

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7148
COMPANY NAME : Duopharma Biotech Berhad
FINANCIAL YEAR : December 31, 2019

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 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	:	<p>The Board of Duopharma Biotech Berhad ("Duopharma Biotech" or the "Company") is committed to observing the highest standards of corporate governance practices that is distinguished by the hallmarks of accountability, transparency and integrity. In fulfilling its role as stewards of the Company, the Board is dedicated to discharging its duties with due diligence, care and skill and in the best interest of the Company. The Board plays a vital role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>In order to discharge its functions effectively, the Board has delegated specific powers to the Board Committees and the Group Managing Director. The Board Committees are the Audit and Integrity Committee ("AIC"), the Nomination and Remuneration Committee ("NRC"), the Halal Committee ("HC") and the Risk Management and Sustainability Committee ("RMSC"). The Board Charter and Terms of Reference for the Board and Board Committees are made available on the corporate website at www.duopharmabiotech.com</p> <p>The Board together with the Management of Duopharma Biotech are steadfast in promoting good corporate governance culture within the Group by reinforcing high standards of ethics, integrity and professional behaviour.</p> <p>During the financial year ended 31 December 2019 ("FY2019"), the Board deliberated on short, medium and long-term strategy for the Group and had in December 2019 approved the Group 7-years strategy plan. A few strategy sessions were held with the senior management team whereby the Group's strategy, proposed businesses and plans as well the regulatory issues for the following years were presented. The Board at these sessions which were held in March 2019, June 2019 and September 2019, among others considered the following:</p>

- (a) the economic and market prophecy and the challenges that the Group may encounter and the strategies to overcome such challenges;
- (b) the strategy direction, initiatives and prioritisation on the strategy plans of the Company and Group to forecast for the coming years along with the risk appetite; and
- (c) the growth opportunities and evaluated the potential market outlook for potential expansion of the Group's businesses.

The Board having reviewed the Group's strategy, provided its feedback and guidance on the initiatives proposed for the Management's takeaways and had satisfied itself that all appropriate considerations have been taken into account.

The Group Managing Director is responsible for the day-to-day management of the business and operations of the Group. He is supported by a Group Management Committee. The Management's performance under the leadership of the Managing Director is monitored by the Board through status reports which are tabled to the Board and includes a comprehensive summary of the Group's operating drivers and financial performance during each reporting period. In directing the strategic business development of the Group, the Board had approved the 2020 Operational Plan and Annual Budget during its final Board meeting in 2019. The Board had also set Key Performance Indicators ("KPIs") to monitor developments in achieving the Group's goals. The Board regularly engages with members of Management to keep itself apprised of operational developments. For effective oversight and leadership, the Board receives reports, updates and recommendations from the Board Committees and Management on the governance, business performance and development of the Group.

The Board through the RMSC oversees the risk management framework of the Group. The RMSC advises the Board on the risk appetite and areas of high risk and the adequacy of compliance and control procedures throughout the Group in assisting the Board to identify, analyse and monitor the significant financial and non-financial risks. The Board through the AIC on a quarterly basis, considered and discussed the internal control and integrity issues which covers the financial and non-financial reporting. The AIC advises the Board on key issues discussed and measures for the Board's consideration.

The Company has a strong senior management team consisting of qualified individuals with a good mix of technical and commercial experience. The members of the Management have backgrounds in business administration, mechanical engineering, accountancy, pharmacy, law, governance, corporate finance and tax, risk management, internal control and integrity. Together they bring a wide range of competencies, capabilities, technical skills and relevant business experiences to ensure that the Company and its Group continues to be a competitive leader within the industry with a strong reputation for technical and professional competence while ensuring

good corporate governance and oversight. Recognising the importance of succession as part of the Group's human resource development, the Board has during the year under review reviewed and approved the Group's succession and talent development plans.

In establishing the values and ethical standards of the Group, all Directors adhere to the Directors' Code of Best Practice which governs the conduct of Directors. In addition, the Group had adopted a Code of Conduct which governs the conduct of employees as well as acts as a reference point for their day-to-day decision-making. The Code of Conduct is premised on the Group's vision, mission and six core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect ("PETIRR").

The shareholders of the Company had unanimously approved the change of the Company's name from CCM Duopharma Biotech Berhad to Duopharma Biotech Berhad during the Meeting of Members held on 20 February 2019. During the year under review, Duopharma Biotech has also officially launched the Company's new corporate logo and identity. This initiative is part of a wider strategy for Duopharma in continuing to drive the Group's re-branding awareness across the region following the demerger of the Group from Chemical Company of Malaysia Berhad at the end of 2017.

As custodians of Duopharma Biotech, the Board has put in place several platforms to engage with stakeholders. The Company leverages on several channels including the corporate website, announcements on the exchange, social media platforms and briefing sessions with analysts. The Board is confident that effective communication by maintaining open channels of communication is crucial in achieving the Group's business objectives. Press conferences were also conducted for the benefit of the media following the conclusion of the Meeting of members and the AGM in 2019 as well as the aforesaid launch of the Company's new corporate logo and identity.

During the year under review, the Board has invested in several training programmes for selected Senior Management personnel. The upskilling initiatives includes training on latest regulatory developments and ethical conduct. This serves to not only ensure the daily operations of the Company are tested with the latest industry trends and developments but as a wider imperative for succession planning in key roles across the Group.

In 2019, the Board's activities amongst others, include:

- Reinforced the diversity of the Board composition by inducting a medical practitioner cum subject matter expert into the fold;
- Strengthened oversight on the Halal agenda and refined standard operating procedures in this area;
- Digitised training programmes and employee engagement activities for greater reach and participation in capacity building efforts;

	<ul style="list-style-type: none"> ▪ Laid the building blocks for the formulation of an ethical and anti-corruption framework that is in line with international standards; ▪ Reviewed the Terms of Reference of the Risk Management and Sustainability Committee and the Audit and Integrity Committee ▪ Embedded United Nations' Sustainable Development Goals (SDG) in the Group's sustainability framework; ▪ Deliberating on the Halal agenda as one of the key business strategies of the Group; and ▪ Active involvement in stakeholder relationship building that included employee engagement through programs that recognised top performers and talent, as well as officiating or attending key Company events which included the Chairman officially opening the Group's Halal, Integrity and Sustainability Week. 		
Explanation for departure :			
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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	:	<p>The Board of Duopharma Biotech is helmed by Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir, a Non-Independent, Non-Executive Chairman. Tan Sri Siti Sa'diah was appointed to the Board on 5 April 2016 and was designated as Chairman on 28 December 2017.</p> <p>The Chairman is responsible for providing leadership to the Board and ensuring the effective functioning of the Board. In fulfilling this role, the Chairman's responsibilities include, amongst others:</p> <ul style="list-style-type: none"> • Setting the meeting agenda and ensuring Directors receive complete, accurate and timely meeting materials; • Ensuring the Group adheres to all relevant laws and regulations as well as monitoring good corporate governance principles; • Acting as a contact person for reporting of any complaints on improper conduct of Directors; • Leading Board meetings and discussions which include encouraging all Directors to actively participate and contribute in meeting discussions whilst allowing dissenting views to be freely expressed; • Ensuring the Board receives accurate and clear information in a timely manner, and is consulted on all important and relevant matters • Leading the Board and instilling a culture of openness • Facilitating information flow between Board and Management; • Fostering iterative communication with stakeholders and ensuring feedback from stakeholders are taken into consideration by the Board; • Representing the Company at the General Meetings; and • Providing leadership in establishing and maintaining high standards of corporate governance practices. <p>The key roles and responsibility of the Chairman can be found in the Board Charter which is made available on the corporate website at www.duopharmabiotech.com</p>
Explanation for departure	:	

