

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7148  
**COMPANY NAME** : Duopharma Biotech Berhad (formerly known as CCM Duopharma Biotech Berhad)  
**FINANCIAL YEAR** : December 31, 2018

### **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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Duopharma Biotech Berhad (formerly known as CCM 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.</p> <p>Following the completion of the demerger of Duopharma Biotech from Chemical Company of Malaysia Berhad ("CCM") in December 2017, the Board played a greater proactive role in the development and oversight of the strategic direction of the Company. During the financial year 2018, the Board deliberated on the short, medium and long term strategy for the Company together with its proposed business plan for the year 2019. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account. The 2019 Annual Business and annual budget was approved by the Board during its final Board meeting in 2018. The Board has also set the Key Performance Indicators ("KPIs") to monitor and measure the performance and progress in moving towards achieving the Company's strategic objectives. The Board was also kept informed of the significant operational highlights, issues and performance of the Company through quarterly reports prepared by Management. These reports allowed the Board to have a better understanding of the Company's operations and performance and hence, enabled them to make decisions that drive the Company towards its strategic objectives.</p> <p>Recognising the Company's Halal initiative as one of the key strategies of the Company, the Board had in 2018 approved the Nomination and Remuneration Committee's recommendation to form a new Board Committee, namely the Halal Committee, to provide oversight on the</p>

