

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5843
COMPANY NAME : KUMPULAN PERANGSANG SELANGOR BERHAD
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of Kumpulan Perangsang Selangor Berhad ("KPS Berhad" or "Company") takes full responsibility for the overall performance of the KPS Berhad Group ("Group"). The Board is mindful of its obligation to exercise unfettered judgement, in good faith with due care, skill and diligence as governed under Sections 211 and 213 of the Companies Act 2016 ("CA2016").</p> <p>In addition to the growing expectations of the roles and responsibilities of Directors to go beyond the Holding Company as stipulated in the Securities Commission Malaysia ("SC") Guidelines on Conduct of Directors of Listed Corporations & Their Subsidiaries ("SCGCD"), the existing KPS Berhad Governance Framework ("KPS Berhad-GF") has facilitated an effective chain of oversight by Directors over the investee companies ("IC").</p> <p>The Board assumes, amongst others, the following primary responsibilities:</p> <p>1. Embracing high standards of corporate governance culture within the Company and Group</p> <p>➤ The Board is fully committed to upholding the highest standards of Corporate Governance ("CG") by embracing good practices that ensure the Company's business affairs are conducted with integrity, transparency, and professionalism. The Board continued to play an active oversight role in the Company's CG, refining existing CG practices and implementing an effective CG Framework throughout the Group.</p>