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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	:	<p>The Board seeks to ensure that there is an appropriate balance of power to prevent any single individual from dominating meeting discussions and the overall decision-making process. The Board recognises the importance of exercising objective oversight over Management in order to safeguard the interest of the Group and its stakeholders.</p> <p>Flowing from this, the Board Chairman and the Group Managing Director have separate functions. The positions of Chairman and the Group Managing Director are also helmed by different individuals. The position of the Chairman of the Board is held by Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir whilst the position of the Group Managing Director is assumed by En Leonard Ariff Bin Abdul Shatar.</p> <p>The Chairman is responsible for providing leadership to the Board whilst the Group Managing Director is responsible for managing and overseeing the day-to-day business and activities of the Company. The distinct functions and responsibilities are reflected in the Board Charter which is made available at www.duopharmabiotech.com/about-us/corporate-governance/board-charter/</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 1.4

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	:	<p>The Board of Duopharma Biotech is supported by a suitably qualified and competent Company Secretary, namely, En Ibrahim Hussin Salleh, who fulfils the requirements enshrined in Section 235(2) of Companies Act 2016. En Ibrahim possesses legal qualification and has accumulated vast legal and corporate secretarial experience throughout his career.</p> <p>The Company Secretary plays a key advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, En Ibrahim provides the Board with periodic updates regarding regulatory developments and assists the Board in interpreting and applying pertinent corporate governance practices. As Company Secretary, he also provides support in facilitating the flow of information to the Board. Additionally, he serves as a liaison for stakeholders' communication and engagement on corporate governance issues.</p> <p>The Company Secretary also provides secretarial services for the Company's subsidiary companies that are incorporated in Malaysia by serving as the company secretary for those companies. In addition, he provides oversight of the secretarial function for subsidiary companies incorporated in other countries, namely Duopharma (Singapore) Pte. Ltd. and DB (Philippines), Inc.</p> <p>In order to upskill himself and keep abreast with the latest developments in the corporate governance realm, the Company Secretary has attended relevant trainings and professional development programmes during the year under review.</p> <p>Whilst the position of the Company Secretary is combined with that of the Chief Legal Officer, it should be noted that the element of impartiality in the corporate governance advisory role remains intact as relevant safeguards have been put in place. For example, the Company Secretary does not act as an advocate for the Group on litigation matters and court proceedings.</p> <p>The Company Secretary has a direct functional reporting line to the Chairman and has been accorded with appropriate standing and authority to enable him to discharge his duties in an impartial and</p>

	<p>effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>In order to facilitate participation from Directors, the Company Secretary provides the annual meeting calendar before the start of the financial year. Further, the Company Secretary supports the Chairman in the design on training and induction programmes for Directors. All Directors have access to the services of the Company Secretary.</p> <p>The role and responsibilities of the Company Secretary is outlined in the Board Charter which is made available at www.duopharmabiotech.com/about-us/corporate-governance/board-charter/</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>The Board recognises the importance of information supply in promoting informed Board discussions. The Chairman, together with Management and Company Secretary, are responsible for ensuring that Directors receive adequate and timely information prior to Board and Board Committee meetings.</p> <p>In order to facilitate the arrangements in a methodical manner, the annual Board meeting calendar is circulated in advance of each new year. The calendar provides dates of key events throughout the year including the Board and Board Committee meetings, Annual General Meeting, target announcement of the Group's quarterly results and major conferences.</p> <p>As stipulated in the Board Charter, all meeting materials are to be distributed to the Directors within a minimum of five (5) days prior to the respective Board or Board Committee meetings.</p> <p>The meeting materials provided to Directors include a formal meeting agenda as well as Board papers prepared by Management. The Board papers, include, amongst others:</p> <ul style="list-style-type: none"> ▪ Minutes of Meetings/Reports of all Board Committees; ▪ Business plan and strategic direction; ▪ Current operating and business issues; ▪ Annual budget review, forecasts and projections; ▪ Quarterly and annual financial reports; ▪ Potential acquisitions and disposal of assets of substantial value; ▪ Major investment and financial decisions; ▪ Key policies, procedures and authority limits; ▪ Reports, advices and opinions of external consultants/advisors as had been sought for; and ▪ Internal Audit Reports and updates on Integrity matters. <p>All Board and Board Committee meeting materials as of 2019 were circulated via <i>BoardPac</i>, an automated Board meeting software which had improved the dissemination and retention of meeting materials. The digital transition enabled the Board to substantially reduce paper consumption. The system is equipped with a portal which affords</p>

	<p>confidentiality and security, combined with a comprehensive set of user-friendly functionalities such as annotation features.</p> <p>Proceedings of the Board and Board Committee meetings are documented by the Company Secretary to highlight key deliberations, rationale and approach, concerns from individual Directors and abstentions from voting. As the methodology currently adopt drafting of comprehensive minutes, the Company Secretary targets to circulate meeting minutes one month after the conclusion of the proceedings.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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	:	<p>The Board has put in place a Board Charter which is made available on the Company's website at www.duopharmabiotech.com/board-charter/. The Board Charter serves as a primary reference point on governance matters for Directors as well as an induction literature for newly-appointed Directors.</p> <p>The Board Charter is an extensive document that covers amongst others the following matters:</p> <ul style="list-style-type: none">▪ Key principles, values and ethos of Duopharma Biotech;▪ Matters reserved for the Board;▪ Responsibilities of the Board;▪ Composition of the Board;▪ Ethical standards, integrity, legal duties and confidentiality;▪ Board structures and procedures; and▪ Policies and procedures on Board evaluation. <p>The Board periodically reviews the Board Charter and Terms of Reference of the Board Committees. The said documents were reviewed and approved by the Board in the tail-end of 2018. The Terms of Reference of the Risk Management And Sustainability Committee were further revised in 2019 to refine the limits of authority of the RMSC and the Group Managing Director over certain specified matters.</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	:		
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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	:	<p>The Board consistently strives to set the ethical tone and instil ethical values across every level of the Group. The Board of Duopharma Biotech has put in place the Group's Code of Conduct which outlines the set of values and expected standards of professional conduct.</p> <p>The Code of Conduct was formulated at the Group level and is based on the Group's six core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect as well as the Group's vision and mission.</p> <p>The Code of Conduct covers the following overarching areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insider trading and money laundering;• Providing quality and safe products;• Protecting the Company's assets and information;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <p>The said document is supplemented with Duopharma Biotech's Gift & Hospitality and Sponsorship Policy as well as the Integrity Pact Policy. As part of the focus areas in the forthcoming years, there will be heightened emphasis in reiterating and disseminating the stipulations contained in these policies.</p> <p>This focus is timely given that the corporate liability provision introduced via the Malaysian Anti-Corruption Commission ("MACC") Amendment Act 2018 will be enforceable from 1 June 2020 onwards.</p> <p>The Code of Conduct was adopted from Chemical Company of Malaysia Berhad prior to the Company's demerger and is currently under review by the Company's Group Internal Auditor ("GIA").</p>