	<p>said initiative. Further, in recognising the importance of managing the strategic risk of sustainability of the Group and the effective management of sustainability practices within the Group, the Board had in 2018 also resolved to include sustainability into the Terms of Reference of the Risk Management Committee, and aptly renamed the committee as the Risk Management and Sustainability Committee.</p> <p>In establishing the values and ethical standards of the Company, all Directors adhere to the Directors' Code of Best Practice which governs the conduct of Directors. In addition, the Company had at the time of the demerger adopted CCM Group's Code of Conduct ("Code of Conduct"), which is premised on the Group's vision, mission and six core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect that were also adopted at that time. The Code of Conduct governs the conduct of employees as well as acts as a reference point for their day-to-day decision-making.</p> <p>As part of the Company's re-branding strategy to position itself to have its own distinct corporate identity and to enable stakeholders to better differentiate between the Company and its former holding company (i.e. CCM), the Board had in 2018, amongst others, deliberated and approved the following:-</p> <ul style="list-style-type: none"> <li>(a) a new corporate logo for the Duopharma Biotech Group;</li> <li>(b) "Providing smarter solutions for a healthier life" as the Company's new vision;</li> <li>(c) "Leading Healthcare Group providing quality and innovative solutions." as the Company's new mission;</li> <li>(d) "<i>Smarter Solutions. Healthier Life.</i>" as the Company's new tagline;</li> <li>(e) the proposed change of the Company's name from 'CCM Duopharma Biotech Berhad' to 'Duopharma Biotech Berhad', which was subject to the approval of the shareholders of the Company being obtained by way of special resolution at a Meeting of Members and which, if approved by the shareholders, would take effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company;</li> <li>(f) the proposed change of the Company's stock short name in relation to the trading and quotation of the Company's shares on the stock exchange operated by Bursa Malaysia Berhad from 'CCMDBIO' to 'DPHARMA';</li> <li>(g) the change of names of the following subsidiary companies of Duopharma Biotech:- <ul style="list-style-type: none"> <li>(i) the name of 'CCM Pharmaceuticals Sdn. Bhd.' was changed to 'Duopharma Marketing Sdn. Bhd.', which took effect on 26 December 2018;</li> <li>(ii) the name of 'Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.' was changed to 'Duopharma Manufacturing (Bangi) Sdn. Bhd.', which took effect on 26 December 2018;</li> </ul> </li> </ul>
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	<p>(iii) the name of 'CCM Pharma Sdn. Bhd.' was changed to 'Duopharma Manufacturing (Glenmarie) Sdn. Bhd.', which took effect on 26 December 2018;</p> <p>(iv) the name of 'Innovax Sdn. Bhd.' was changed to 'Duopharma Innovation Sdn. Bhd.', which took effect on 26 December 2018;</p> <p>(v) the name of 'CCM Biopharma Sdn. Bhd.' was changed to 'Duopharma HAPI Sdn. Bhd.', which took effect on 26 December 2018;</p> <p>(vi) the name of 'CCM Pharmaceuticals (S) Pte. Ltd.' was changed to 'Duopharma (Singapore) Pte. Ltd.', which took effect on 4 January 2019; and</p> <p>(vii) the name of 'CCM International (Philippines), Inc.' was changed to 'DB (Philippines), Inc.', which took effect on 31 January 2019.</p> <p>The change of the Company's name from 'CCM Duopharma Biotech Berhad' to 'Duopharma Biotech Berhad' was approved by the shareholders at the Meeting of Members of the Company held on 20 February 2019, and took effect on 25 February 2019, being the date of issuance of the Certificate of Incorporation on Change of Name by the Companies Commission of Malaysia. Bursa Malaysia Berhad had by letter dated 27 February 2019 informed that the Company's stock short name would be changed from 'CCMDBIO' to 'DPHARMA' with effect from 4 March 2019. Notwithstanding the adoption of the new vision and mission for the Company, the existing Code of Conduct remains relevant.</p> <p>The Board also values dialogue with stakeholders and appreciates the keen interest of shareholders on the Company's performance. In this regard, the Board has adopted the CCM Group's Shareholders and Investors Communication Policy to meet or otherwise communicate with the shareholders of the Company. Being on the radar of analysts under the Mid and Small Cap Research Scheme of Bursa Malaysia Berhad also spurred the Company to be more proactive on the investor relations front.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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"><li>• Setting the meeting agenda and ensuring Directors receive complete, accurate and timely meeting materials;</li><li>• Leading Board meetings and discussions which include encouraging all Directors to actively participate and contribute in meetings discussions whilst allowing dissenting views to be freely expressed;</li><li>• Facilitating information flow between Board and Management;</li><li>• Ensuring continuous and effective communication with stakeholders and ensuring feedback and input received from stakeholders are taken into consideration by the Board; and</li><li>• Providing leadership in establishing and maintaining high standards of corporate governance practices.</li></ul> <p>The detailed roles and responsibilities of the Chairman are encapsulated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of exercising objective oversight over Management in order to safeguard the interest of the Company and its stakeholders. Flowing from this, the Board seeks to ensure that there is an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>Accordingly, the positions of Chairman and the Managing Director are held 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 and providing oversight on Management whilst the Group Managing Director is responsible for managing and overseeing the day-to-day business and activities of the Company.</p> <p>The respective duties and responsibilities of the Chairman and the Group Managing Director are encapsulated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 a legal qualification and has accumulated vast legal and corporate secretarial experience throughout his career. Prior to his appointment as Company Secretary of Duopharma Biotech, En Ibrahim was the Joint Company Secretary for Chemical Company of Malaysia Berhad.</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 promulgations. 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. The Company Secretary also provides secretarial services for the Company's subsidiary companies that were 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 (formerly known as CCM Pharmaceuticals (S) Pte Ltd) and DB (Philippines), Inc (formerly known as CCM International (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 training and professional development programmes during the financial year.</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 Company 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 effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The role and responsibilities of the Company Secretary is outlined in the Board Charter.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with Management and Company Secretary, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.</p> <p>The Board Charter contains a policy stipulation which necessitates meeting materials to be distributed to Directors within a minimum of seven days prior to the respective Board or Board Committees' meetings. Exceptions may be made for urgent or ad hoc matters whereby Directors unanimously consent to a shorter notice period for the provision of meeting materials.</p> <p>The meeting materials provided to Directors include a formal meeting agenda as well as Board papers prepared by Management and Company Secretary. The Board papers, include, amongst others:</p> <ul style="list-style-type: none"><li>• Minutes of Meetings/Reports of all Board Committees;</li><li>• Business plan and strategic direction;</li><li>• Current operating and business issues;</li><li>• Annual budget review, forecasts and projections;</li><li>• Quarterly and annual financial reports;</li><li>• Potential acquisitions and disposal of assets of substantial value;</li><li>• Major investment and financial decisions;</li><li>• Key policies, procedures and authority limits; and</li><li>• Reports, advices and opinions of external consultants/advisors as had been sought for.</li></ul> <p>The Board had assessed and resolved at the end of 2018 to invest in an award winning automated board meeting solution to improve distribution and retention of meeting materials and encourage paperless meetings. The system has been implemented in early 2019 and offers a board portal which affords confidentiality and security combined with a comprehensive set of user friendly functionality.</p> <p>The Company Secretary records the meeting minutes of the Board and Board Committees and endeavours to circulate them to Directors within 30 days upon the conclusion of the meetings. The meeting</p>

	minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a Board Charter which is reviewed on a periodic basis and made available on the Company's website. 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"><li>• Key principles, values and ethos of Duopharma Biotech;</li><li>• Matters reserved for the Board;</li><li>• Responsibilities of the Board;</li><li>• Composition of the Board;</li><li>• Board structures and procedures; and</li><li>• Policies and procedures on Board evaluation.</li></ul> <p>In 2018, the Board undertook to review its Board Charter and Terms of Reference of the Board Committees to reflect changes pursuant to corporate governance regulatory developments, evolving expectations of stakeholders as well as new modes of thinking in the corporate governance landscape.</p> <p>Recognising the Company's Halal initiative as one of the key strategies of the Company, the Board had in 2018 approved the Nomination And Remuneration Committee's recommendation to form a new Board Committee, namely the Halal Committee, to provide oversight on the said initiative. Further, in recognising the importance of managing the strategic risk of sustainability of the Group and the effective management of sustainability practices within the Group, the Board had in 2018 also resolved to include sustainability into the Terms of Reference of the Risk Management Committee, and renamed the committee as the Risk Management and Sustainability Committee.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board consistently strives to set the ethical tone and instil ethical values and standards across every level of the Company. In this regard, the Board has adopted the CCM Group's Code of Conduct which subject employees to a set of values and standards of conduct that is expected of them. 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"> <li>• Conducting business ethically, fairly and with honesty;</li> <li>• Complying with laws including abuse of power, corruption, insider trading and money laundering;</li> <li>• Providing quality and safe products;</li> <li>• Protecting the Company's assets and information;</li> <li>• Maintaining complete and accurate business records; and</li> <li>• Respecting others in the workplace and society.</li> </ul> <p>The Code of Conduct is made available on the Company's website and is subjected to periodic reviews to ensure it is kept current and relevant.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Pursuant to the demerger of the Company from Chemical Company of Malaysia Berhad that was completed in December 2017, the Board had adopted the CCM Group's Whistleblowing Policy and relevant procedures as a means to encourage employees and other stakeholders to report bona fide concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.</p> <p>Recently, as part of the Company's review of the Company's existing policies, the Board has adopted a new Whistleblowing Policy to replace the CCM Group's Whistleblowing Policy. In revising the Whistleblowing Policy, the Company had benchmarked against other established policies and had taken into consideration advice and recommendations from the Malaysian Anti-Corruption Commission and the Institute of Integrity Malaysia. The new Whistleblowing Policy also took cognisance of new laws that had been introduced subsequent to the establishment of the previous CCM Group's Whistleblowing Policy such as the Whistle Blowing Act 2010 and the Companies Act 2016.</p> <p>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>The Whistleblowing Policy prescribes employees to report to the Head of the Group Internal Audit and Integrity Department, which is the formal reporting channel for whistleblowing. Alternatively, employees and other stakeholders can choose to utilise the Company's whistleblowing channels under the platform, "Speak-Up-Pharma", to escalate any legitimate concerns they may have without fear of identification and repercussions. Five channels are made available, that is e-mail, mail, secured web form, telephone and messages via short message system.</p> <p>Reports from whistleblowers are treated with utmost confidentiality and are thoroughly investigated. The Audit and Integrity Committee</p>

	<p>provides oversight of any investigations undertaken and their outcomes.</p> <p>The Whistleblowing Policy is made available on the Company's website and is subjected to periodic reviews by the Board.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 recognition of the value that Independent Directors add to the Board and the Company, the Board strives to ensure that Duopharma Biotech attains the higher order practice of having a majority Independent Directors on its Board. At present, the Board comprises six Independent Directors, two (2) Non-Independent, Non-Executive Directors and the Group Managing Director who is a Non-Independent Executive Director (i.e. six out of the nine (9) Board members are independent).</p> <p>In order to reinforce the element of independence, the Board has also appointed a Senior Independent Director, Dato' Mohamad Kamarudin Bin Hassan. As the Senior Independent Director, he serves as a sounding board to the Chairman and acts as an intermediary for Independent Directors when necessary. 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>Independent Directors are also subjected to an objective and subjective "test of independence" conducted on an annual basis or as and when a disclosure is made by Directors of any new interest or relationship that may impede their ability to act independently and objectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 4.2

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

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

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board recognises that extended tenure may give rise to Independent 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 Directors to display impartiality both in their appearance (i.e. perceived independence) and in their thoughts and actions. As such, the Board has adopted a policy that limits the cumulative (intermittent or consecutive) tenure of Independent Directors to nine years.</p> <p>The policy is outlined in the Board Charter which is available on the Company's website.</p>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board alongside the Nomination and Remuneration Committee, undertake periodic reviews of the composition of the Board to ensure that it remains a diverse Board. The Board strongly believes that reinforcing the diversity aspect of its composition can 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>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 (four (4) 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 skill sets and experience. Duopharma Biotech also has representation of female candidates at the Senior Management level.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has demonstrated a steadfast commitment to achieving a diverse Board on the facet of gender. Although Duopharma Biotech is not presently a Large Company as defined by the Malaysian Code on Corporate Governance ("MCCG"), it has achieved the target of at least 30% women Directors on Board. There are currently four women Directors on Board out of nine (9) Directors in aggregate.</p> <p>The Board has adopted a diversity policy to ensure that the Board comprise at least 30% women Directors. This policy is codified in the Board Charter and is in line with policy pronouncement by the government of having 30% women directors in corporate Malaysia by 2020.</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 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nomination and Remuneration Committee 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, produce 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 industry.</p> <p>In addition to the above, the Nomination and Remuneration Committee 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 Nomination and Remuneration Committee. The shortlisted candidates are then tabled to Board for recommendation.</p> <p>During the year under review, the Nomination and Remuneration Committee also independently deliberated and recommended the renewal of the employment contract of the Group Managing Director of the Company that eventually expired in January 2019.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee is chaired by the Senior Independent Director, Dato' Mohamad Kamarudin Bin Hassan.</p> <p>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 Managing Director.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place an annual Board Evaluation Assessment (“BEA”) to evaluate the effectiveness of the Board, Board Committees as well as individual Directors including Independent Directors.</p> <p>During the financial period under review, the Nomination and Remuneration Committee undertook to revise the BEA questionnaires and instruments to inject fresh perspectives and rigour to the process. An independent expert, namely, KPMG Management &amp; Risk Consulting Sdn Bhd was engaged to assist in carrying out the said revision. The revised BEA questionnaires were recommended to and approved by the Board.</p> <p>During the financial year ended 31 December 2018, the BEA was conducted in-house premised on the assessment criteria that have taken into account relevant regulatory promulgations, guidelines and best practices as issued by Bursa Malaysia Berhad and other relevant authorities. The process was carried out via the revised BEA questionnaires administered to Directors, using a self and peer-rating model.</p> <p>The BEA criteria are based on the following overarching components:</p> <ul style="list-style-type: none"><li>• Structuring a high-performing Board;</li><li>• Ensuring smooth functioning of Board operations and interactions; and</li><li>• Fulfilling fundamental Board roles and responsibilities at the highest standards of corporate governance.</li></ul> <p>The Nomination and Remuneration Committee (“NRC”) undertook the responsibility of providing oversight on the conduct of the BEA as well as reviewing the outcome of the BEA along with the Chairman to formulate an actionable improvement programme that addresses areas for improvement identified from the BEA. The BEA exercise included the Board member that was appointed in early 2018 and those Board members who were newly appointed towards the tail-end of the financial year ended 31 December 2017 subsequent to the demerger of</p>



