concerning the Board and general performance of the Directors were also presented to the Board, by the NRC.</div>	
<div>Explanation for departure</div> <div>:</div>		
<div>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</div>		
<div>Measure</div> <div>:</div>		
<div>Timeframe</div> <div>:</div>		

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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied																					
Explanation on application of the practice	:	<div><div><div>1. In line with MCCG Practice, the Company aims to set remuneration for Directors and Senior Management at levels which are fair and equitable to attract and retain Directors of calibre to guide the Group successfully, taking into consideration fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/market environments, Company’s performance as well as skills and experience required.</div><div>2. Guided by the above, the Company established the Directors’ Remuneration Policy and Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018 respectively. The policies are designed to support the Company’s key strategic initiatives, business objective and create a high performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent as well as promote business sustainability and growth, support long-term success of the Company and align with market/industry practices.</div><div>3. To ensure continued relevance, the said policies will be reviewed at least once in every three (3) years at a minimum or as change arises to ensure KPS remains at the forefront of best practice in governance. This is also to preserve their consistency with KPS’ strategic direction, whilst at the same time remaining fair, competitive, and aligned to the changes in business and market environment including prevailing rules and regulations.</div><div>4. Details of the Directors’ Remuneration Policy and Senior Management Remuneration Policy can be found on the Company’s website at www.kps.com.my.</div></div><div><div>The remuneration structure for NED of KPS are as follows:</div><div><div>5. Directors’ Fees & Meeting Allowance (Board and BC)</div><table><tr><th rowspan="2">No.</th><th rowspan="2">Category</th><th rowspan="2">Directors Fee (RM)</th><th colspan="3">Meeting allowance per attendance (RM)</th></tr><tr><th>Board</th><th>BAC</th><th>Other BC</th></tr><tr><td>1.</td><td>Chairman</td><td>130,000</td><td>3,500</td><td>3,000</td><td>2,000</td></tr><tr><td>2.</td><td>Member</td><td>100,000</td><td>2,500</td><td>2,000</td><td>1,500</td></tr></table></div></div></div>	No.	Category	Directors Fee (RM)	Meeting allowance per attendance (RM)			Board	BAC	Other BC	1.	Chairman	130,000	3,500	3,000	2,000	2.	Member	100,000	2,500	2,000	1,500
No.	Category	Directors Fee (RM)				Meeting allowance per attendance (RM)																	
			Board	BAC	Other BC																		
1.	Chairman	130,000	3,500	3,000	2,000																		
2.	Member	100,000	2,500	2,000	1,500																		

	<p>6. Other Benefits</p> <ul style="list-style-type: none"> • The NEDs shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which they may otherwise incur on or about the business of the Company; and • NEDs have the benefit of Directors & Officers (“D&O”) Insurance in respect of any liabilities arising from such acts committed in their capacity as Director of the Company. However, the said insurance policy does not indemnify a Director if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty or trust. The Directors are required to contribute jointly with the Company towards the premium of the said policy. <p>7. Benefit in Kind:</p> <ul style="list-style-type: none"> • Group Hospitalisation and Surgical • Group Term Takaful • Group Personal Accident • Medical Outpatient Benefits <p>8. The fee payable to NEDs shall be a fixed sum and shall not be by a commission on or percentage of profits or turnover. The fees and any benefits payable to NEDs shall be subjected to annual shareholders’ approval at a general meeting in accordance with Section 230(1) of the CA 2016.</p> <p>9. Any proposed revision of Directors’ Remuneration shall be deliberated and recommended by the NRC and concurred by the Board before tabling the same to shareholders at the general meeting for approval. NEDs are not entitled to receive performance-based bonuses. The Company may extend the participation of Share Issuance Scheme or any other short-term and/or long-term incentive plans to NEDs subject to provisions set out in Bursa Securities MMLR.</p> <p>The remuneration structure for MD/GCEO</p> <p>10. As for the MD/GCEO, the remuneration would be dealt within the MD/GCEO’s service contract. Remuneration packages for MD/GCEO (and of members of senior management or any other individual, as defined by the Board) should involve a balance between fixed and performance-linked (variable) elements but shall not include a commission or a percentage of turnover. The relative weightage of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. The remuneration of the MD/GCEO shall be deliberated and recommended by the NRC and approved by the Board.</p>
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 6.2