	<ul style="list-style-type: none"> ➤ To raise the bar in the Company's CG standards, the Board incessantly reviews, benchmarks, and enhances KPS Berhad's governance structures and processes based on global best practices and guidelines. At the same time, ensuring continued support for effective and ethical leadership and that business sustainability is applied in the best interests of KPS Berhad. <p>Throughout the FY2022, several new and enhancement of CG Initiatives were implemented, inter alia, the establishment of Directors' Fit & Proper Policy ("DFP Policy") and Code of Business Conduct & Ethics Policy ("COBE") and the revision of various policies/documents such as Board Diversity Policy, Directors' Remuneration Policy, Directors' Conflict of Interest Policy, Dividend Policy, Enterprise Risk Management Policy, Personal Data Protection Policy, Compliance Policy, Anti-Bribery and Corruption Policy, Talent Management and Succession Planning Policy, Performance Management Framework Policy, Head of Subsidiary Appointment Policy and Entertainment & Gift Policy.</p> <ul style="list-style-type: none"> ➤ The above initiatives ensured that the Company complies with the latest regulatory requirements and adopts best CG practices per the Bursa Securities MMLR, MCCG issued by the SC, other relevant rules and regulations, and the Company's business direction. The Board and Management will continue evaluating the CG practices within the Group in response to evolving best practices and changing requirements. ➤ The Board established the KPS Berhad-GF in 2017 and remains relevant to the existing business model and strategy of KPS Berhad as an investment holding company ("IHC"), having diverse businesses in multiple geographies. It facilitates the Board in ensuring orderly and effective discharge of the Board's responsibilities at IC with regards to key areas of strategy, policy, governance, and efficient execution of value creation plans ("VCPs"). <p>2. Review, challenge and decide on Management's proposal and monitor its implementation by Management, supervise and assess Management performance in managing the Company's business</p> <ul style="list-style-type: none"> ➤ The Board guides Management on short and long-term goals, defining the overall strategic direction of the business, providing advice, and devising corporate strategic initiatives developed by Management, strategies on management and business development issues, and monitoring Management performance in
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	<p>implementing them.</p> <ul style="list-style-type: none"> ➤ The Board deliberates, challenges Management's assumptions and decides on the Company's annual strategic initiatives and the business plan proposed by Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and Managing Director/Group Chief Executive Officer ("MD/GCEO"). This will ensure that the CKIs/KPIs correspond with the Company's annual strategic and business plan and that the best decisions are reached after considering all relevant aspects. ➤ The Board oversight the conduct of the Company's business while the MD/GCEO, supported by Management team, is responsible for managing the strategic and operational agenda of the Group and implementing the Group's strategies and policies as agreed by the Board. The performance of Management is measured through the Company's and Group's quarterly financial reports as well as half-yearly and full year performance review of the MD/GCEO. Continuously, the Board is kept informed at the quarterly Board meetings on the progress and challenges of the Company's strategic initiatives, key operational issues and the Group's performance based on the approved CKIs/KPIs. ➤ A separate offsite informal session between the Board, Senior Management ("SM") and Heads of Subsidiaries ("HOSs"), known as the Board Retreat Session ("BRS"), is scheduled at least twice a year or as and when the need arises. The BRS is a platform for the Board and Management/HOSs to deliberate, exchange views/opinions and brainstorm in formulating strategic initiative plans, charting the direction of the Group, and including the reporting of its progress. During the FY2022, only one (1) BRS which was held from 10 to 11 December 2022. <p>3. Ensuring Strategic Initiatives Plan Supports Long Term Value Creation and Includes Strategies on Economic, Environmental, Social & Governance Considerations Underpinning Sustainability</p> <ul style="list-style-type: none"> ➤ The Board exercises oversight of policy and strategy to strengthen sustainability at the Group level and across all subsidiaries. Oversight is central to gaining the trust and confidence of the shareholders and stakeholders. To this effect, the Board had since 28 November 2018 established the Sustainability Policy ("SP") and subsequently revised it on
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	<p>26 August 2021. The revised SP guides the Group's commitment to conducting its business responsibly by integrating Economic, Environmental, Social and Governance ("EESG") considerations in driving sustainable development efforts within the Group.</p> <ul style="list-style-type: none"> ➤ Guided by the SP, the Group shall take considerable steps to: <ul style="list-style-type: none"> • Ensure that its activities create long term value for all stakeholders via sustainable development practices; and • Execute the Group's strategy in a manner that addresses EESG risks and opportunities in achieving its business aspirations and operational excellence. ➤ The SP has since been adopted by all KPS Berhad's subsidiaries, namely Century Bond Bhd ("CBB"), CPI (Penang) Sdn Bhd ("CPI"), Toyoplas Manufacturing (Malaysia) Sdn Bhd ("TMM"), Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp"), Aqua-Flo Sdn Bhd ("AFSB"), Smartpipe Technology Sdn Bhd ("SPT") and KPS- HCM Sdn Bhd ("KPS-HCM"). ➤ With respect to the sustainability governance structure, the Board is supported by the Sustainability Board Committee ("SBC") which comprises selected Board members; the SBC oversees the sustainability implementation plans and make recommendations to the Board on such matters, where necessary. The SBC meets at least twice a year. ➤ In determining EESG KPIs and initiatives, the Corporate Sustainability Champion ("CSC") Committee, which comprises of cross-functional and cross-divisional Heads of Departments ("HODs"), identifies and assesses significant EESG risks and opportunities pertaining to the Group's business operations. The CSC also meets at least twice a year, helping the Group to ensure that sustainable development practices are carried out throughout the Group. ➤ The SBC is also assisted by the Sustainability Unit under the Investor Relations, Sustainability and Communications Department ("IRSC"), which is collectively responsible for coordinating and carrying out sustainability initiatives and programmes throughout the Group. Reporting to the SBC on a periodic basis, not only does IRSC recommend appropriate EESG-related initiatives for implementation to the SBC, but it also ensures that the initiatives yield significant impact to the targeted
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	<p>audience and are well communicated to all stakeholders.</p> <p>4. There is a sound framework for and Risk Management, understand the principal risks, set the risk appetite, ensure there is opportunities risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risk</p> <ul style="list-style-type: none"> ➤ The Group has established an Enhanced Enterprise Risk Management (“ERM”) framework based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines- to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to delivering sustainable value, this framework provides an integrated and agile approach to evaluate and analyse key risks. ➤ The ERM framework includes a formalised reporting structure that comprises the Board Governance and Risk Committee (“BGRC”) chaired by an Independent Director. The primary roles of BGRC are to provide oversight and advice to the Board with respect to risk management, internal control systems and governance matters through various policies, terms of reference (“TOR”), processes, initiatives and compliance with applicable laws and regulations. This is to ensure effective management of regulatory compliance throughout the Group. The BGRC deliberates, recommends, and reports on all ERM and compliance-related matters to the Board. The BGRC is supported by the Risk Governance Working Committee (“RGWC”), which is chaired by the MD/GCEO. Both the BGRC and RGWC convene quarterly. ➤ The Board, through the BGRC, sets the risk parameters, objectives, and policies to manage the key risks associated with KPS Berhad Group. ➤ The details of the Group’s ERM Framework are set out in the Statement on Risk Management and Internal Control (“SORMIC”) of the Company’s Integrated Annual Report (“IAR”) 2022. <p>5. Ensure that the Senior Management has the necessary skills and experience and there are measures in place to provide for the orderly succession of Board and Senior Management</p> <ul style="list-style-type: none"> ➤ The Nomination and Remuneration Committee (“NRC”) has been entrusted by the Board to review the succession planning of the Board and MD/GCEO position (C Level) as well as C-1 position (“SM”) and
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	<p>HOSs at the IC.</p> <ul style="list-style-type: none"> ➤ The NRC was assisted by the Human Resource Development (“HRD”) of the Company to identify high potential and selected talents for C Level position, recommend specific development intervention for the talent, monitor and review the progress of the development agenda of each talent and hiring external expertise to recalibrate development activities to address capability needs for optimum results. ➤ In ensuring that there is effective and orderly succession planning for the Board. The Board had since 2018 established a formalised Board Succession Planning Framework (“BSPF”) which provides holistic overview and guidance to KPS Berhad in understanding the overall process in developing KPS Berhad Board Succession Planning (“BSP”). ➤ Subsequently, in 2020, the Board upon recommendation by the NRC endorsed the proposed BSP for KPS Berhad Board for Board Committees (“BC”) and Board Representatives (“BRs”) in the IC to ensure continuity of Board effectiveness, smooth leadership transition and sustainability of the Company taking into consideration departures and onboarding of Directors throughout the year. ➤ In line with Paragraph 15.01A of the MMLR of Bursa Securities, the Board on 16 June 2022 established the DFP Policy for KPS Berhad Board, to ensure that any person to be appointed or elected/re-elected as a Director of Group shall possess the necessary quality and character as well as integrity, competency and time commitment to enable the discharge of the responsibilities required of the position in the most effective manner. The DFP Policy was then cascaded down to all IC in July 2022 upon approval by the respective IC Boards. The DFP Policy is available on the Company’s corporate website at www.kps.com.my. ➤ As for talent management and succession planning for SM, during the financial year under review, the NRC had on 16 August 2022 reviewed the talent management and succession planning for the Group covering the MD/GCEO level position (“C Level”) and SM positions (“C-1 Level”) and HOS at IC. In order to ensure that KPS Berhad talent management is effective and in line with the succession planning, a proper Leadership Development Programme (“LDP”) were crafted for the talents of the Group.
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	<ul style="list-style-type: none"> ➤ The LPD was divided into two (2) Series i.e. LDP1.0 targeted for SM (C and C-1 Level) and LDP2.0 targeted for Middle Management level. Besides that, The Board recognised that women's participation in the workforce is important for the Group. Hence, there was development programme known as Women Leadership Programme put in place targeted for Women leaders. Overall, the Board was satisfied that succession planning for the MD/GCEO, SM and the Company's future leaders have been in place to ensure business sustainability of the Company. ➤ Overall, the Board was satisfied that the NRC had efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its TOR. <p>6. That there are procedures to enable effective communication with stakeholders</p> <ul style="list-style-type: none"> ➤ The Board is committed in ensuring that the Company has an open, clear and timely, internal and external communication, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospects to its stakeholders. The Company has in place the Investor Relations Policy ("IR Policy") which sets out the principles and various platforms of communication relating to the dissemination of information. The IR Policy was subsequently revised on 26 August 2021. ➤ Guided by the IR Policy, the Company has in place an IR Strategy that guides effective two-way engagements between KPS Berhad and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to provide factual and adequate disclosure on the prospect of KPS Berhad's business through various communication channels to enable the shareholders and investors to make informed investment decisions about KPS Berhad. <p>7. Ensure all Directors are able to understand financial statements and form a view on the info presented</p> <ul style="list-style-type: none"> ➤ Given that every Director is responsible for the company's financial statement, all the Directors, regardless of whether they are Board Audit Committee ("BAC") members or not, are strongly encouraged from time to time to equip themselves with the necessary financial knowledge to assist them in understanding the financial statements and disclosure presented by the Management.
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	<p>8. Ensuring the integrity of the Company's financial and non-financial reporting</p> <ul style="list-style-type: none"> ➤ In presenting the annual financial statements and quarterly announcements to Bursa Securities and all disclosures to shareholders, the Board is fully committed to providing a clear, balanced and comprehensible assessment of the Group's financial performance and its prospects. ➤ The BAC assists the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group. The BAC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies. ➤ Notwithstanding that, the Board fully noted that it is the duty of every Directors to read the financial statements of the Company and carefully consider whether the disclosure made by Management is consistently with the Directors' own knowledge of the Company's affairs.
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Chairman roles and responsibilities are specified in Clause 3.5.1 of the Company's Board Charter which include among others leading the Board in its collective oversight of Management, instilling good corporate governance practices, leadership and effectiveness of the Board.2. The Chairman also plays a critical role, aside the MD/GCEO in the effective communication with the stakeholders and communicated their views and concerns to the Board as a whole.3. The Board is led by YB Dato' Haris bin Kasim ("Dato' Haris" or "Chairman"), a Non-Independent Non-Executive Chairman ("NINEC") appointed on 6 December 2021.4. As the Chairman of the Board, Dato' Haris plays a key role in ensuring the effectiveness of the Board and is responsible for instilling good CG practices within the Board. Dato' Haris has a leading influence on the Board agenda and matters reserved for the Board.5. Based on the ABE 2022 results, Dato' Haris has demonstrated strong leadership skills, promoting high standards of CG and efficient and effective conduct of the Board meetings. This was evidenced by the scoring given by his peer Directors which is Exceed Expectation (3.41 out of 4.00 performance rating scale). This supports the fact that Dato' Haris has discharged his duties effectively as a Chairman of the Company.6. Dato' Haris's profile is set out in the Board of Director's Profile on Page 162 of the IAR 2022.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application :	Applied
Explanation on application of the practice :	<ol style="list-style-type: none">1. The roles of the Chairman and MD/GCEO of KPS Berhad are distinct. The distinct and separation roles of the Chairman and MD/GCEO promotes accountability, facilitates division of responsibilities and ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.2. The responsibilities of Chairman include leading the Board in its collective oversight of Management, while the MD/GCEO focuses on the business day-to-day management of the Company.3. The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. <p><u>Role of Chairman:</u></p> <ol style="list-style-type: none">4. The Chairman leads the Board with a keen focus on governance and compliance. His key responsibilities as per Clause 3.5.1.2 of the Board Charter include, inter alia:<ol style="list-style-type: none">a) to provide leadership to the Board so that the Board can perform its responsibilities effectively;b) to lead the Board in the adoption and implementation of good corporate governance practices in the Company;c) to set the Board agenda and ensure the Board members receive complete and accurate information in a timely manner;d) to lead in discussions at meetings and ensure efficient and effective conduct of the Board meetings;e) to encourage active participation and allowing dissenting views to be freely expressed;f) to promote constructive and respectful relations between Board members and manage the interface between the Board and Management;g) to ensure appropriate steps are taken to provide effective communication with the stakeholders and their views are communicated to the Board;h) to commit time necessary to discharge effectively his role as Chairman.