	The Code of Conduct is made available on the Company's website at https://duopharmabiotech.com/code-of-conduct/ and is subjected to periodic reviews to ensure it is kept current and relevant.	
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	:	<p>The Board has revised the Group Whistleblowing policy in November 2018 to encourage employees and other stakeholders to report bona-fide concerns in relation to the breach of legal obligation, miscarriages of justice, danger to health and safety or to the environment and the cover-up of any of said practices in the workplace. The Whistleblowing Policy makes it clear that concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee or stakeholder that reports the concerns</p> <p>Alternatively, employees and other stakeholders can choose to utilise the Company's Whistleblowing channel under the platform, "Speak-Up-Pharma", to escalate any legitimate concerns they may have without fear of identification and repercussions. Alternatively, the Whistleblowing Policy prescribes employees to report to the Head of the Group Internal Audit and Integrity Department ("GIA"), which is the formal reporting channel for whistleblowing.</p> <p>In 2018, the Company had launched the Whistleblowing channel so as to increase the number of channels available for employees and other stakeholders to raise concerns about allegations of misconduct. All together five (5) channels are made available, namely, e-mail, mail, secured web form, telephone and messages via short message system.</p> <p>Reports from whistle-blowers are treated with utmost confidentiality and are thoroughly investigated. The Audit and Integrity Committee ("AIC") provides oversight on any investigations undertaken and their outcomes. Concerns can also be further taken to the Chairman of the Board, the Malaysian Anti-Corruption Commission or other relevant authorities. The Whistleblowing Policy is made available on the Company's website and is subjected to periodic reviews by the Board.</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>In recognition of the value that Independent Directors add to the Board and the Group, the Board strives to ensure that Duopharma Biotech is adequately represented with Independent Directors on its Board. The Board of Directors comprises of nine (9) Directors, the majority of whom are Independent Non-Executive Directors.</p> <p>Independent Non-Executive Directors constitute 67% of the Board. The Board comprises two (2) Non-Independent Non-Executive Directors including the Chairman, six (6) Independent Non-Executive Directors and one (1) Executive Director who is the Group Managing Director.</p> <p>Independent Directors bring the element of detached impartiality to the oversight function of the Board. Their presence allows the Board to apply heightened professional scepticism and challenge Management in an unbiased manner and prevent dominance and complacency in the Boardroom.</p> <p>In order to reinforce the element of independence, the Board has also designated a Senior Independent Director, Dato' Mohamad Kamarudin Bin Hassan. As Senior Independent Director, he serves as a sounding board to the Chairman. The presence of the Senior Independent Director provides an additional outlet for Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may be not be appropriate to raise in open forum.</p> <p>As part of the Board Effectiveness Evaluation exercise, all Independent Directors are subjected to an objective and subjective "test of independence". The test may also be conducted when a disclosure is made by Directors of any new interest or relationship that may impede their ability to act independently.</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	:		
<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 4.3 - 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	:	<p>The Board recognises that extended tenure may give rise to Independent Non-Executive Directors having a close relationship with the Board and management and thus, becoming too sympathetic to their interests or too accepting of their work.</p> <p>The Board unequivocally expects Independent Non-Executive Directors to display impartiality both in their appearance (i.e. perceived independence) and in their thoughts and actions. The Board has adopted a policy of nine (9) year tenure cap for Independent Non-Executive Directors. The policy is outlined in the Board Charter which is available on the Company's website at www.duopharmabiotech.com/about-us/corporate-governance/board-charter/</p> <p>Evidently, at present, all Independent Non-Executive Directors have served the Board for less than nine (9) years. The tenure for all Directors is listed in the table below:</p> <table border="1"><thead><tr><th>Name</th><th>Tenure*</th></tr></thead><tbody><tr><td>Dato' Mohamad Kamarudin Bin Hassan</td><td>6 years, 2 months</td></tr><tr><td>Razalee Bin Amin</td><td>3 years, 9 months</td></tr><tr><td>Zaiton Binti Jamaluddin</td><td>3 years, 7 months</td></tr><tr><td>Dato' Eisah Binti A. Rahman</td><td>3 years, 4 months</td></tr><tr><td>Datuk Nik Moustpha Bin Hj Nik Hassan</td><td>2 years, 3 months</td></tr><tr><td>Dato' Dr. Zaki Morad Bin Mohamad Zaher</td><td>6 months</td></tr></tbody></table> <p>*As of 1st April 2020</p>	Name	Tenure*	Dato' Mohamad Kamarudin Bin Hassan	6 years, 2 months	Razalee Bin Amin	3 years, 9 months	Zaiton Binti Jamaluddin	3 years, 7 months	Dato' Eisah Binti A. Rahman	3 years, 4 months	Datuk Nik Moustpha Bin Hj Nik Hassan	2 years, 3 months	Dato' Dr. Zaki Morad Bin Mohamad Zaher	6 months
Name	Tenure*															
Dato' Mohamad Kamarudin Bin Hassan	6 years, 2 months															
Razalee Bin Amin	3 years, 9 months															
Zaiton Binti Jamaluddin	3 years, 7 months															
Dato' Eisah Binti A. Rahman	3 years, 4 months															
Datuk Nik Moustpha Bin Hj Nik Hassan	2 years, 3 months															
Dato' Dr. Zaki Morad Bin Mohamad Zaher	6 months															

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>The Board and the Nomination and Remuneration Committee (“NRC”) undertakes periodic reviews of the Board composition, taking into account current diversity in skills, experience, age, ethnicity and nationality of the existing Board. The Board strongly believes that reinforcing the diversity aspect of its composition will enrich the Board’s discussions with a breadth of perspectives and thus, averting “blind spots” or “group think” during deliberations.</p> <p>The process for the appointment of Directors is grounded on the Board Nomination and Selection Procedure, as approved by the Board. The Board Nomination and Selection procedure outlines the skill sets, knowledge and experience, mindset and core values that is required in a potential candidate for directorships in the Company.</p> <p>Candidates are proposed by either existing Board members, via searches performed by the Company or proposed by networks from various parties. The Board has the final say on any appointments.</p> <p>In the financial year 2019, the Board welcomed Dato’ Dr. Zaki Morad Bin Mohamed Zaher into the fold. The NRC had assessed Dato’ Dr. Zaki’s experience in the medical sphere which complemented the Board’s existing skills set. Dato’ Dr. Zaki joins the Board as an Independent Non-Executive Director.</p> <p>The Board is currently made up of members with a mix of skill sets, knowledge and experience (i.e. Pharmaceutical, Healthcare, Civil Sector, Banking, Finance and Investment) and balanced mix of gender (three (3) out of nine (9) Directors are women).</p> <p>The appointment of Senior Management is also based on a set of pre-determined criteria covering a diverse set of skills and experience. Duopharma Biotech also has representation of female candidates at the Senior Management level. This includes, among others, the Chief Technical Officer who is a member of the Group Management Committee, and the Head of the Group Risk Management Department. Based on the aforesaid disclosure, there is a 25% representation of females at the Senior Management level. Their detailed particulars are provided in the Annual Report 2019.</p>