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	:	<ol style="list-style-type: none">1. The Board of KPS had delegated to the NRC the responsibility to set the principles and parameters relating to the KPS Group's remuneration matters. The Board had established a Remuneration Committee since 2003 and in August 2018, the RC was consolidated into NRC to provide for a more streamlined approach towards the deliberation of remuneration matters of KPS Group. This has resulted in the expanded role of the NRC whereby the NRC is responsible on the following remuneration matters of KPS:<ol style="list-style-type: none">i) To formulate or review the remuneration for the members of the Board, BC, board representatives on the functional board of the subsidiaries and/or associate companies;ii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS;iii) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;iv) To review and recommend to the Board on the staff annual salary increment pool, performance bonus pool in respect of each financial year; andv) To review and recommend any major changes in remuneration policy and employees' benefits structure throughout the Company in line with market practice.2. During FY2020, there were three (3) NRC meetings held on 14 February 2020, 18 March 2020 and 19 August 2020 and the following matters were reviewed:<ul style="list-style-type: none">• Performance Bonus for year ended 31 December 2019 and 2020 Performance Increment of KPS;• Performance Bonus for year ended 31 December 2019 for the MD/GCEO of KPS;• Merit bonus for MD/GCEO for financial year ended 31 December 2019;• Incentive Bonus for MD/GCEO

	<p>3. Meetings of the NRC are attended by the MD/GCEO and DCEOFCs. Other Senior Management are invited to the meetings of NRC, when necessary, to support detailed discussions.</p> <p>4. The TOR of the NRC can be found on the Company's website at www.kps.com.my.</p>	
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 7.1

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	:	1. In line with the best corporate governance practice, the remuneration of the Board on a named basis during the financial year under review are as follows:																																																																																																																																																																																																			
		<table><tr><td></td><td colspan="7">KPS</td><td colspan="2">SUBSIDIARIES</td><td rowspan="2">TOTAL (RM)</td></tr><tr><td>DIRECTORS</td><td>DIRECTORS FEES (RM)</td><td>MEETING ALLOWANCE (RM)</td><td>SALARY (RM)</td><td>BONUS (RM)</td><td>LEAVE PASSAGE (RM)</td><td>COMPANY CONTRIBUTION TO EMPLOYEE'S EPF (RM)</td><td>OTHER EMOLUMENTS/ BENEFITS IN KIND (RM)</td><td>DIRECTORS FEES (RM)</td><td>MEETING ALLOWANCE (RM)</td></tr><tr><td colspan="11">NON-EXECUTIVE DIRECTORS ("NED")</td></tr><tr><td>DATO' NOR AZMIE</td><td>124,316.94</td><td>21,000.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>10,285.00</td><td>-</td><td>-</td><td>155,601.94</td></tr><tr><td>SOFFAN</td><td>95,628.42</td><td>37,000.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>10,285.00</td><td>12,500.00</td><td>3,200.00</td><td>158,613.42</td></tr><tr><td>DATO' IDRIS</td><td>100,000.00</td><td>39,000.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>27,385.00</td><td>17,377.05</td><td>3,700.00</td><td>187,462.05</td></tr><tr><td>DATO' IKMAL</td><td>100,000.00</td><td>31,500.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>28,190.00</td><td>23,000.00</td><td>4,200.00</td><td>186,890.00</td></tr><tr><td>NORLIZA</td><td>100,000.00</td><td>30,000.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>14,359.00</td><td>15,000.00</td><td>3,200.00</td><td>162,559.00</td></tr><tr><td>LEON KOAY</td><td>100,000.00</td><td>41,500.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>10,285.00</td><td>37,868.85</td><td>6,000.00</td><td>195,653.85</td></tr><tr><td>DATO' NOORAZMAN</td><td>100,000.00</td><td>27,500.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>7,796.00</td><td>5,204.92</td><td>800.00</td><td>141,300.92</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td colspan="11">FORMER NED WHO SERVED AS DIRECTOR OF KPS DURING THE YEAR UNDER REVIEW</td></tr><tr><td>YM RAJA SHAHREEN <small>(resigned: 17.1.2020)</small></td><td>5,683.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>10,285.00</td><td>-</td><td>-</td><td>15,968.00</td></tr><tr><td>RITA BENOY <small>(resigned: 30.6.2020)</small></td><td>49,992.00</td><td>22,500.00</td><td>-</td><td>-</td><td>-</td><td>-</td><td>12,684.00</td><td>9,328.02</td><td>1,600.00</td><td>96,104.02</td></tr><tr><td colspan="11">EXECUTIVE DIRECTOR</td></tr><tr><td>AHMAD FARIZ</td><td>*N/A</td><td>*N/A</td><td>975,000.00</td><td>525,000.00</td><td>22,888.00</td><td>225,000.00</td><td>40,472.00</td><td>*(Paid to KPS)</td><td>*(Paid to KPS)</td><td>1,788,360.00</td></tr><tr><td>TOTAL</td><td>775,620.36</td><td>250,000.00</td><td>975,000.00</td><td>525,000.00</td><td>22,888.00</td><td>225,000.00</td><td>172,026.00</td><td>120,278.84</td><td>22,700.00</td><td>3,088,513.20</td></tr></table>											KPS							SUBSIDIARIES		TOTAL (RM)	DIRECTORS	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)	SALARY (RM)	BONUS (RM)	LEAVE PASSAGE (RM)	COMPANY CONTRIBUTION TO EMPLOYEE'S EPF (RM)	OTHER EMOLUMENTS/ BENEFITS IN KIND (RM)	DIRECTORS FEES (RM)	MEETING ALLOWANCE (RM)	NON-EXECUTIVE DIRECTORS ("NED")											DATO' NOR AZMIE	124,316.94	21,000.00	-	-	-	-	10,285.00	-	-	155,601.94	SOFFAN	95,628.42	37,000.00	-	-	-	-	10,285.00	12,500.00	3,200.00	158,613.42	DATO' IDRIS	100,000.00	39,000.00	-	-	-	-	27,385.00	17,377.05	3,700.00	187,462.05	DATO' IKMAL	100,000.00	31,500.00	-	-	-	-	28,190.00	23,000.00	4,200.00	186,890.00	NORLIZA	100,000.00	30,000.00	-	-	-	-	14,359.00	15,000.00	3,200.00	162,559.00	LEON KOAY	100,000.00	41,500.00	-	-	-	-	10,285.00	37,868.85	6,000.00	195,653.85	DATO' NOORAZMAN	100,000.00	27,500.00	-	-	-	-	7,796.00	5,204.92	800.00	141,300.92												FORMER NED WHO SERVED AS DIRECTOR OF KPS DURING THE YEAR UNDER REVIEW											YM RAJA SHAHREEN <small>(resigned: 17.1.2020)</small>	5,683.00	-	-	-	-	-	10,285.00	-	-	15,968.00	RITA BENOY <small>(resigned: 30.6.2020)</small>	49,992.00	22,500.00	-	-	-	-	12,684.00	9,328.02	1,600.00	96,104.02	EXECUTIVE DIRECTOR											AHMAD FARIZ	*N/A	*N/A	975,000.00	525,000.00	22,888.00	225,000.00	40,472.00	*(Paid to KPS)	*(Paid to KPS)	1,788,360.00	TOTAL	775,620.36	250,000.00	975,000.00	525,000.00	22,888.00	225,000.00	172,026.00	120,278.84	22,700.00	3,088,513.20
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		NOTE: *Ahmad Fariz being the MD/GCEO of KPS is not eligible to receive the director's fees and meeting allowance in the company where his salary is being paid. As for Director's fee and meeting allowance at subsidiaries, it shall be made payable to KPS. This is in line with the Company's Remuneration Policy for Salaried Employees.																																																																																																																																																																																																			
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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 7.2