	Role of MD/GCEO: 5. The MD/GCEO has the executive responsibility for the day-to-day operation of the Company’s business with authority as delegated by the Board. His primary responsibilities as per Clause 3.5.2.2 of the Board Charter include the following: (i) strategy development and initiatives. (ii) business development. (iii) monitoring and tracking performances of the business. (iv) risk management and development of internal processes. (v) human resource development and promoting a culture based on the Company’s vision and values. (vi) stakeholder communication, engagement and management. 6. The MD/GCEO implements the policies, strategies and decisions adopted by the Board with due care and integrity. 7. Details of the roles and responsibilities of the Chairman and MD/GCEO are clearly spelt out in Clause 3.5.1 and 3.5.2 of the Board Charter, which is available on the Company’s website at www.kps.com.my	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	Dato' Haris does not sit as a member of any BC in KPS Berhad. This practice has been in place since 2020 to ensure proper checks and balances and objective views by the Board on matters put forward by the BC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application :	Applied										
Explanation on application of the practice :	<ol style="list-style-type: none">1. The Company Secretary of KPS Berhad namely Puan Selfia binti Muhammad Effendi ("Puan Selfia" or "Company Secretary"), is a qualified person to act as Company Secretary under Section 235 of the CA 2016.2. The roles of the Company Secretary are set out in Clause 15 of the Company's Board Charter include but are not limited to the following:<ol style="list-style-type: none">a) Manage all Board and BC meeting logistics, attend and record minutes of all Board and BCs meetings and facilitate Board communications;b) Advise the Board on its roles and responsibilities;c) Facilitate the orientation of new Directors and assist in Director trainings;d) Advise the Board on corporate disclosures and compliance with the provisions of CA2016, SC regulations and MMLR of Bursa Securities;e) Manage processes pertaining to the annual shareholder meeting;f) Monitor CG developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; andg) Serve as a focal point for stakeholders' communication and engagement on CG issues and communications between regulators, the Board and SM. The Company Secretary also ensure that the requests and instructions of regulators are conveyed to the Board & SM promptly and with appropriate advice.3. The Company Secretary constantly keep herself abreast of evolving regulatory changes and developments in CG through continuous training. During the year under review, the Company Secretary attended the following training programmes:<table><tr><th>No.</th><th>Course/ Programs Attended</th><th>Date</th><th>Organiser/ Speaker</th></tr><tr><td>1.</td><td>Fundamentals in Secretarial Practice 1: Loans to/by Directors & Shareholders</td><td>1 June 2022</td><td>MAICSA</td></tr></table>			No.	Course/ Programs Attended	Date	Organiser/ Speaker	1.	Fundamentals in Secretarial Practice 1: Loans to/by Directors & Shareholders	1 June 2022	MAICSA
No.	Course/ Programs Attended	Date	Organiser/ Speaker								
1.	Fundamentals in Secretarial Practice 1: Loans to/by Directors & Shareholders	1 June 2022	MAICSA								