	<p>Duopharma Biotech from Chemical Company of Malaysia Berhad, all of whom had been excluded from the BEA exercise for the financial year ended 31 December 2017.</p> <p>In March 2019, the Board resolved to adopt the results of the BEA for financial year ended 31 December 2018 ("BEA 2018") as recommended by the NRC. The results generally reflected the Board's consensus that each of the Directors' level of performance was either good or excellent, and that they had also met the performance criteria in the prescribed areas of assessment. Overall, the BEA 2018 results showed that the Board as well as the Board Committees were well structured, had effective operations and fulfilled their roles and responsibilities well. In respect to "Board mix and composition", "Quality of information and decision making" and "Boardroom activities" under the BEA 2018, the Directors were generally of the opinion that the level of commitment given by the Directors towards ensuring productive Board meetings, quality and timeliness of all Board information, continuous education programmes and attention to strategic issues were either good or excellent.</p> <p>The average rating of BEA 2018 for the Board and Board Committees of Duopharma Biotech was relatively high. However, with the view to improving the performance of the Board and its Committees, the NRC reviewed the outcome from the questions in the BEA 2018 which had not scored either good or excellent. Although the Board was satisfied with the outcome of the BEA 2018, the Board noted that there was still room for improvement. This included the suggestions on the need to constantly focus on the Company's strategic plan and the periodic review of the plan; the development of the Duopharma Biotech's future leaders and human capital; as well as having access to subject matter experts in selected areas of focus such as medical advisory and the Company's Halal initiative.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Duopharma Biotech has in place a remuneration framework which covers the remuneration policy and procedures for Directors and Senior Management.</p> <p>During the financial period under review, the Nomination and Remuneration Committee engaged an independent expert to review and enhance its remuneration policy and procedures so as to ensure they reflect the current market dynamics and regulatory expectations. The revised Directors and Senior Management Remuneration Policy was recommended to and approved by the Board in 2018.</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 Managing Director, who is the sole Executive Director and other Senior Management personnel are structured in a way that links rewards to corporate and individual performance. 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 reflect their responsibility and position on the Board and Board Committees, attendance and any special skills or expertise that they bring to the Board.</p> <p>During the financial year under review, the Nomination and Remuneration Committee as well as the Board had reviewed and recommended to increase the Directors' Fees and meeting allowances payable to Non-Executive Directors of the Company. The recommendation was approved by the shareholders at the Annual General Meeting of the Company held on 31 May 2018.</p> <p>The remuneration policy and procedures are available on the Company's website.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently has a combined Nomination and Remuneration Committee. 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 composition of the combined Nomination and Remuneration Committee fulfils that expected of an individual Nomination Committee (paragraph 15.08 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad and Practice 4.7 of MCCG) and an individual Remuneration Committee (Practice 6.2 of MCCG) respectively. The Nomination and Remuneration Committee is also able to draw advice from experts if necessary.</p> <p>The combined Nominating and Remuneration Committee accords sufficient attention on matters relating to remuneration. In developing the agenda, the Nominating 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 year 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>

	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.		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	As Duopharma Biotech scales up in size and scope, Duopharma Biotech will consider establishing a dedicated Remuneration Committee given that matters relating to remuneration may grow in complexity. The shifting nuances of businesses as a result of changing market dynamics may also significantly affect the way in which Duopharma Biotech remunerates Directors and employees. As such, being able to respond to these signals necessitates greater and dedicated attention at the oversight level.	
Timeframe	:	Others	Subject to scaling up in size and scope, within 5 years.