	<p>The ethnic demographics within the Group roughly mirrors that of the country' population, with 66.9% Bumiputera, 17.2% Chinese and 15.4% Indian employees, reflecting the Company's approach to diversity and inclusivity. In recruiting and promotions, a candidate's potential is judged by his or her individual merit and not gender. Women make up roughly 55% of mid-senior management. This number reflects Duopharma Biotech's gender inclusivity and recognition based on merit.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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	:	<p>Despite not presently a Large Company as defined by the MCGG, Duopharma Biotech has demonstrated a commitment to achieving a diverse Board on the facet of gender. With currently three (3) out of nine (9) women Board members, the Board has achieved the 30% target.</p> <p>Further, as stipulated in paragraph 4.1.1 of Duopharma Biotech's Board Charter, the Board shall comprise at least 30% women Directors. This policy stipulation is in line with policy pronouncement by the government of having 30% women directors in corporate Malaysia.</p> <p>Further, with respect to Senior Management, Duopharma Biotech has representation of female candidates at the Senior Management level. This includes, among others, the Chief Technical Officer who is a member of the Group Management Committee, and the Head of the Group Risk Management Department. Their detailed particulars are provided in the Annual Report 2019.</p> <p>In addition to disclosure in the Company's annual report on gender diversity, the Company has also reported on gender diversity in its Sustainability Report for the financial year ended 31 December 2019. Both the Annual Report 2019 and the Sustainability Report for the financial year ended 31 December 2019 may be accessed at the Company's website.</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

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	:	<p>The Nomination and Remuneration Committee (“NRC”) is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the NRC leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates.</p> <p>Directors’ network and referrals from Management and Duopharma Biotech’s major Shareholders form the primary means for sourcing of candidates. These methods have, in the past, produced tangibly noteworthy results in identifying candidates who are of high-calibre and at the same time have a sound understanding of Duopharma Biotech’s business and the pharmaceutical and healthcare industry.</p> <p>In addition to the above, the NRC additionally have the option of utilising independent search firms and consultants to identify a wider pool of potential candidates. Potential candidates are screened against the criteria outlined in the Group’s Board Nomination and Selection Procedure and interviewed by the NRC. The shortlisted candidates are then tabled to Board for recommendation.</p> <p>In order to ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for the pool of potential Directors is to limit the individual Directors to not more than five (5) directorships on listed issuers (as prescribed in paragraph 15.06 of the MMLR of Bursa Malaysia Securities Berhad).</p> <p>In September 2019, the Board welcomed Dato’ Dr. Zaki Morad following the retirement of Datuk Seri Rohani Parkash Binti Abdullah. The Board’s selection process includes an intensive review of the Board composition to ensure a diverse set of skills and experience of Board members. The NRC through the assistance of the Company Secretary and Management team is responsible for curating the content of the induction for newly appointed Directors. Upon appointment, the Company will arrange for newly appointed Board members who are also inaugural directors of listed issuers to attend the Mandatory Accreditation Programme (MAP) as required by paragraph 15.08 and Practice Note 5 of the MMLR.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (“NRC”) is chaired by the Senior Independent Director, Dato’ Mohamad Kamarudin Bin Hassan. The Board understands that an effective recruitment and evaluation process of Directors is the building block of a high-performing Board. The Board therefore believes that the Senior Independent Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</p> <p>Given that the Senior Independent Director acts as a confidant to other Directors, he is well-placed to oversee the assessment of the Board’s Chairman, taking into account a broad range of perspectives. The Senior Independent Director also leads the necessary conversations around succession planning, particularly for the Chairman of the Board and the Group Managing Director.</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 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	:	<p>During the financial year under review, the Board has conducted an annual Board Effectiveness Evaluation (“BEE”) to ascertain the effective functioning of the Board. The exercise enabled the Board to understand issues that warrant greater focus and determine additional areas of improvement while evaluating the effectiveness of the Board, Board Committees as well as individual Directors including Independent Directors.</p> <p>During the financial year 2019, the BEE was conducted in-house premised on the assessment criteria that have taken into account relevant regulatory promulgations, guidelines and better practices. The process was carried out via the revised BEE questionnaires administered to Directors, using a self and peer-rating model. The platform of the BEE exercise was conducted online via Duopharma Biotech’s domain platform as to ensure the highest levels of confidentiality is maintained throughout the entire exercise, and as part of the Group’s effort towards digitalisation and reducing carbon footprint through less usage of paper.</p> <p>The BEE criteria are based on the following overarching components:</p> <ul style="list-style-type: none">• Structuring a high-performing Board;• Ensuring smooth functioning of the Board’s operations and interactions; and• Fulfilling fundamental Board roles and responsibilities at highest standards of corporate governance. <p>The Nomination and Remuneration Committee (“NRC”) undertook the responsibility of providing oversight on the conduct of the BEE as well as reviewing the outcome of the BEE along with the Chairman to formulate an actionable improvement programme that addresses areas for improvement identified from the BEE.</p> <p>In February 2020, the Board resolved to adopt the results of the BEE for financial year ended 31 December 2019 (“BEA 2019”) as recommended by the NRC.</p>

	<p>Based on the new assessments for the Board of Directors, Board committee and Individual Directors, the results generally reflected an overall “Excellent” or “Good” for all sections. The leadership of the Chairman of the Board and Group Managing Director in Assessment Topic 2 (Directors’ Self and Peer Assessment) remained above average with the individuals receiving “Excellent” ratings for all relevant questions. The BEA also highlighted that all Independent Directors passed Assessment Topic 3 which assess their tenure length, relationship with major shareholders and cross-directorships.</p> <p>As for individual Board Committees, the BEE highlighted that members of each committee had performed “Excellent or Good” in different areas of the assessments which includes skills, competencies and professional development. However, there is still room for improvement with the outcome of the BEE 2019, with certain directors receiving a “Satisfactory” mark in terms of meeting administration and conduct. Further, the Nomination and Remuneration Committee had disclosed the Committee’s approach in promoting the transparency of directors and Senior Management’s remuneration in the near future.</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 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	<p>Duopharma Biotech has in place a remuneration framework which covers the remuneration policy and procedures for Directors and Senior Management. The Remuneration Policy and Procedures are formulated based on the following overarching objectives:</p> <ul style="list-style-type: none">▪ To ensure that the remuneration packages are robust and competitive to retain and attract the best talents in line with the long-term strategy and risk appetite of Duopharma Biotech; and▪ To ensure the remuneration packages are commensurate with the Directors and Senior Management team members' responsibilities, time commitment, experience, expertise, complexity of the Company's activities and industry norms. <p>During the year under review, the Nomination and Remuneration Committee reviewed and recommended the remuneration packages and benefits for all staff of Duopharma Biotech group.</p> <p>The remuneration philosophy is premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre and talent. The remuneration packages for the Group Managing Director, who is the sole Executive Director in the Board and other Senior Management personnel are structured in a way that links rewards to corporate and individual performance.</p> <p>As for Non-Executive Directors, the remuneration packages are structured such that their independence and objectivity are not impaired. The remuneration level for Non-Executive Directors reflects their responsibility and position on the Board and Board Committees, attendance and any special skills or expertise that they bring to the Board.</p>