	2.	Cybersecurity Awareness Talk on Thursday, 2 June 2022	2 June 2022	KPS Berhad Dr. Muhammad Reza Z'aba (Information Security Lab, MIMOS Berhad)
	3.	Leadership Development Programmes for Senior Management Leaders Series (6 th Series)	21 June 2022	Coach 2 Success Consultancy
	4.	Leadership Development Programmes for Senior Management Leaders Series (7 th Series)	5 July 2022	Coach 2 Success Consultancy
	5.	Leadership Development Programmes for Senior Management Leaders Series (8 th Series)	14 July 2022	Coach 2 Success Consultancy
	6.	SSM National Conference – Corporate Governance and Sustainability, Needed Now More Than Ever	25 & 27 July 2022	Suruhanjaya Syarikat Malaysia (“SSM”)
	7.	KPS Integrated Reporting Workshop	4 October 2022	KPS Berhad Joshua Rayan Communication
	8.	MAICSA Annual Conference 2022 – Challenging and Challenges in Governance	5 & 6 October 2022	MAICSA
	9.	Principle A: MCCG 2021 – Board Leadership & Effectiveness and Amendments to Listing Requirements on Enhanced Sustainability Reporting Framework	5 December 2022	KPS Berhad, Mr Lee Min Onn
	10.	Enhanced Sustainability Reporting and Amendments to Listing Requirements 2022	14 December 2022	Tricor
	Explanation : for departure			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.6