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 :	Departure														
Explanation for application of the practice :															
Explanation for departure	<p>1. The remuneration of top five (5) Senior Management personnel of the Company for the financial year ended 31 December 2020 are as follows:</p> <table><tr><th>Top Five (5) Senior Management</th><th>Number of Senior Management</th></tr><tr><td>From RM750,001 - RM800,000</td><td>1</td></tr><tr><td>From RM800,001 - RM850,000</td><td>1</td></tr><tr><td>From RM1,000,001 - RM1,050,000</td><td>1</td></tr><tr><td>From RM1,350,001 - RM1,400,000</td><td>1</td></tr><tr><td>From RM1,900,001 - RM1,950,000</td><td>1</td></tr><tr><td>Total</td><td>5</td></tr></table>	Top Five (5) Senior Management	Number of Senior Management	From RM750,001 - RM800,000	1	From RM800,001 - RM850,000	1	From RM1,000,001 - RM1,050,000	1	From RM1,350,001 - RM1,400,000	1	From RM1,900,001 - RM1,950,000	1	Total	5
Top Five (5) Senior Management	Number of Senior Management														
From RM750,001 - RM800,000	1														
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From RM1,000,001 - RM1,050,000	1														
From RM1,350,001 - RM1,400,000	1														
From RM1,900,001 - RM1,950,000	1														
Total	5														
	<p>2. The remuneration of the top five (5) Senior Management disclosed above is on an aggregate basis including salary, bonus and other benefits. At this juncture, the Board believes that disclosure of Senior Management remuneration on a named basis and by various components is neither to the Group's advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talents in the market.</p>														
	<p>3. Notwithstanding the above, the Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company and Group, with due consideration of attracting, retaining and motivating Senior Management to spearhead the running of the Group's business operation. This would allow stakeholder to make an appreciable link between remuneration of Senior Management and the performance of the Group.</p>														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
Measure :	<p>1. The Company will provide detailed disclosure of Senior Management's remuneration if the requirement is made mandatory under Bursa Securities MMLR.</p> <p>2. The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.</p>														

		3. The Board will closely monitor and guided with developments in regulatory requirements in respect of such disclosure for future consideration.
Timeframe	:	In accordance with the prescribed period when the requirement is made mandatory under Bursa Securities MMLR.