	The Remuneration Policy and Procedures for Directors and Senior Management are available on the Company's website at https://duopharmabiotech.com/policy-and-procedures-on-the-remuneration-for-directors-and-senior-management/	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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	:	<p>The Board currently has a combined Nomination and Remuneration Committee ("NRC"). The current Chairman of the NRC is the Senior Independent Director ("SID").</p> <p>As the matters relating to nomination and remuneration are often intertwined, the Board is of the view that it may be synergistic to have a combined Committee rather than stand-alone committees.</p> <p>The combined Nomination and Remuneration Committee accords sufficient attention on matters relating to remuneration of directors and senior management. In developing the agenda, the Nomination and Remuneration Committee Chairman, in consultation with the Company Secretary ensures that the balance of discussions is not tilted unfavourably against remuneration-related matters.</p> <p>This observation is corroborated from assessments conducted during the year and the previous years which revealed that having a combined Nomination and Remuneration Committee does not hinder it from according adequate time and attention on both remuneration and nomination matters. Members of the Nomination and Remuneration Committee also have the expertise to deal with both nomination and also remuneration matters.</p> <p>During the year under review, the Board has discharged its responsibilities to seek approval for fees and benefits for Directors by members at a General Meeting in accordance to Section 230 (1) of the Companies Act 2006. The shareholders Duopharma Biotech had at the Company's 18th Annual General Meeting approved the two (2) resolutions which approved the payment of Director's fees and payment of Director's remuneration (excluding fees).</p>

	<p>Remuneration packages for Non-Executive Directors reflect their time commitment (including meeting attendance) and responsibilities which amongst other encompass membership occupancy of Board Committees.</p> <p>As for the GMD and other Senior Management personnel, the remuneration packages have been structured to reflect their responsibilities and link rewards to corporate and individual performance. The said nexus to corporate and individual performance is affected through the element of performance bonus.</p> <p>The last revision to Directors' fees and meeting allowances was effected in 2018. The revision was deliberated by the Nomination and Remuneration Committee prior to recommendation by the Board for onward approval by shareholders during the Annual General Meeting held on 31 May 2018. Detailed disclosure on the remuneration of individual Directors is available in the Corporate Governance Report. The next review of Directors' compensation is planned to be undertaken within the next 1 to 2 years.</p> <p>The external remuneration review exercise undertaken in 2018 revealed that the compensation accorded to Senior Management personnel of Duopharma Biotech is competitive and within industry norms. Duopharma Biotech accords performance-based bonus anchored on key performance indicators to attract and retain high-calibred talents in the industry.</p> <p>The Nomination and Remuneration Committee has a Terms of Reference which outlines its duties and responsibilities (including providing oversight on remuneration policies and procedures). The Terms of Reference is made available on the Company's website.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

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	The Board strives to ensure that information pertaining to Directors' remuneration is made transparent and accessible to shareholders and other stakeholders. The details for the remuneration of Directors for the financial year ended 31 December 2019 for the Group of the Company are as follows: -							
		Executive Director	Directors' Fees (RM)	Fixed Salary (RM)	Variable Performance Bonus (RM)	Other Emoluments (RM)	Benefits in-kind (RM)	Total (RM)
Leonard Ariff Bin Abdul Shatar	Group	-	-	-	-	-	-	-
	Company	-	882,322.58	511,000.00	515,007.24	52,726.32	1,961,056.14	
		Non-Executive Directors	Directors' Fees (RM)	Committee Fees (RM)	Meeting Allowances (RM)	Other Allowances (RM)	Total (RM)	
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir	Group	-	-	-	-	-	-	
	Company	100,000	8,000	24,200	900	133,100		
Dato' Mohd Kamarudin Bin Hassan	Group	-	-	-	-	-		
	Company	75,000	18,000	24,200	1,000	118,200		
Razalee Bin Amin	Group	-	-	-	-	-		
	Company	75,000	10,000	20,000	900	105,900		
Zaiton Binti Jamaluddin	Group	-	-	-	-	-		
	Company	75,000	16,000	27,000	890	118,890		
Dato' Eisah Binti A. Rahman	Group	-	-	-	-	-		
	Company	75,000	24,000	32,000	1,300	132,300		

	Datuk Nik Moustpha Bin Hj Nik Hassan	Group	-	-	-	-	-									
		Company	75,000	10,000	19,000	700	104,700									
	Datuk Mohd Radzif Bin Mohd Yunus	Group	-	-	-	-	-									
		Company	75,000	18,000	28,600	900	122,500									
	Dato' Dr. Zaki Morad Bin Mohamad Zaher*	Group	-	-	-	-	-									
		Company	23,958.33	-	4,000	300	28,258.33									
	Datuk Seri Rohani Parkash Binti Abdullah**	Group	-	-	-	-	-									
		Company	30,000	-	4,000	-	34,000									
	<p><i>Note:</i></p> <p>* Dato' Dr Zaki Morad Bin Mohamad Zaher was appointed to the Board on 6 September 2019</p> <p>** Datuk Seri Rohani Parkash Binti Abdullah had retired from the Board on 31 May 2019.</p>															
	<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">Total Remuneration (RM)</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td style="text-align: right;">1,961,056.14</td> </tr> <tr> <td>Non-Executive Directors</td> <td style="text-align: right;">897,848.33</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2,858,904.47</td> </tr> </tbody> </table>									Total Remuneration (RM)	Executive Director	1,961,056.14	Non-Executive Directors	897,848.33	Total	2,858,904.47
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	<p>The disclosure is made on a group level and listed issuer level, in accordance with paragraph 11, Part A, Appendix 9C of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p> <p>As enumerated in Section 233(1) of Companies Act 2016, the service contracts of Directors are also made available for inspection by major shareholders upon request and any details of remuneration in that contracts are, therefore, accessible.</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