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

Application :	Applied
Explanation : on application of the practice	<p>Supply of meeting papers/information</p> <ol style="list-style-type: none">1. In support of a paperless environment and the Group's sustainable practices, the Board papers/documents were shared with the Board and Management via a meeting online platform, which allows Directors to securely access, read and review the Board/BC papers electronically at least five (5) business days prior to the meetings. This permits prior review by the Directors, and if necessary, they can request further information for deliberation at the meeting to ensure informed and effective decision-making.2. The Directors have direct access to Management and unrestricted access to information relating to the Group to enable them to discharge their duties effectively. The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as Board or in their individual capacity, may seek independent professional advice at the Company's expense, in furtherance of their duties.3. All key deliberations and decisions at Board/BC meetings including any dissenting view, and the abstinence of any Director from voting/deliberating on any conflict-of-interest matter, are duly recorded in the respective minutes of the meetings. The draft minutes of Board and BC meetings are disseminated via email for the Board and BC review and comments before tabling at the following meetings for confirmation and sign-off by the respective Chairpersons. <p>Board Meeting</p> <ol style="list-style-type: none">1. The Board schedules meetings quarterly. Additional meetings are held to discuss specific issues that require deliberation between the scheduled meetings. The calendar for Board, BC, Pre-Board, Annual General Meeting ("AGM") and BRS is prepared in advance with dates for the year circulated to the Board in November of the preceding year to give the Directors ample time to plan their attendance. A Pre-Board meeting is held before any Board meeting for the Management to provide the Chairman with insights of the papers that will be deliberated.

2. To avoid conflict of interest, all Board members declare their interests where applicable at all Board and BC Meetings prior to meetings, as per the Directors' Conflict of Interest ("DCOI") Policy of KPS Berhad.
3. In light of the COVID-19 pandemic since March 2020, the Board, BC, Pre-Board and AGM meetings have been conducted virtually via the online platform as permitted under Clause 120 of the Company's Constitution. During the FY2022, all Directors complied with the minimum attendance requirement of at least 50% of the Board meetings held in 2022 pursuant to Paragraph 15.05(3)(c) of the MMLR of Bursa Securities.

The summary of meeting attendance of the Directors at the Board, BC and AGM is evidenced by the following attendance records:

Director	Board	BAC	NRC	BGRC	BIRC	SBC	TBC [@]	AGM
DHK	5/7							1/1
NMS**	2/3*	1/1*	1/1*	1/1*		1/1*		1/1
DIH	7/7		5/5		5/5	3/3	N/A	1/1
NK	6/7		5/5	3/4		3/3		1/1
DNA	6/7	5/5		4/4	5/5		N/A	1/1
SS	7/7	5/5		4/4	5/5		N/A	1/1
DSI ⁺	2/2*	2/2*	2/2*	1/1*	1/1*		N/A	N/A
AFH ^{\$}	7/7							1/1
Former Directors who served during the year under review								
DI [#]	5/5*	3/3*	3/3*	2/2*			N/A	1/1
SA [^]	1/2*	0/1*			1/1*			N/A

*Reflects the number of meetings held during the time the Director held office

Notes

- ** NMS was appointed as a Director of KPS Berhad on 8.4.2022 and a Member of the BAC, NRC and BGRC, respectively, on 26.8.2022.
- + DSI was appointed as a Director of KPS Berhad and a Chairman of BAC on 15.8.2022. On the same day, he was appointed as a Member of the NRC and BGRC. Subsequently, he was appointed as a Member of BIRC and ceased as a Member of BGRC on 26.8.2022.
- # DI resigned as Director of KPS Berhad on 15.8.2022 and ceased as Chairman of the BAC and Members of the NRC and BGRC thereof.
- ^ SA resigned as Director of KPS Berhad on 14.3.2022 and ceased as a Member of the BAC, NRC, BIRC and SBC thereof.
- @ No TBC meeting was held in 2022.
- \$ As an Executive Director, AFH is not a member of any BC. However, he was present at the BC meetings as an invitee to update and respond to queries raised by the BC members

Abbreviation

DHK	-	Dato' Haris bin Kasim
NMS	-	Puan Norita binti Mohd Sidek
DIH	-	Dato' Ikmal Hijaz bin Hashim
NK	-	Puan Norliza binti Kamaruddin
DNA	-	Dato' Noorazman bin Abd Aziz
SS	-	Cik Sharmila Sekarajasekaran
DSI	-	Datuk Syed Izuan bin Syed Kamarulbahrin
AFH	-	Encik Ahmad Fariz bin Hassan