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 7.3 - 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 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The BAC comprises four (4) NEDs of whom three (3) are INEDs and one (1) NINED, which is in line with Paragraph 15.09 of Bursa Securities MMLR. 2. The Chairman of the BAC is Dato' Idris, who is not a Chairman of the Board and is an INED. This is to promote robust and open deliberations by the Board on matters referred by the BAC. Dato' Idris is a member of the Malaysian Institute of Accountants ("MIA"), a fellow member of the Chartered Institute of Management Accountants ("CIMA") and former member of the Institute of Internal Auditors ("IIA").
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 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The TOR of the BAC has incorporated a policy on observation of cooling-off period of two (2) years and was subsequently amended on 25 February 2021 to three (3) year in line with latest provision of MIA By-Laws, Section 540.5. The cooling off period is applicable to former key audit partners, before being appointed as a member of the BAC. This is to ensure that the objectivity, independence, and effectiveness of the external auditors are maintained. 2. Currently, none of the present BAC members are former key audit partners. 3. A copy of the BAC TOR is available on the Company's website at www.kps.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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. In assessing the suitability, objectivity and independence of the external auditor, the BAC is guided by the External Auditors Assessment Policy ("EAA Policy") which was approved by the Board on 29 March 2017 and subsequently revised and approved by the Board on 27 November 2020. Besides that, KPS has also established a policy known as Policy on Appointment of Existing External Auditors for Non-Audit Related Services ("NARS Policy") which was approved by the Board on 29 August 2018, which stipulates that in the event, the cumulative engagement's fee on appointment of External Auditors for non-audit related services exceeding 30% of the total audit fees payable to them, concurrence from BAC is required. This is to ensure the independence and objectivity of the External Auditor are not compromised and there is transparent reporting process in place for the BAC to monitor the observance and compliance of the External Auditors with the NARS Policy.2. The annual evaluation of the external auditor provides the BAC with a disciplined approach for maintaining effective oversight of the external auditor's performance.3. The assessment criteria used to evaluate the performance, objectivity and independence of the external auditors are, amongst others, as follows:<ul style="list-style-type: none">• The quality of service;• Sufficiency of resources;• Communication;• Independence;• Objectivity; and• Professionalism4. Based on the External Auditors assessment 2020 carried out by the BAC together with the Management, the BAC was satisfied with the performance and the independence of the external auditors. Besides that, the BAC also satisfied in its review that the provision of audit and non-audit services by Messrs BDO PLT ("BDO") to the Company for FY2020 did not in any way impair their objectivity and independence as external auditors of the Company.5. It has been the practice of the Company, in applying the principle of auditor independence, to ensure that the audit partner-in-

	<p>charge of the Group is rotated at least every seven (7) financial years. The current audit partner-in-charge is Messrs BDO, following the shareholders' approval on its re-appointment at the 43rd AGM on 30 June 2020. The BAC was satisfied with the assessment of the independence and capabilities of Messrs BDO and recommended to the Board for the reappointment of the Company's external auditors, for Board's consideration.</p> <p>6. On 24 August 2020, BAC reviewed and discussed with the Management together with the external auditors, BDO the 2020 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters, fees, fraud consideration and risk of management override.</p> <p>7. Subsequently, on 23 February 2021, BAC had meet again with BDO and discussed the summary of BDO's audit findings of the financial statements for financial year ended 31 December 2020 and reading of other information as set out in the 2020 Annual Report and the engagement to report on the Statement on Risk Management and Internal Control of KPS.</p> <p>8. BDO is expected to provide a written assurance in its presentation of external auditors' report to the BAC in March 2021, that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2020.</p>
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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	<p>1. The members of BAC have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual BAC members are disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>2. In view of the increasingly demanding role as BAC members, the BAC recognises the importance of continual training and professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules and able to serve effectively on, and contribute positively to the BAC.</p> <p>3. During the financial year under review, the BAC members attended various training programs to update their knowledge and enhance their skills as follows:</p> <table><tr><th>No.</th><th>Director</th><th>Course/Program Attended</th><th>Date</th><th>Organiser</th></tr><tr><td rowspan="3">1.</td><td rowspan="3">Dato' Idris (Chairman)</td><td>Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions</td><td>14 September 2020</td><td>Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)</td></tr><tr><td>Governance Risk and Controls ("GRC") – "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."</td><td>14 September 2020</td><td>Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)</td></tr><tr><td>Defending Your Company and Keeping</td><td>2 October 2020</td><td>Speaker from FTI Consulting</td></tr></table>					No.	Director	Course/Program Attended	Date	Organiser	1.	Dato' Idris (Chairman)	Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)	Governance Risk and Controls ("GRC") – "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)	Defending Your Company and Keeping	2 October 2020	Speaker from FTI Consulting
No.	Director	Course/Program Attended	Date	Organiser																	
1.	Dato' Idris (Chairman)	Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)																	
		Governance Risk and Controls ("GRC") – "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)																	
		Defending Your Company and Keeping	2 October 2020	Speaker from FTI Consulting																	