## 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.

<b>Application</b> :	Applied																																																																																																																																																				
<b>Explanation on application of the practice</b> :	<p>In tandem with the Company’s aspirations to observe the highest standards of corporate governance, Duopharma Biotech has, as in previous years, disclosed individual Directors’ remuneration on a named basis and by exact amount. The Board strives to ensure that information pertaining to Directors’ remuneration is made transparent and accessible to shareholders and other stakeholders.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2018 for the Group of the Company are as follows:-</p> <table><tr><th colspan="10">Group Managing Director</th></tr><tr><th rowspan="3">Leonard Ariff bin Abdul Shatar</th><th colspan="2">Directors’ Fees (RM)</th><th rowspan="2">Fixed Salary (RM)</th><th colspan="2">Variable Performance Bonus (RM)</th><th rowspan="2">Other Emoluments (RM)</th><th rowspan="2">Benefits in Kind (RM)</th><th colspan="2">Total</th></tr><tr><th>Co.</th><th>Gr.</th><th>Co.</th><th>Gr.</th><th>Co.</th><th>Gr.</th></tr><tr><td>-</td><td>12,704.11</td><td>876,000.00</td><td>-</td><td>175,200</td><td>252,271.24</td><td>6,305.19</td><td>1,134,576.43</td><td>187,904.11</td></tr></table> <table><tr><th colspan="10">Non-Executive Directors</th></tr><tr><th rowspan="2"></th><th colspan="2">Directors’ Fees (RM)</th><th colspan="2">Committee Fees (RM)</th><th colspan="2">Meeting Allowances (RM)</th><th colspan="2">Total (RM)</th></tr><tr><th>Co.</th><th>Gr.</th><th>Co.</th><th>Gr.</th><th>Co.</th><th>Gr.</th><th>Co.</th><th>Gr.</th></tr><tr><td>Tan Sri Datin Paduka Siti Sa’diah binti Sh Bakir</td><td>100,000.00</td><td>-</td><td>8,000.40</td><td>-</td><td>24,400.00</td><td>-</td><td>132,400.40</td><td>-</td></tr><tr><td>Dato’ Mohd Kamarudin bin Hassan</td><td>75,000.00</td><td>-</td><td>18,000.00</td><td>-</td><td>31,800.00</td><td>-</td><td>124,800.00</td><td>-</td></tr><tr><td>Razalee bin Amin</td><td>75,000.00</td><td>-</td><td>10,000.00</td><td>-</td><td>25,500.00</td><td>-</td><td>110,500.00</td><td>-</td></tr><tr><td>Datuk Seri Rohani Parkash binti Abdullah</td><td>75,000.00</td><td>-</td><td>-</td><td>-</td><td>12,500.00</td><td>-</td><td>87,500.00</td><td>-</td></tr><tr><td>Zaiton binti Jamaluddin</td><td>75,000.00</td><td>-</td><td>16,000.00</td><td>-</td><td>29,700.00</td><td>-</td><td>120,700.00</td><td>-</td></tr><tr><td>Dato’ Eisah binti A. Rahman</td><td>75,000.00</td><td>-</td><td>20,000.00</td><td>-</td><td>28,500.00</td><td>-</td><td>123,500.00</td><td>-</td></tr><tr><td>Datuk Nik Moustpha bin Hj Nik Hassan</td><td>75,000.00</td><td>-</td><td>10,000.00</td><td>-</td><td>18,700.00</td><td>-</td><td>103,700.00</td><td>-</td></tr><tr><td>Datuk Mohd Radzif bin Mohd Yunus</td><td>75,000.00</td><td>-</td><td>9,000.00</td><td>-</td><td>18,600.00</td><td>-</td><td>102,600.00</td><td>-</td></tr></table> <table><tr><th rowspan="2"></th><th colspan="2">Total Remuneration (RM)</th></tr><tr><th>Co.</th><th>Gr.</th></tr><tr><td>Group Managing Director</td><td>1,134,576.43</td><td>187,904.11</td></tr><tr><td>Non-Executive Directors</td><td>905,700.40</td><td>-</td></tr><tr><td><b>Total</b></td><td><b>2,040,276.83</b></td><td><b>187,904.11</b></td></tr></table>	Group Managing Director										Leonard Ariff bin Abdul Shatar	Directors’ Fees (RM)		Fixed Salary (RM)	Variable Performance Bonus (RM)		Other Emoluments (RM)	Benefits in Kind (RM)	Total		Co.	Gr.	Co.	Gr.	Co.	Gr.	-	12,704.11	876,000.00	-	175,200	252,271.24	6,305.19	1,134,576.43	187,904.11	Non-Executive Directors											Directors’ Fees (RM)		Committee Fees (RM)		Meeting Allowances (RM)		Total (RM)		Co.	Gr.	Co.	Gr.	Co.	Gr.	Co.	Gr.	Tan Sri Datin Paduka Siti Sa’diah binti Sh Bakir	100,000.00	-	8,000.40	-	24,400.00	-	132,400.40	-	Dato’ Mohd Kamarudin bin Hassan	75,000.00	-	18,000.00	-	31,800.00	-	124,800.00	-	Razalee bin Amin	75,000.00	-	10,000.00	-	25,500.00	-	110,500.00	-	Datuk Seri Rohani Parkash binti Abdullah	75,000.00	-	-	-	12,500.00	-	87,500.00	-	Zaiton binti Jamaluddin	75,000.00	-	16,000.00	-	29,700.00	-	120,700.00	-	Dato’ Eisah binti A. Rahman	75,000.00	-	20,000.00	-	28,500.00	-	123,500.00	-	Datuk Nik Moustpha bin Hj Nik Hassan	75,000.00	-	10,000.00	-	18,700.00	-	103,700.00	-	Datuk Mohd Radzif bin Mohd Yunus	75,000.00	-	9,000.00	-	18,600.00	-	102,600.00	-		Total Remuneration (RM)		Co.	Gr.	Group Managing Director	1,134,576.43	187,904.11	Non-Executive Directors	905,700.40	-	<b>Total</b>	<b>2,040,276.83</b>	<b>187,904.11</b>
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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>																																																																																																																																																				