	DI - Dato' Idris bin Md Tahir SA - Encik Soffan Affendi bin Aminudin Board Committees The Board has established six (6) BC with delegated authority to exercise oversight in specific areas. Prior to each Board meeting, the Board shall receive reports from the Chairman of each BC on their deliberations and recommendations. The Chairman of each BC shall then table its report to the Board and present the BC's recommendations for the Board's approval accordingly at KPS Berhad's Board meeting. This permits the Board to raise any comments/views on all deliberations of the BC. Listed below is the total number of Board, BC and AGM meetings, respectively held at the KPS Berhad during the FY2022: <table border="1"> <thead> <tr> <th colspan="8">Type of Meeting</th> </tr> <tr> <th>Board</th><th>BAC</th><th>NRC</th><th>BGRC</th><th>BIRC</th><th>SBC</th><th>TBC*</th><th>AGM</th> </tr> </thead> <tbody> <tr> <td>7</td><td>5</td><td>5</td><td>4</td><td>5</td><td>3</td><td>-</td><td>1</td> </tr> <tr> <td colspan="8" style="text-align: center;">Total: 30</td> </tr> </tbody> </table> <p><i>Note: *No TBC meeting was held during the FY2022</i></p>	Type of Meeting								Board	BAC	NRC	BGRC	BIRC	SBC	TBC*	AGM	7	5	5	4	5	3	-	1	Total: 30							
Type of Meeting																																	
Board	BAC	NRC	BGRC	BIRC	SBC	TBC*	AGM																										
7	5	5	4	5	3	-	1																										
Total: 30																																	
Explanation : for departure																																	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																	
Measure :																																	
Timeframe :																																	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. In discharging the Board duties and responsibilities effectively, the Board is guided by the KPS Berhad's Board Charter which identifies the roles, powers, duties and responsibilities of the Board, BC, individual Directors, MD/GCEO and Company Secretary. It outlines the guidelines and procedures, issues, matters reserved for the Board and its BC in discharging their stewardship effectively and efficiently. 2. During the financial under review, the Board has approved the revised Board Charter on 26 August 2022 to align with the revision of the DCOI Policy and to reflect current and relevant provisions of CA2016, MMLR of Bursa Securities, SCGCD & MCCG and other provisions of laws applicable to the roles and responsibilities of Directors. 3. The Board Charter is available on the Company's website at www.kps.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board established a Code of Conduct for Directors ("the Code") in 2013. It was subsequently revised on 26 August 2021 and 26 August 2022 to reflect the current and relevant provisions of CA2016, MMLR of Bursa Securities, SCGCD & MCCG and other provisions of laws applicable to the conduct of Directors. 2. The Code provides the fundamental guiding principles and standards applicable to the Directors whereby such principles and standards are founded on high standards of professional and ethical practices. In discharging his/her duties, a Director should always abide by and conform to the Code as follows: <ol style="list-style-type: none"> a) Compliance with laws, rules and regulations b) Conflict of Interest c) Conduct of Directors d) Anti-Corruption/Bribes e) Maintain Proper Records and Accounts f) Group Governance g) Confidentiality h) Insider Trading i) Anti-Money Laundering/Combating the Financing of Terrorism ("AML/CFT") j) Company Asset k) News Release l) Sustainability Development 3. The Board has also in place a Code of Conduct for staff ("Code for Staff") which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity, and cohesiveness, all of which are critical to the success and well-being of KPS Group. The Code for Staff is part of the KPS Group Scheme and Conditions of Service and is binding for all employees. 4. During the financial year under review, the Board approved the establishment of the COBE for KPS Berhad Group which provides guidance and set common ethical standards to promote consistency in behaviour across all

	<p>levels of employment. The COBE governs the actions and working relationships of Board members and Senior Management with Employees and in dealings with other stakeholders, and where applicable Counterparties and Business Partners.</p> <p>5. The standards of behaviour contained in the COBE are derived from KPS Berhad's underlying core values of Pride, Respect, Integrity, Discipline and Extra Mile ("PRIDE") relating to the following aspects:</p> <ul style="list-style-type: none"> a) Work Environment & Human Rights b) Anti-Bribery and Corruption c) Donations And Sponsorships d) Dealing With Counterparties and Business Partners e) Dealing With Conflicts of Interests f) Gifts, Entertainment and Travel g) Protecting The Group and Shareholders h) Dealing With Government Authorities, Political Parties and International Organisations <p>6. The Code and COBE can be found on the Company's corporate website at www.kps.com.my.</p>	
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. KPS Berhad commits to a high standard of professionalism and ethics in the conduct of its business and professional activities consistent with the Group's core values of PRIDE, Respect, Integrity, Discipline and Extra-Mile. The Company is committed to the highest standards of openness, integrity, probity, and accountability and aspires to conduct its affairs ethically, responsibly, and transparently. <p>Whistleblowing Policy and Guidelines</p> <ol style="list-style-type: none">2. The Board established the Whistleblowing Policy and Guidelines ("Whistleblowing Policy") on 25 August 2011 and subsequently revised in May 2018 and February 2021, respectively. The Whistleblowing Policy was then cascaded down to all IC in May 2021 upon approval by the respective IC Boards. The Company does not tolerate malpractice, impropriety, statutory non-compliance, or wrongdoing by any employee or director during work.3. The Whistleblowing Policy provides a framework to promote responsible whistleblowing without fear for internal and external stakeholders of the Company to raise concerns on any alleged improper conduct in a safe and acceptable avenue so that such concerns can be addressed in an independent and unbiased manner.4. The Whistleblowing Policy covers, amongst others, misconduct on matters relating to:<ol style="list-style-type: none">a) an offence or a breach of the law;b) breach of the Company's rules and regulations, financial regulations or other policies or standards that apply;c) fraud and corruption;d) disclosure related to a possible miscarriage of justice;e) health and safety issues that violate relevant laws and standards;f) sexual or physical abuse; andg) other unethical conduct.