			up to date with Key Cybersecurity Risks in 2020		(Internal Training Series for Board and Management: Organised by SD KPS)
			Information Security Management System (ISMS)	6 October 2020	SmartSEL
			Economic update: Impact of COVID-19 on the vulnerable groups in Malaysia	22 October 2020	ANU Institute
			The U.S. Presidential Election: What's at stake?	28 October 2020	FTI Consulting
	2.	Soffan Affendi	Mandatory Accreditation Programme (MAP)	7 – 9 April 2020	ICLIF International Centre for Leadership in Finance (ICLIF)
			Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
			GRC – “The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board.”	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
			Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
	3.	Leon Koay	Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)

			GRC – “The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board.”	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
			Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
			The Fraud Risk Management workshop	4 November 2020	Bursa Securities
	4.	Dato' Noorazman	Corruption Risk Management (“CRM”) Awareness Session for the Board and Top Management of UEM Sunrise	25 June 2020	Raddhi Zeva Sdn Bhd
			The FIDE Core Programme Module A – Bank	29 June to 2 July 2020 and 6 to 9 July 2020	Financial Institutions Directors' Education (“FIDE”)
			The FIDE Core Programme Module B – Bank	13 – 21 July 2020	FIDE
			Director Strategic Thinking Series – Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
			GRC – “The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board.”	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board & Management: Organised by SD KPS)
			Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board & Management:

				Organised by SD KPS)
	4.	In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC also reviewed the term of office and performance of the BAC and each of its members annually to determine the members' financial literacy levels, ability to pose probing questions, competencies in grasping complex issues and skills as well as knowledge to discharge their duties and responsibilities under its TOR.		
	5.	Based on the ABE 2020, the Board was satisfied with the overall performance and effectiveness of the BAC. All four (4) members demonstrated a high degree of independence, professionalism and integrity with balanced diversity, skills and experience.		
	6.	With regards to financial literacy of the BAC members, it was observed that all of the BAC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis.		
	7.	The BAC members' accountability in discharging their duties and responsibilities are in accordance with the BAC's TOR, as required under MMLR and recommended under Principle B of MCCG.		
	8.	Throughout the year, the BAC dealt in issues related to financial reporting, external and internal audit findings, related party transactions and internal control, in line with the mandate provided by the TOR. The BAC has provided valuable recommendations and views to assist the Board in making informed decisions which have greatly contributed to the Board's discussions on high level review of financial reporting process and financial statements.		
	9.	In assisting the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group, the BAC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.		
	10.	More details on how the BAC has discharged its duties in FY 2020 are presented in the BAC Report of the Company's Annual Report.		
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 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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board remains committed towards maintaining a sound and effective risk management and internal control procedures covering financial, operational, regulatory and compliance, governance, and sustainability to safeguard shareholders' investments and the Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.2. While the internal control system is devised to cater for the needs of the Group and to manage the risk that may impede the achievement of the Group's business objectives, such internal control system, by its nature, cannot eliminate risk and can only provide reasonable assurance and not absolute assurance, against material misstatement or loss by identifying, managing and controlling risks, including operational risk.3. In view of the above, the Group has established an ERM framework since 2013, revised in 2018 and was further enhanced in August 2020 in alignment with the ISO 31000 International Standards of Risk Management - Principles and Guidelines. The rationale for the enhancement is to proactively identify, evaluate and manage key risks to an optimal level, taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised risk management approach entity wide.4. The above framework incorporates a formalised reporting structure via establishment of the Board Risk and Management Committee since 2011, renamed to BRCC on 29 August 2019 and was recently renamed to BGRC effective 1 January 2021. The BGRC is supported by the RGWC which is chaired by the MD/GCEO.5. The Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators ("KRIs") for the key risk areas identified.6. The ERM initiatives were further extended to the subsidiaries since 2019 and the key risk areas for subsidiaries were identified and assessed together with the respective key management and