<b>Explanation :</b> <b>for</b> <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		

### Intended Outcome

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.
<b>Explanation for departure</b>	:	<p>The Board acknowledges that improving the transparency of Senior Management remuneration can allow a meaningful comparison between personnel in the same industry as well as across other industries. Enhanced transparency will additionally provide assurance to shareholders that the Senior Management team are appropriately compensated and their remuneration packages are structured in a way that drives the long-term performance and sustainability of Duopharma Biotech.</p> <p>Duopharma Biotech's demerger from the Chemical Company of Malaysia Berhad ("CCM") Group that was completed at the end of 2017 had led to a recalibration of the Senior Management team, including movements of personnel from CCM to Duopharma Biotech. As such, the Board is of the view that the information pertaining to Senior Management remuneration for the year under review does not wholly reflect the level of compensation accorded to several of Duopharma Biotech's Senior Management personnel, in particular the Chief Legal Officer, the Head of the Group Internal Audit and Integrity Department and the Head of the Risk Management Department as the bonus for the Chief Legal Officer, the Head of the Group Internal Audit and Integrity Department and the Head of the Risk Management Department received during the period under review were covered by CCM. It is the Board's opinion that disclosure pertaining to Senior Management remuneration would not constitute a meaningful disclosure and therefore would not allow for a fair comparison across the industry and the wider marketplace.</p> <p>The Board nevertheless strives to provide shareholders with assurance that Senior Management personnel are appropriately compensated and that their remuneration package is structured in a way that drives the long-term performance of Duopharma Biotech. To this end, Duopharma Biotech had appointed in 2018 an independent expert firm to conduct market studies of Duopharma Biotech's salary structure for its executives, including that of Senior Management. The findings from</p>



	<p>the aforementioned review confirms that Duopharma Biotech’s Senior Management personnel are paid competitively and well within the market or industry norms.</p> <p>During the financial period under review, the Nomination and Remuneration Committee engaged an independent expert to review and enhance its remuneration policy and procedures so as to ensure they reflect the current market dynamics and regulatory expectations. The revised Directors and Senior Management Remuneration Policy was recommended to and approved by the Board in 2018. In relation to Senior Management, the remuneration philosophy is premised on the need to have an adequate level of remuneration to attract and retain Senior Management personnel of high calibre and talent. Under the revised Directors and Senior Management Remuneration Policy, Duopharma Biotech is guided by the following principles in remunerating its Senior Management:</p> <ul style="list-style-type: none"> <li>(a) The maxim “pay for performance” is adopted in remunerating Senior Management to promote the long-term success of Duopharma Biotech. Performance is measured based on a holistic balanced scorecard approach comprising both financial and non-financial key performance indicators (“KPIs”);</li> <li>(b) Share options, if granted to Senior Management, shall not vest immediately. The vesting period of share options shall reflect the time horizon of risks and take account of the potential for risks to crystallise over a longer period of time;</li> <li>(c) Bonuses to Senior Management shall not be guaranteed, except in the context of sign-on bonuses;</li> <li>(d) Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of Duopharma Biotech’s remuneration packages vis-à-vis other companies. However, such comparisons will be utilised with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than is necessary.</li> </ul> <p>Further, under the said Policy, the main components that shall form the remuneration packages of Senior Management of Duopharma Biotech include (i) a monthly base salary for performing their day job; (ii) benefits to increase the economic security of the Senior Management and as an incentive to attract and retain talent; and (iii) bonus which shall be in the form of a performance based sum (paid via cash, shares or stock options) awarded to Senior Management personnel for attaining or exceeding their assigned KPIs.</p> <p>(Note: Currently, Duopharma Biotech does not practise the grant of share or stock options to Senior Management nor sign-on bonuses for Senior Management. However, Duopharma Biotech may in the future apply the same in accordance with the aforesaid Policy.)</p>
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	<p>Pursuant to the said Policy, the Board endeavours to undertake a review of Senior Management remuneration at least once every three (3) years.</p> <p>The remuneration policy and procedures are available on the Company's website.</p> <p>The Group Managing Director's remuneration is disclosed under Directors remuneration, which is done on a named basis and includes a breakdown of remuneration into fixed salary, variable performance bonus, benefits-in-kind and other emoluments.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: The Board will continuously monitor and assess the disclosure regime pertaining to Senior Management remuneration and will make the transition to adopting the prescribed Practice after an advocacy period.
<b>Timeframe</b>	: Within 2 years