	<p>5. The Whistleblowing Policy provides the contact details of the Chief Integrity and Governance Officer (“CIGO”) (via email: integrity@kps.com.my or telephone: +603-5524 8448) and the Chairman of the BGRC (via email: chairmanbgrc@kps.com.my) as the avenue for stakeholders to raise concerns. During the year under review, there were no concerns raised.</p> <p>6. The Whistleblowing Policy can be found on the Company’s corporate website at www.kps.com.my.</p> <p>Anti-Bribery and Corruption Policy</p> <p>7. The Board, on 28 November 2019, established the Anti-Bribery and Corruption Policy (“ABC Policy”) to prevent corrupt practices, provide adequate safeguard measures and defences against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (“MACC Act 2009”). The establishment was in line with the amendment to the Bursa Securities MMLR on 18 December 2019 on anti-corruption measures (“Anti- Corruption Amendments”) in support of the National Anti-Corruption Plan 2019-2023. The ABC Policy is subject to review at least once every three (3) years to assess its effectiveness.</p> <p>The ABC Policy can be found on the Company’s corporate website at www.kps.com.my.</p> <p>Integrity and Governance Unit</p> <p>8. To further strengthen the Group’s internal controls in preventing corruption, abuse of power, and malpractice, the Board, on 27 November 2020, established an Integrity and Governance Unit (“IGU”) and appointed a CIGO and Integrity Governance Officer (IGO) for the Group effective 1 January 2021. This initiative is in line with the Government’s directive and effort that all Government-Linked Companies (GLC) were to establish an IGU within their organisation. The establishment of the IGU is also in line with the principles under the Guidelines for Adequate Procedures issued by the Prime Minister’s Department on 10 December 2028 pursuant to Section 17A(5) of the MACC Act 2009. During FY2022, no corruption matters were reported to the MACC by the IGU.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied	
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board is duty-bound and responsible for the governance of sustainability practices within the Group. It is assisted by the SBC, which comprises selected Board member, who directly oversee the implementation within the Group of sustainability policy, strategies and plans, and the management of sustainability materiality matters, priorities and targets. 2. The SBC meets at least twice a year, while consultation between the Management and external stakeholders occurs formally and informally throughout the year. Furthermore, cross-functional HODs and HOSs Companies or their representatives are represented in the CSC Committee. At a minimum, the CSC Committee meetings are held biannually, where significant EESG risks and opportunities are deliberated on, identified, and assessed before recommendations are made to the SBC, which will guide the Management of suitable initiatives and solutions. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board ensures that information pertaining to sustainability strategies, priorities, targets, and performance against the Key Performance Indicators ("KPIs") are communicated to internal and external stakeholders in the Company's Sustainability Report, which is published annually together with the IAR.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board recognises the importance of having good understanding and knowledge of sustainability issues relevant to the Group and its business.2. Hence, the Board strongly encourages all Directors to attend sustainability and climate risk related training to further upskills their ability to tackle questions and deliberate on sustainability matters.3. During the FY2022, the Board members had participated in various training programme to keep abreast of latest changes and developments relating to sustainability matters. Kindly refer to the list of trainings attended by the Directors related to sustainability matters, as stipulated in Pages 205 to 207 of the IAR 2022.4. Besides that, the feedback from stakeholder engagements by the Company on EESG topics is shared with the SBC. The same will be brought up to the Board on the recommendation of the SBC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. Given the responsibility to address sustainability risks and opportunities is placed on the Board and SM, the relevant performance evaluation criteria of the Board and SM have been embedded with the relevant performance criteria related sustainability components such as the Board's responsibility to ensure that sustainability components, namely EESG cover the risks and opportunities, are being considered by Management in setting the strategic initiatives of KPS Berhad.2. As for the performance evaluation of SM, the sustainability components have been part of the CKIs/ KPIs and 360 Degree Feedback of the SM and HOSs since 2019.3. The objective is to ensure that its activities create long-term value for all stakeholders via sustainable development practices and execution of the Group's strategy to address EESG risks and opportunities in achieving its business aspirations and operational excellence.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	Driving sustainability matters within the Group is under the purview of the Sustainability Unit under the IRSC. The Head of IRSC is responsible for implementing the Group's sustainability policy, programmes, initiatives related to the Company and statutory reporting for the Group.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The NRC reviews the Board's composition and tenure of the Independent Directors ("IDs") annually as part of the Annual Board Evaluation ("ABE") exercise.2. The outcome from the ABE is the primary reference by the NRC in verifying the individual Director's performance and contribution before recommending the re-election of a Director under the 1/3 re-election rule.3. During the financial year under review, the Board approved the NRC's recommendation that the Directors who retire in accordance with Clause 76(3) of the Company's Constitution be eligible to stand for re-election based on the performance of the Directors, taking into account their latest ABE result, contribution in the areas of Board dynamics and participation, competency and capability, time commitment, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.4. The retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant Board meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application :	Applied															
Explanation on application of the practice	<div><div><div>1.</div><div>During the FY2022, the Board is led by a Non-Independent Non-Executive Chairman (“NINEC”), consisting of seven (7) Non-Executive Directors (“NEDs”) and a MD/GCEO. Five (5) of whom are IDs and three (3) are Non-Independent Directors (“NIDs”). The existing composition of IDs exceeds the minimum number prescribed under Paragraph 15.02 of the MMLR of Bursa Securities, which states that at least one-third (1/3) of the Board of Directors are IDs and one (1) woman Director. A high proportion of IDs provides adequate checks and balances in the functioning of the Board and garner investors’ confidence on KPS Berhad.</div></div><div><div>2.</div><div>Details of the Directors, including their qualifications, experience, and details of their length of service, can be referred to in the Profile of Directors section of the IAR 2022.</div></div><div><div>3.</div><div>During the financial year under review, the landscape of KPS Berhad Board diversity is s follows:</div></div></div> <table><tr><td>1.</td><td>Gender</td><td>5 Male, 3 Female</td></tr><tr><td>2.</td><td>Ethnicity</td><td>7 Malays, 1 Indian</td></tr><tr><td>3.</td><td>Age Group</td><td>40-49: 1 50-59: 3 60 - 70: 4</td></tr><tr><td>4.</td><td>Nationality</td><td>All 8 Directors are Malaysian</td></tr><tr><td>5.</td><td>Type of Directors</td><td>1 NINEC 1 NINED 5 INED 1 MD/GCEO</td></tr></table> <div>Notes: Non-Independent Non-Executive Director (“NINED”)</div> <div>Board Skills Matrix<div><div>1.</div><div>A Board Skills Matrix (“BSM”) was developed in 2017 to serve as a reference to discover the skills, knowledge, experience, capabilities, and industry background of the existing Board members as well as the desired Board composition to enable the Board to meet both current and future challenges of the Company. Besides that, the BSM reveals the appropriate mix of skills, expertise, and experience required to address existing and emerging business and governance issues.</div></div></div>	1.	Gender	5 Male, 3 Female	2.	Ethnicity	7 Malays, 1 Indian	3.	Age Group	40-49: 1 50-59: 3 60 - 70: 4	4.	Nationality	All 8 Directors are Malaysian	5.	Type of Directors	1 NINEC 1 NINED 5 INED 1 MD/GCEO
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4.	Nationality	All 8 Directors are Malaysian														
5.	Type of Directors	1 NINEC 1 NINED 5 INED 1 MD/GCEO														