	Executive Committees ("EXCO") of subsidiaries and subsequently approved at the respective subsidiaries' Board.	
	<p>7. Besides that, each key business unit has nominated assurance officer who is responsible to guide risk owners to identify, monitor and develop action plans to mitigate the risks. The assurance officers are supported by Risk Management Department ("RMD") which monitor and guide the assurance officers on risk areas. RMD reviews every new risk identified and authenticate the viability of action plan provided by each assurance officer.</p> <p>8. The Group has also in place a Business Continuity Management ("BCM") Program based on the ISO 22301 standards. The program is designed to ensure continuous and sustainable business operations during a disruption. The program includes Business Continuity Plan, Business Impact Analysis and risk assessment.</p> <p>9. During the financial year, a structured KPS Internal Control Framework ("KPS-ICF") was established and approved by the Board on 28 May 2020, to strengthen the governance process and internal control design.</p>	
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 9.2

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	:	<ol style="list-style-type: none">1. The Board recognises the importance of sound and effective Internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity by minimising unforeseen risks. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.2. In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.3. The Group has in place a clear ongoing process for identifying, evaluating, managing and monitoring significant risks faced by the Group during the year.4. RMD is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and mitigation strategies information is captured in the format of risk registers. Continuous risk assessment and challenge sessions were conducted to ensure the risk mitigation strategies were updated. Risk owners present their risk updates, and these are further deliberated with RMD for its adequacy and completeness.5. High Level Risk profiles for the key business units are also presented to the RGWC, BGRC, Subsidiary Board and Board of Directors on a quarterly basis for deliberation and approval.6. For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through the various policies, TOR, processes and initiatives disclosed in the Statement of Risk Management and Internal Control of the Company's Annual Report.7. The Group continuously includes key issues and concerns on all material associated companies for Board of Directors deliberation.

	8. Besides that, to further enhance the risk management practices within the Group, RMD has conducted a risk awareness workshop for the staff and formalising the risk management process through the implementation of the ERM.	
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 9.3 - 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	:	<div><div><div><div>1. The Board has established the Board Risk and Management Committee (“BRMC”) since 2011, renamed to BRCC on 29 August 2019 and was recently renamed to BGRC in line with the establishment of IGU at KPS Group effective 1 January 2021. The rationale for the change of name is in tandem with the additional responsibilities placed with the BGRC to reinforce effective CG in monitoring integrity and governance matters in addition to the existing responsibility of BGRC to ensure the effectiveness of regulatory compliance, overall internal controls, risk management, governance systems and processes.</div><div>2. The BGRC is supported by the RGWC, which is chaired by the MD/GCEO. The BGRC meets on a quarterly basis and it monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and recommends to BGRC for endorsement, the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance key risks, status, action plans.</div><div>3. The BGRC comprises four (4) members, who are all INED including the Chairman. Currently, the BGRC is chaired by Leon Koay, who was appointed as Chairman of BGRC on 27 February 2020. Other members are Dato’ Noorazman and Norliza both appointed on 27 February 2020 and Dato’ Idris appointed on 27 August 2020 in place of Rita Benoy who has resigned as Director of KPS on 30 June 2020. They possess sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge on the industry where KPS Group operates:</div></div><div><table><tr><th>Name of BGRC member</th><th>Designation</th></tr><tr><td>1. Leon Koay</td><td>Chairman of BGRC, INED</td></tr><tr><td>2. Dato’ Idris</td><td>Member, INED</td></tr><tr><td>3. Dato’ Noorazman</td><td>Member, INED</td></tr><tr><td>4. Norliza</td><td>Member, INED</td></tr></table></div><div><div>4. Amongst the scope and responsibility of BGRC as per its TOR are as follows:</div><div><div>a) Risk Management</div><div><div>➤ Oversee KPS and its subsidiary companies' risk management systems, practices and procedures to ensure</div></div></div></div></div></div>	Name of BGRC member	Designation	1. Leon Koay	Chairman of BGRC, INED	2. Dato’ Idris	Member, INED	3. Dato’ Noorazman	Member, INED	4. Norliza	Member, INED
Name of BGRC member	Designation											
1. Leon Koay	Chairman of BGRC, INED											
2. Dato’ Idris	Member, INED											
3. Dato’ Noorazman	Member, INED											
4. Norliza	Member, INED											