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 :	Applied																																																	
Explanation on application of the practice :	<p>In 2019, the Board had decided to adopt Practice 7.2 (i.e. to disclose on a named basis the top five (5) senior management's remuneration) for the first time in respect of the CG Report for the financial year 2019.</p> <p>The Company has nevertheless decided to disclose over and above that recommended by Practice 7.2 by disclosing the remuneration of the following eight (8) Senior Management personnel. The profiles of the said Senior Management personnel can be found on pages 30 to 38 of the Company's Annual Report.</p> <p>The total remuneration of the Senior Management personnel (other than the Group Managing Director) in respect of financial year 2019 on a named basis in bands of RM50,000 are as set out below: -</p>																																																	
	<table border="1"> <thead> <tr> <th rowspan="2">Senior Management³</th> <th rowspan="2">Designation</th> <th rowspan="2">Total Remuneration per annum (RM)</th> <th colspan="3">Composition breakdown</th> </tr> <tr> <th>Fixed salary (%)</th> <th>Variable Performance Bonus and Other Emoluments² (%)</th> <th>Benefits in-kind (%)</th> </tr> </thead> <tbody> <tr> <td>Urudra A/L N. Sarvanantham¹</td> <td>Chief Commercial Officer</td> <td>1,050,000 – 1,100,000</td> <td>54.1</td> <td>43.3</td> <td>2.6</td> </tr> <tr> <td>Chek Wu Kong</td> <td>Chief Financial Officer</td> <td>800,000 – 850,000</td> <td>53.3</td> <td>43.8</td> <td>2.9</td> </tr> <tr> <td>Wan Amir-Jeffery Bin Wan Abdul Majid</td> <td>Chief Operating Officer</td> <td>750,000 – 800,000</td> <td>53.0</td> <td>46.5</td> <td>0.5</td> </tr> <tr> <td>Ng Su Yee</td> <td>Chief Technical Officer</td> <td>650,000 – 700,000</td> <td>55.2</td> <td>42.3</td> <td>2.5</td> </tr> <tr> <td>Krisnakumara-Reddi A/L Kesava-Reddi</td> <td>Chief Manufacturing Officer</td> <td>650,000 – 700,000</td> <td>56.8</td> <td>40.9</td> <td>2.3</td> </tr> <tr> <td>Ibrahim Hussin Salleh</td> <td>Chief Legal Officer</td> <td>600,000 – 650,000</td> <td>55.8</td> <td>40.1</td> <td>4.1</td> </tr> </tbody> </table>	Senior Management ³	Designation	Total Remuneration per annum (RM)	Composition breakdown			Fixed salary (%)	Variable Performance Bonus and Other Emoluments ² (%)	Benefits in-kind (%)	Urudra A/L N. Sarvanantham ¹	Chief Commercial Officer	1,050,000 – 1,100,000	54.1	43.3	2.6	Chek Wu Kong	Chief Financial Officer	800,000 – 850,000	53.3	43.8	2.9	Wan Amir-Jeffery Bin Wan Abdul Majid	Chief Operating Officer	750,000 – 800,000	53.0	46.5	0.5	Ng Su Yee	Chief Technical Officer	650,000 – 700,000	55.2	42.3	2.5	Krisnakumara-Reddi A/L Kesava-Reddi	Chief Manufacturing Officer	650,000 – 700,000	56.8	40.9	2.3	Ibrahim Hussin Salleh	Chief Legal Officer	600,000 – 650,000	55.8	40.1	4.1				
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	Anita Binti Esa	Head, Group Risk Management	400,000 – 450,000	61.5	38.5	0.0
	Rama Sockalingam Nagappan	Head, Group Internal Audit & Integrity	300,000 – 350,000	56.7	42.2	1.1
	<p>Notes:</p> <ol style="list-style-type: none"> 1. The designation of Mr. Billy Urudra was changed to Chief Development Officer w.e.f. 1 January 2020; 2. Other emoluments include allowances, insurance, Employees Provident Fund and other statutory contributions; and 3. As Mr. Shamsul Idham Bin I.Ahad was appointed as a member of the Senior Management with direct reporting line to the Group Managing Director on 1 January 2020, disclosure of his remuneration has not been included in this report. <p>The Group Managing Director remuneration is disclosed under the disclosure on Directors' remuneration under Practice 7.1 above, which is made on a named-basis and includes a breakdown of remuneration into salary, bonus, benefits-in-kind and other emoluments.</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 7.3 - 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	:	<p>The Audit and Integrity Committee (“AIC”) comprises three (3) members who are Independent Non-Executive Directors and is chaired by En Razalee Bin Amin, who is distinct from the Chairman of the Board. The Board believes that this allows the Board to objectively review the AIC’s findings and recommendations. Further, the Board believes this would allow full commitment of the AIC Chairman to devote sufficient time to matters under the responsibilities of the AIC.</p> <p>En Razalee is an accountant by profession with qualifications from the Malaysian Institute of Certified Public Accountants (“MICPA”) and a postgraduate Diploma in Accounting from the University of Malaya, Malaysia. En Razalee possesses significant professional experience as an accountant, having established his own Chartered Accountant firm. He is also a member of the Malaysian Institute of Accountants (“MIA”).</p> <p>The possession of sound financial understanding and experience equips the Chairman of the AIC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the AIC.</p> <p>The duties and responsibilities of the Chairman of the AIC are outlined in the Terms of Reference of the AIC, which is available on the Company’s website.</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

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	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the AIC has incorporated a policy stipulation that governs the appointment of a former key audit partner to the AIC.</p> <p>The policy stipulation, which is codified in the AIC’s Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a Director (including a member of the AIC) or as an employee of the Company.</p> <p>Duopharma Biotech has not appointed any former key audit partners either as a Director or an employee of Duopharma Biotech. The Terms of Reference of the AIC is available on the Company’s website at www.duopharmabiotech.com/about-us/terms-of-reference/</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 8.3

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	:	<p>The Audit and Integrity Committee ("AIC") is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor. The Terms of Reference of the AIC was established with reference to Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Part 9 – Audit Committee.</p> <p>During the financial year, the AIC has monitored and reviewed the performance and independence of the external auditor, namely, KPMG PLT and satisfied itself that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee and the Company. The evaluation on the external auditor was conducted by the AIC in October 2019 and subsequently presented to the Board in November 2019.</p> <p>The assessment of the AIC is supplemented by feedback gathered from senior finance personnel across Duopharma Biotech, focusing on a range of factors that the Audit and Integrity Committee considers as relevant to audit quality. For the audit of the financial year ended 31 December 2019, KPMG PLT has also provided the AIC of Duopharma Biotech with a written assurance confirming that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Prior the commencement of the external audit engagement, KPMG PLT also presented its external audit plan which outlines the bases and approach for the work to be undertaken.</p> <p>The AIC has also taken into consideration the nature and extent of the non-audit services rendered and the appropriateness of the level of fees. Provision of non-audit services by the external auditor, KPMG PLT was reviewed to ascertain whether such provision of services would impair the external auditor's objectivity.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the AIC made its recommendation to the Board on the re-appointment of the external auditor alongside the accompanying</p>

	<p>audit fees. In line with better practices and prescriptions by the Malaysian Institute of Accountants, KPMG PLT will be effecting an audit partner rotation for the upcoming audit cycle corresponding to the financial year ended 31 December 2020.</p> <p>The process of assessment of the external auditor, including its independence, is governed by the Policy on External Auditor, as approved by the Board.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit and Integrity Committee ("AIC") currently comprises solely of Independent Directors, namely, En Razalee Bin Amin, Dato' Mohamad Kamarudin Bin Hassan and Puan Zaiton Binti Jamaluddin. En Razalee Bin Amin is the Chairman of the AIC.</p> <p>The Board is cognisant that independence is the cornerstone of a well-functioning audit committee. Further, an audit committee that can critically and objectively apply a probing view on pertinent matters is key to safeguarding the Company's audit and financial reporting process.</p> <p>The Board expects the AIC members to demonstrate professional scepticism, vigilance and moral courage when undertaking their responsibilities.</p>

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>The Audit and Integrity Committee ("AIC") comprises three members, namely, En Razalee Bin Amin (Chairman of the AIC and Independent Director), Dato' Mohamad Kamarudin Bin Hassan (Senior Independent Director) and Puan Zaiton Binti Jamaluddin (Independent Director). All members of the AIC are financially literate and have carried out their duties in accordance with the Terms of Reference of the AIC.</p> <p>The review of the composition of the AIC is conducted annually in accordance with paragraph 15.20 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.</p> <p>The composition of the AIC allows it to possess a range of skills and the requisite financial literacy to discharge its duties effectively. En Razalee is an accountant by profession and a member of MIA and MICPA, thus fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements by Bursa Malaysia Securities which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>Dato' Mohamad Kamarudin has a Master of Business Administration with a Major in Finance as well as extensive professional experience in International Trade and Economic sectors. Puan Zaiton has a Master of Business Administration and has over 20 years of professional experience in the healthcare and pharmaceutical industry. Her background provides the AIC with valuable input on the pharmaceutical industry and the operational drivers which are impacting the financial performance of Duopharma Biotech.</p> <p>Based on the outcome of the AIC effectiveness assessment of the BEE exercise, the Board is satisfied with the AIC's performance and its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AIC. AIC members are vigilant, exercise professional scepticism and</p>