**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.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Integrity Committee (formerly known as Audit and Risk Management Committee) is chaired by En Razalee bin Amin, an Independent Director whilst the Chairman of the Board is Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir. Having the positions of Board Chairman and Chairman of the Audit and Integrity Committee assumed by different individuals allows the Board to objectively review the Audit and Integrity Committee's findings and recommendations.</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 Audit and Integrity Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit and Integrity Committee.</p> <p>The duties and responsibilities of the Chairman of the Audit and Integrity Committee are outlined in the Terms of Reference of the Audit and Integrity Committee, which is available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the Audit and Integrity Committee has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit and Integrity Committee.</p> <p>The policy, which is codified in the Audit and Integrity Committee'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 Audit and Integrity Committee) or as an employee of the Company.</p> <p>To date, Duopharma Biotech has not appointed any former key audit partners either as a Director or an employee of Duopharma Biotech.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Integrity Committee 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.</p> <p>During the financial year, the Audit and Integrity Committee 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.</p> <p>The assessment of the Audit and Integrity Committee 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 2018, KPMG PLT has also provided the Audit and Integrity Committee 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.</p> <p>The Audit and Integrity Committee has also taken into consideration the nature and extent of the non-audit services rendered and the appropriateness of the level of fees. Provisions of non-audit services by the external auditor, KPMG PLT were reviewed to ascertain whether such provision of services would impair the external auditor's objectivity. Disclosure on the nature and extent of non-audit services are made in the Notes to the Financial Statements (Annual Report).</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit and Integrity Committee made its recommendation to the Board on the re-appointment of the external auditor alongside the accompanying audit fees.</p>

	The process of reviewing independence of the external auditor is governed by the Policy on External Auditor's Independence, as approved by the Board.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Integrity Committee currently comprises solely of Independent Directors, namely, En Razalee Bin Amin (Chairman of the Audit and Integrity Committee), Dato' Mohamad Kamarudin Bin Hassan and Puan Zaiton Binti Jamaluddin.</p> <p>The Board is cognisant that independence is the cornerstone of a well-functioning audit committee. 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 Audit and Integrity Committee 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Integrity Committee comprises three members, namely, En Razalee Bin Amin (Chairman of the Audit and Integrity Committee and Independent Director), Dato' Mohamad Kamarudin Bin Hassan (Senior Independent Director) and Puan Zaiton Binti Jamaluddin (Independent Director).</p> <p>The composition of the Audit and Integrity Committee 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 meanwhile 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 Audit and Integrity Committee with valuable input on the pharmaceutical industry and the operational drivers which are impacting the financial performance of Duopharma Biotech.</p> <p>As evident from the outcome of the BEA process, the Audit and Integrity Committee members are vigilant, exercise professional scepticism and 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</p>

	of the Malaysian Financial Reporting Standards (MFRS), members would be briefed on such matters by the Company's external auditors.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by the Risk Management and Sustainability Committee in the review of the adequacy and effectiveness of the risk management and internal control framework.</p> <p>The Board, through the Risk Management and Sustainability Committee determines the Company's level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard Duopharma Biotech's businesses.</p> <p>The Company has adopted CCM Group's enterprise risk management framework, which is grounded on the Group's Risk Management and Manual Guidelines, which in turn is aligned to the best practices outlined in International Organisation for Standardisation (ISO) 31000, an internationally recognised framework for managing risks. In light of the demerger of the Company from Chemical Company of Malaysia Berhad that was completed in December 2017, the Board and the Risk Management and Sustainability Committee have accorded more attention to operational risk and regulatory and compliance risk during the review process. The Company's Group Risk Management Department facilitates the risk management process within the Company and reports its activities and makes appropriate recommendations to the Risk Management and Sustainability Committee.</p> <p>The internal control mechanism established by the Board is embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Company's Group Internal Audit and Integrity Department to assess its adequacy and effectiveness.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Annual Report contains a Statement of Risk Management and Internal Control. The Statement 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.  The Statement also outlines the differentiated roles and functions held by the different clusters within Duopharma Biotech in maintaining the risk management and internal control systems.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>In tandem with the growing complexities in the marketplace, the Board had instituted a stand-alone Risk Management Committee to devote more focus and attention on existing and emerging risks facing the Company. Recognising the importance of the strategic risk of sustainability of the Group and the effective management of sustainability practices within the Group, the Board had in 2018 resolved to include sustainability into the Terms of Reference of the Risk Management Committee, and renamed the committee as the Risk Management and Sustainability Committee.</p> <p>At present, the Risk Management and Sustainability Committee 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 Risk Management and Sustainability Committee comprises a majority of Independent Directors.</p> <p>The Risk Management and Sustainability Committee amongst others undertakes the following responsibilities:</p> <ul style="list-style-type: none"><li>• Reviews and ascertains that the Company's risk management and internal control framework is robust and effective with respect to the specific needs and nuances of Duopharma Biotech;</li><li>• Reviews the risk appetite for the Company and make recommendations to the Board;</li><li>• Oversees the conduct of evaluation on the Company's internal control systems, reviews its outcomes and makes recommendations to the Board;</li><li>• Monitors changes anticipated against the backdrop of the economic and business environment;</li><li>• Reviews the alignment of sustainability efforts undertaken by the Company vis-à-vis the strategic context and expectations of stakeholders;</li><li>• Reviews the effectiveness of the sustainability framework, including policies relating to the environment, health and safety practices of the Company;</li></ul>