	<p>effectiveness of risk identification, management, and compliance with internal guidelines.</p> <p>b) Compliance</p> <ul style="list-style-type: none"> ➤ Ensure effective management of regulatory compliance throughout KPS Group and to provide oversight and advice to the Board in respect of the compliance with the applicable laws and regulations. <p>c) Integrity and Governance</p> <ul style="list-style-type: none"> ➤ Monitoring the implementation of IGU and assist the Board in overseeing the overall issue of corruption, fraud, malpractice, and unethical conduct within the company, by the formulation of a strong governance, ethical and integrity culture within the KPS Group. <p>5. During the financial year under review, the BGRC had met four (4) times during the year in review.</p>	
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 have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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	<ol style="list-style-type: none">1. The Board has established an in-house internal audit ("IA") function which is led by the Director of IA ("DIA") who reports functionally to the BAC, and administratively to the MD/GCEO.2. The Internal Audit Department ("IAD") provides independent review on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes and monitoring of compliance with policies and procedures implemented by the Management at KPS Group.3. The IA provides reasonable assurance to the BAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.4. The risk-based internal audit plan that includes internal audit coverage and scope of work is presented to the BAC for its consideration and approval annually. The IA activities and performance are also reviewed periodically by the BAC to ensure its adequacy and independence in performing its role and is in line with the Institute of Internal Auditors ("IIA"), International Professional Practice of Framework ("IPPF") on Internal Auditing and the pertinent regulations.5. To ensure that the responsibilities of the IA are fully discharged, the BAC reviews:<ol style="list-style-type: none">i) The appointment and removal of the DIA;ii) The adequacy of the IA's scope, competency, experience and resources of the IA function;iii) Annual review of IA Charter;iv) BAC TOR once in every three (3) years;v) Annual IA Plan;vi) Setting of CKI/KPI for IA andvii) The appraisal or assessment of performance of the IA function and performance of the DIA, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group.6. The IA reports encompassing the significant internal audit findings together with recommendations thereon are presented to the BAC on a quarterly basis. The relevant Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by relevant Management on corrective

	<p>actions are monitored on a monthly basis and undue delays have to be justified to the BAC for approval.</p> <p>7. The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings and knowledge sharing within the group.</p> <p>8. To ensure independency of IA function, BAC held separate meeting with the IA on 26 March 2020, without the presence of Management to discuss any pertinent issues relating to the 2020 annual audit that require special attention of the BAC other than those areas of audit emphasis highlighted.</p> <p>9. In accordance with the BAC TOR, the BAC had in February 2021 conducted an annual assessment of the performance of the IAD by reviewing the 2020 IA Balance Scorecard as well as completing the annual IA Evaluation Questionnaire.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 10.2

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	:	<ol style="list-style-type: none">1. All the IA personnel confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.2. During the financial year under review, the IA was headed by Encik Sukman Suzzak bin Zakaria (“Encik Sukman”), the former DIA and assisted by two (2) internal auditors and one (1) assurance officer at each material subsidiaries namely TMM, CPI and CBB. Encik Sukman is a fellow member of the Association of Certified Chartered Accountants (“ACCA”) and a member of the IIA with more than 23 years of internal auditing experience. Besides that, all the internal auditors have the relevant tertiary education in audit. Encik Sukman resigned on 31st December 2020 upon expiry of his employment contract.3. Following the above resignation, Madam Tan Eng Eng (“Eng Eng”) was appointed as the DIA effective February 2021. Eng Eng graduated in BA Economic (Hons) from the University Malaya in 1997 and subsequently completed her Post Graduate studies of MBA (General) from the University of Strathclyde in 2003. She is a Fellow Member of ACCA, member of MIA and IIA. Eng Eng has vast experience in planning, supervision, coordination, and management of audit assignments including carrying out risk and control assessment of companies of various industries such as in Financial Institutions, Automotive-Retail, After Sales & Manufacturing, Construction & Property, Trading and Services.4. The IAD function is guided by its Audit Charter as approved by the BAC which defines its responsibilities, authority and scope of work within the Group.5. The BAC was satisfied that the IA function is performed in accordance with the IIA’s Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing (“IPPF”). The IAD is also guided by the MCCG issued by SC.
	:	

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 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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Company is committed to having open, clear and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospect to its stakeholders. The Company has in place the IR Policy which sets out the principles and various platforms of communication relating to the dissemination of information. This enables both the Board and Management to communicate effectively with its shareholders and other stakeholders at all times via the following multiple channels of communications:<ol style="list-style-type: none">a) The Annual Report and relevant circulars dispatched to shareholders and published on the Company's website;b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities;c) Series of engagement through IR programmes such as analyst and investor briefings; andd) AGM/EGM.2. In addition, the Company has established and actively updates its corporate website at www.kps.com.my, which allows easy access to corporate information and provides a platform to gain feedback from stakeholders. In addition, the Company has also established an integrated IR portal in the corporate website where shareholders can remain updated with the latest information on the Group such as corporate announcements, quarterly financial results, stock charts, dividend payment and interactive annual reports to enable them to make informed investment decisions and for their feedback as well as concerns to be understood and answered.3. Guided by the IR Policy, the Company has in place an IR Strategy that guides effective two-way engagements between KPS and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to provide factual and adequate disclosure on the prospects of KPS' business through various communication channels to enable the shareholders and investors to make informed investment decisions about KPS.