	<p>constantly apply a probing view to challenge Management’s assertions on the Company’s financials.</p> <p>All members attend the relevant trainings and continuous professional development programmes to keep themselves abreast of the latest developments in accounting and auditing standards, practices and rules. Further, in the event of changes to or adoption of new provisions of the Malaysian Financial Reporting Standards (MFRS), members would be briefed on such matters by KPMG PLT, the Company’s external auditors.</p> <p>The full list of trainings that the AIC members have attended can be found in the Annual Report 2019.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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	:	<p>In order to assist its oversight functions on risk management and internal control framework, the Board is supported by the Risk Management and Sustainability Committee (“RMSC”).</p> <p>The Board, through the RMSC determines the Group’s level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard Duopharma Biotech’s businesses. The Group has adopted an Enterprise Risk Management framework, which is grounded on its Risk Management and Manual Guidelines, which in turn is aligned to the better practices outlined in International Organisation for Standardisation (ISO) 31000, an internationally recognised framework for managing risks.</p> <p>The Board through the RMSC performs periodic reviews and closely monitors the resilience of the risk management and internal control framework to ensure its adequacy and effectiveness.</p> <p>The Group Risk Management Department facilitates the risk management review exercise across the Group and reports its activities and makes appropriate recommendations to the RMSC.</p> <p>The internal control mechanism established by the Group is embedded within the organisation structure across all its processes. The internal control system is independently reviewed by the Group Internal Audit (GIA) based on the annual audit plan for an assessment on adequacy and effectiveness.</p> <p>Further details of the Duopharma Biotech’s Risk Management and Internal Control Framework can be found under the Statement of Risk Management and Internal Control in the Annual Report.</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 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	:	<p>The Annual Report 2019 contains a Statement of Risk Management and Internal Control ("SORMIC"). The SORMIC provides a comprehensive overview of the key elements of Duopharma Biotech's risk management and internal control systems including assignment of authority and responsibility, planning, monitoring and reporting procedures, policies, a summary of the Business Continuity Management and the Code of Conduct.</p> <p>The SORMIC also outlines the differentiated roles and functions held by the different clusters within Duopharma Biotech in maintaining the risk management and internal control systems.</p> <p>In tandem with the growing complexities in the marketplace, the Board had instituted a Risk Management and Sustainability Committee ("RMSC") to devote more focus and attention on existing and emerging risks facing Duopharma Biotech. The amalgamated RMSC has also enabled the Board to deliberate on sustainability related risks that may impact the strategic direction of the Group.</p> <p>At present, the RMSC comprises a Non-Independent Director (namely Datuk Mohd Radzif Bin Mohd Yunus who is the Chairman of the Risk Management and Sustainability Committee) and two (2) Independent Directors (namely Dato' Eisah Binti A. Rahman and Puan Zaiton Binti Jamaluddin). Hence, the RMSC comprises a majority of Independent Directors.</p> <p>The RMSC amongst others undertakes the following responsibilities:</p> <ul style="list-style-type: none">• Reviews and ascertains that the Group's risk management and internal control framework is robust and effective with respect to the specific needs and nuances of the Group;• Reviews the risk appetite for the Group and make recommendations to the Board;• Oversees the conduct of evaluation on the Group's internal control system, reviews its outcomes and makes recommendations to the Board;

	<ul style="list-style-type: none"> • Monitors changes anticipated against the backdrop of the economic and business environment; • Reviews the alignment of sustainability efforts undertaken by the Company vis-à-vis the strategic context and expectations of stakeholders; • Reviews the effectiveness of the sustainability framework, including policies relating to the environment, health and safety practices of the Company; • Reviews pertinent considerations relating to proposed investments (including mergers and acquisitions), strategic and corporate planning as well as key performance indications; • Reviews the Group’s operational plan and budget; • Oversees the effective management of stakeholder engagement with regards to the pursuit of strategic sustainability goals; and • Considers positioning in relation to emerging sustainability issues.
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 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	:	<p>The Board has established the Risk Management and Sustainability Committee ("RMSC") comprising a majority of Independent Non-Executive Directors. The Board committee is chaired by a Non-Independent Non-Executive Director, Datuk Mohd Radzif Bin Mohd Yunus. Two (2) Independent Non-Executive Directors are also members of the RMSC namely Zaiton Binti Jamaluddin and Dato' Eisah Binti A. Rahman.</p> <p>To fulfil its oversight responsibility, the Board through delegation to the RMSC, reviews the adequacy and integrity of the Group's risk management framework and policies which encapsulates the key processes for risk identification, assessment, mitigation, monitoring and reporting.</p> <p>The Terms of Reference of the RMSC which can be accessed on the Company's website sets out risk management as a primary agenda of the RMSC. The Board had in 2018 recognised sustainability as a key risk management agenda and approved to include sustainability into the Terms of Reference of the then Risk Management Committee, and renamed the committee as the Risk Management and Sustainability Committee. The Board is of the view that matters of risk are accorded with due attention, that the agenda on risk management was not overwhelmed by other agenda, and that the members of the RMSC have the expertise to oversee risk management matters in an effective manner.</p> <p>In setting up the Board Committees, including the RMSC, the Board had taken into consideration the increased workload of committees, balanced against the ability of the committee to accord due attention on the matters discussed by the respective committee, and time commitment of the respective Directors due to the increased number of board committees that would arise if the Company was to set up different dedicated stand-alone committees in addition to the existing board committees.</p>

	<p>The RMSC also co-ordinates and communicates regularly with the Audit and Integrity Committee to minimise any overlaps in the oversight functions of these two Committees.</p>
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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	:	<p>The Board has established an in-house internal audit function, which resides within the Group Internal Audit and Integrity Department (“Group Internal Audit”). As the “eyes and ears” of the Audit and Integrity Committee (“AIC”), the Group Internal Audit reports directly to the said Committee and has direct access to the Board through the Chairman of the AIC.</p> <p>The AIC reviews and subsequently approves the Annual Internal Audit Plan and ensures the Group Internal Audit function is accorded with appropriate standing and authority to facilitate the discharge of its duties. In approving the annual budget for the internal audit function, the AIC ensures that the Group Internal Audit function has adequate resources to perform its role with objectivity and without undue influence by Management or any other interested parties.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Group Internal Audit provides assurance and recommendations to the Audit and Integrity Committee on the Group’s governance, integrity and internal control systems.</p> <p>During the year, the Chairman of the AIC has held private session with the Head of the Group Internal Audit and Integrity Department without the presence of management to discuss on significant internal audit matters. These private sessions provide an avenue for the Group Internal Auditor to surface any pertinent issues or concerns that were gathered.</p> <p>More information on the Duopharma Biotech’s Group Internal Audit functions can be found in the Internal Audit Function Statement of the AIC Report, as contained in the Annual Report.</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	:	<p>The Group's Internal Audit function is spearheaded by Mr. Rama Sockalingam Nagappan who is also the Head of the Group Internal Audit and Integrity Department. Mr. Rama is a member of Certified Practising Accountant ("CPA"), Australia, a Chartered Member of the Institute of Internal Auditors, a Certified Internal Auditor ("CIA") and a Certified Integrity Officer with extensive experience in the realm of governance, integrity and internal control.</p> <p>Mr. Rama, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with the Company or the wider Group. The total number of personnel assigned for the internal audit function of the Group is three (3).</p> <p>The Group has in place the Group Internal Audit and Integrity ("GIA") function which independently reviews and assesses the adequacy, operating effectiveness and integrity of the system of internal control in managing key risks including often side-lined risks such as compliance and reputational risks and fraud risk. The annual audit plan is reviewed and approved by the AIC. The scope as well as frequency of the audit coverage are determined in tandem with the level of assessed risks, in view of providing an independent and objective report on the operational and management activities of these functions. Further, the Internal audit Plan and Internal Audit annual budget 2020 was tabled to the AIC on a quarterly basis as to monitor its progress and scorecard key-findings.</p> <p>Having assessed the GIA function, the AIC is satisfied that the coverage of the internal audit scope is adequate, and the GIA has the necessary competence, resources and authority to carry out its work.</p> <p>In conducting the internal audit process, the Group Internal Audit is guided by the COSO ("Committee of Sponsoring Organizations") Internal Control Framework which covers the following five elements of internal controls:</p>