	<ul style="list-style-type: none"> <li>• Reviews pertinent considerations relating to proposed investments (including mergers and acquisitions), strategic and corporate plans as well as key performance indicators;</li> <li>• Reviews the Group's operational plan and budget;</li> <li>• Oversees the effective management of stakeholder engagement with regards to the pursuit of strategic sustainability goals; and</li> <li>• Considers positioning in relation to emerging sustainability issues.</li> </ul> <p>The Risk Management and Sustainability Committee 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> <p>The duties and responsibilities of the Risk Management and Sustainability Committee are outlined in the Terms of Reference which is available on the Company's website.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Following the completion of the demerger of the Company from Chemical Company of Malaysia Berhad in December 2017, the Company established its own in-house internal audit function ("Group Internal Audit"), which resides within the Group Internal Audit and Integrity Department. As the "eyes and ears" of the Audit and Integrity Committee, the internal audit function reports directly to the said Committee and has direct access to the Board through the Chairman of the Audit and Integrity Committee.</p> <p>The Audit and Integrity Committee 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 Audit and Integrity Committee 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 Company's governance, integrity and internal control systems.</p> <p>During the year, the Chairman of the Audit and Integrity Committee has held private meetings 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 meetings provide an avenue for the Group Internal Auditor to surface any pertinent issues or concerns that were gathered.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



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

## Intended Outcome

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

## Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 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 Duopharma Biotech Group. The total number of personnel assigned for internal audit function of Duopharma Biotech is 5.</p> <p>In conducting the internal audit process, the Group Internal Audit is guided by the COSO Internal Control Framework which covers the following five elements of internal controls:</p> <ul style="list-style-type: none"><li>• Control environment;</li><li>• Risk assessment;</li><li>• Control activities;</li><li>• Information and communication; and</li><li>• Monitoring.</li></ul> <p>The total expenses incurred for the internal audit work of Duopharma Biotech during the financial year ending 31 December 2018 was approximately RM796,319 (2017: RM343,921.80).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</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 Company including, but not limited to its business activities, investor relations activities, corporate social responsibility activities and any press releases made by the Company or the wider Duopharma Biotech 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.</p> <p>Duopharma Biotech also maintains a social media presence to keep stakeholders updated on the latest activities and developments of the Company.</p> <p>In addition, Duopharma Biotech regularly participates in engagement sessions organised by the Company's Group Corporate Communication Department. These engagement sessions include briefing sessions with shareholders and potential shareholders that are domiciled locally and in countries within the Asia Pacific region.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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

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

## Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Duopharma Biotech is not 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 current 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>The Board would like to allow an advocacy period for the awareness of integrated reporting to be better appreciated by Management personnel before it is adopted.</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.</p> <p>The Company has once again successfully produced its Sustainability Report for the financial year ending 31 December 2018 pursuant to the guidelines outlined in Practice Note 9 of MMLR as well as the Sustainability Guide and Toolkits by Bursa Malaysia Berhad. It is worth noting that this represents the fourth Sustainability Report produced by</p>

	Duopharma Biotech . This will gradually position the Company towards the adoption of integrated reporting through the establishment of necessary systems and controls as well as the presence of quality non-financial data which are necessary to support the development of an integrated report.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	As Duopharma Biotech grows in scale and scope, a readiness assessment will be undertaken to assess the structural changes that would be necessitated from the proposed transition to integrated reporting. At the initial stage, the Company will seek to embed the process of integrated thinking into its activities to better streamline its connectivity of reporting from management, its business analysis and decision-making process.
Timeframe	:	Others5 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 Extraordinary General Meetings in 2018 as well as the notice for the Meeting of Members and AGM 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.</p> <p>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 Bursa Malaysia Berhad.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	





**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors attended the previous AGM and Extraordinary General Meetings which were held on 31 May 2018 as well as the Meeting of Members which was held on 20 February 2019. 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 summary of key matters discussed during the previous AGM and EGMs in 2018 was made available 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>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<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 upcoming Company's AGM will be 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 had in the year 2012, 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 qualification and the right of a proxy to speak at general meetings. Under the new provision, any person could be appointed by the shareholders as a proxy. 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>		

<b>Measure</b>	:	<p>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.</p> <p>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.</p>	
<b>Timeframe</b>	:	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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