	<p>4. To facilitate effective communications with stakeholders, the Board has mandated the Management to roll out various IR programmes, amongst others:</p> <ul style="list-style-type: none"> a) Briefing sessions such as quarterly financial results, presentation to the investment community comprising analysts, investment managers (including one-on-one), significant shareholders, and minority shareholders at general meetings; b) Participation in non-deal roadshows organised by research houses; c) Plant visit to subsidiaries, targeting participants from analyst and fund managers; and d) Engagement with the media via centralised strategic communication. 	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ol style="list-style-type: none">1. KPS does not fall under the category of Large Companies as defined in the MCCG.2. The Board acknowledges that the MCCG encourages the adoption of integrated reporting based on a globally recognised framework to improve the quality of information available to investors and promote greater transparency and accountability. Recognising that integrating reporting is a journey which requires cross functional efforts, the Company will gradually build upon the necessary processes and systems to support the development towards integrated reporting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<ol style="list-style-type: none">1. As an alternative to Integrated Reporting, investors/potential investors can still obtain information on the Company's strategy, performance, governance and prospects from the Annual Report, Sustainability Report and Company's announcement to Bursa Securities. All these reports and information are also made available in the Company's website at www.kps.com.my.2. The Company will prepare the integrated reporting if the requirement is made mandatory under Bursa Securities MMLR.
Timeframe	:	

Intended Outcome

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

Practice 12.1

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	:	<ol style="list-style-type: none">1. The Notice of AGM for the 43rd AGM held on 30 June 2020, was sent to shareholders 28 days prior to the meeting, which is in accordance with Practice 12.1 of the MCGG and within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.2. Similarly, for this forthcoming 44th AGM to be held on 25 May 2021, notice of the same will be issued 28 days prior to the meeting.3. Where special business items appear in the notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact of the resolution. The Notice is also published in the local newspaper (The Star) and made available on KPS' website at www.kps.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

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

Practice 12.2

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	:	<ol style="list-style-type: none">1. The 43rd AGM of the Company was conducted entirely through live streaming from its corporate office as guided by the SC Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note) with the enforcement of the Movement Control Order due to COVID-19 pandemic. During the said meeting, four (4) Directors were present in person at the corporate office venue while four (4) Directors were present via online Webex platform while one director, namely Dato' Idris was not present due to his attendance of a funeral of a closes family member at the time the meeting took place.2. Before commencement of the 43rd AGM, the MD/GCEO gave a detailed presentation of the Company and of the Group's financial performance for financial year ended 31 December 2019.3. The Chairman of the Board chaired the 43rd AGM in an orderly manner and the shareholders were given the opportunity to submit questions online or to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group via a facility which is available on Tricor Investor & Issuing House Services Sdn. Bhd ("TIIHS")'s TIIH online website at: https://tiih.online. Detailed procedures are provided to the shareholders in the Administrative Details for the 43rd AGM.4. The external auditors of the Company also attended the 43rd AGM virtually and were available to answer questions about the conduct of the audit, preparation and content of the auditors' report.5. In line with Bursa Securities MMLR, all resolutions passed at the AGM were conducted via poll voting. A poll administrator was appointed to conduct the polling process and independent scrutineers to verify the poll results at the AGM. In view that the 43rd AGM was conducted fully virtual, the shareholders cast their vote online via a facility which is available on TIIHS's TIIH online website at: https://tiih.online. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.
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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. In light of the rapidly evolving developments relating to COVID-19 and the social distancing measures being widely implemented, KPS 43rd AGM was conducted entirely through live streaming from its corporate office. The shareholders participated in the virtual AGM via remote participation and voting facilities. This arrangement is in accordance with Clause 53(4) and (5) of the Constitution of the Company. To ensure the effectiveness of the proceeding and allow shareholders' participation at the AGM, KPS will continuously leverage on the advances in information technology and avail to the shareholders a platform upon which remote online voting (i.e. voting in absentia) can be cast whilst the broadcast is in session. During the broadcast, shareholders were given the option to submit their questions by using the Query Box for the Chairman/Board to respond.2. In accordance with Paragraph 8.29A of Bursa Securities MMLR and to improve efficiency and accuracy of the AGM results, KPS has leveraged on technology to facilitate electronic voting ("e-voting") for the conduct of poll on all resolutions proposed at its AGM and EGM.3. To facilitate the process, a Poll Administrator, namely TIHS, was appointed to conduct the polling process and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders. Minutes of the 43rd AGM was also made available on KPS' website.4. Alternatively, the shareholders are allowed to appoint person(s) as their proxies to attend, participate, speak and vote in his/her stead at a 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	:	

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

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

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