	<ul style="list-style-type: none"> • Control environment; • Risk assessment; • Control activities; • Information and communication; and • Monitoring. <p>Additional disclosure on the Group Internal Audit function can be found in the Audit and Integrity Committee Report within the Annual Report 2019.</p> <p>The total expenses incurred for the internal audit work of Duopharma Biotech during the financial year ending 31 December 2019 was approximately RM922,594.68 (2018: RM796,319).</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 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	:	<p>As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Group. As such, the Board places great importance in maintaining active dialogue and effective communications with shareholders and other stakeholders. In terms of disclosure of material information, the Board adopts a comprehensive, accurate and timely approach in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Corporate Disclosure Guide of Bursa Malaysia Berhad.</p> <p>In fostering a closer association with its stakeholders, the Board, along with Management ensure that the Company's website contains the latest information on the Group including, but not limited to its business activities, investor relations activities, sustainability activities and any press releases made by the Group.</p> <p>The Board has adopted a Communication Policy and Corporate Disclosure Policy that governs the communication methods between the Company and its stakeholders. These policies allow for timely and quality dissemination of information to stakeholders. Duopharma Biotech also maintains a social media presence to keep stakeholders updated on the latest activities and developments of the Group.</p> <p>In order to maintain an open line of communication with stakeholders, the Group leverages on a plethora of channels including the corporate website, announcements on the exchange, briefing sessions, roadshows, conferences (including press conferences or media briefing), press releases, and social media platforms</p> <p>Duopharma Biotech regularly holds investment analyst engagement sessions organised by the Finance Department in collaboration with Group Corporate Communication Department. As part of its investor relations programme, the Group conducted seven (7) analysts' briefing sessions during the year.</p> <p>Additionally, the Board has designated Dato' Mohamad Kamarudin Bin Hassan as Senior Independent Director to serve as the contact point for</p>

	the Group's stakeholders, including employees and minority shareholders to forward their enquiries and concerns, in the scenario that concerns have not been resolved or would not be appropriate via the normal channels through the Chairman or Group Managing Director.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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	:	<p>Duopharma Biotech does not fall under the remit of a Large Company as defined by MCCG and as such, is not subjected to Practice 11.2. However, for the purpose of benchmarking beyond the minimum prescribed, Duopharma Biotech has decided to report on this Practice.</p> <p>The Annual Report of Duopharma Biotech provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including strategic performance. Components such as Management Discussion and Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information. Information is also provided on the business model as well as the trends, outlook and prospects of the Company.</p> <p>Whilst certain characteristics of integrated reporting may be embodied in the Annual Report of Duopharma Biotech, it is on the whole not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.</p> <p>Recognising that producing an Integrated Report represents a journey, the Board would like to allow for some buffer period to lay the building blocks by establishing systems for efficient capturing of non-financial data.</p> <p>In order to provide stakeholders with a holistic picture of Duopharma Biotech's business, the Annual Report of Duopharma Biotech draws linkages between the various components contained therein, comprising financial and non-financial information. The Company has once again successfully produced its stand-alone Sustainability Report for the financial year ending 31 December 2019 pursuant to the guidelines outlined in Practice Note 9 of MMLR as well as the Sustainability Guide and Toolkits by Bursa Malaysia Berhad.</p>

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

Measure	:	Duopharma Biotech is also continuously building the necessary systems to capture data that are relevant to sustainability indicators and has recently embedded United Nations' Sustainable Development Goals in its sustainability framework. These developments signal a significant step forward and has positioned Duopharma on a solid footing to adopt Integrated Reporting.	
Timeframe	:	Others	4 Years

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	:	<p>The Board recognises the Annual General Meeting (“AGM”) as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Company. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notices for the AGM and Meeting of Members in 2019 were provided to shareholders not less than 28 days before the respective meetings. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days’ notice period for public companies or listed issuers respectively. The notice for Duopharma Biotech’s AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>In addition to being dispatched to shareholders, the notice for the AGM was circulated in a nationally circulated newspaper alongside an announcement on the website of the Exchange.</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

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	:	<p>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. The Annual General Meeting acts as a principal forum for dialogue with all shareholders and represents the primary platform for direct two-way interaction between the shareholders, Board and Senior Management team of the Company.</p> <p>In demonstrating this commitment to shareholders, all Directors attended the previous Meeting of Members (“MOM”) and AGM which were held on 20 February 2019 and 31 May 2019 respectively.</p> <p>The Chairmen of respective Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees. The minutes of the previous MOM and AGM in 2019 were made available on the Company’s website. The minutes included summary of key matters discussed during the said meetings that is required to be published on the Company’s website in accordance with paragraph 9.21(2) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p> <p>The responsibility for all Directors to attend general meetings and for the Chairmen of the respective Committees to address shareholders questions are outlined in the Board Charter.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Duopharma Biotech, at present, does not have a wide shareholding spread in terms of geographical dispersion. Hence, the Board is of the view that the current poll voting via the ballot mechanism would already allow the voting process to be conducted in fairly seamless manner, albeit to a lesser extent when compared to electronic voting.</p> <p>As was the practice for previous General Meetings, independent scrutineers will be appointed to validate the votes cast at the upcoming AGM. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p> <p>The Board has always given utmost consideration to the location of its general meetings to ensure it is easy to reach or easily accessible to shareholders. The Company's AGM held on 31 May 2019 was held at Setia City Convention Centre which is located in Shah Alam and within reasonable proximity of Duopharma Biotech's operation sites in Klang and Glenmarie.</p> <p>In order to encourage participation at General Meetings, Duopharma Biotech has removed the limit on the number of proxies to be appointed by an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account.</p> <p>Duopharma Biotech has also included a provision in its Constitution in respect of the appointment of proxy by shareholders as well as the qualification and the right of a proxy to speak at general meetings. Under the Constitution, the proxy shall have the same rights as the shareholder to speak at the meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	: The Board recognises the need to adopt electronic-voting in the event of a change in the geographical dispersion of its shareholders as well as to better facilitate voting in absentia. The Board will continue to monitor its shareholding structure and facilitate the transition to electronic voting in the near future. Whilst the adoption of electronic voting will result in an outlay of initial costs, Duopharma Biotech envisages that long term benefits and savings would be significant as electronic-voting would substantially reduce administrative procedures and paper work.
Timeframe	: Others

**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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