	<div>2. The BSM forms part of the ABE Template and comprises three (3) criteria, namely the Key Skills and Competencies, Experience; and Industry Background that the Directors bring to the Board. The Directors are required to make a self-declaration on the above three (3) criteria and rate their degree of competencies accordingly based on the rating scales endorsed by the NRC/Board.</div> <div>3. Based on the ABE 2022 results, the landscape of skills, experience and industry background of the Board composition during FY2022 can be referred to in the Corporate Governance Overview Statement (“CGOS”) section of the IAR 2022.</div>
Explanation : for departure	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	: Adopted										
Explanation on adoption of the practice	<div><div><div>1. The Board established an Independent Directors Tenure Policy (“IDT Policy”) in 2018 and subsequently revised in February 2021. The IDT Policy limits the tenure of an ID to nine (9) years. During the FY2022, Dato’ Idris, who has served the Board for nine (9) years, has resigned from the Board effective 15 August 2022 in line with the IDT Policy of the Company.</div><div>2. Below is the tenure of the INED of KPS Berhad:</div><div><table><tr><th colspan="5">Tenure of INED FY2022*: 5 INED</th></tr><tr><td>Dato’ Ikmal 5 Years</td><td>Puan Norliza 4 Years 8 Months</td><td>Dato’ Noorazman 3 Years</td><td>Cik Sharmila 1 Year 4 Months</td><td>Datuk Syed Izuan 4 Months</td></tr></table></div><div><div>Note:</div><div>* Tenure of ID as of 31 December 2022.</div></div><div><div>3. During the financial year under review, the NRC and Board have assessed, reviewed, and determined that the independence of the INEDs remains objective and intact, based on the criteria for assessment of the independence of Directors developed by the NRC. The INEDs have declared themselves, via written confirmation to the NRC during the ABE 2022 exercise, to be independent of Management and free of any relationship which could materially interfere with the exercise of their independent judgement and objective participation in the Board’s decision-making process.</div><div>4. The IDT Policy can be found on the Company’s corporate website at www.kps.com.my.</div></div></div></div>	Tenure of INED FY2022*: 5 INED					Dato’ Ikmal 5 Years	Puan Norliza 4 Years 8 Months	Dato’ Noorazman 3 Years	Cik Sharmila 1 Year 4 Months	Datuk Syed Izuan 4 Months
Tenure of INED FY2022*: 5 INED											
Dato’ Ikmal 5 Years	Puan Norliza 4 Years 8 Months	Dato’ Noorazman 3 Years	Cik Sharmila 1 Year 4 Months	Datuk Syed Izuan 4 Months							

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The NRC is responsible for reviewing the composition of the Board, identifying, and recommending suitable candidates for the appointment of Director. The NRC shall evaluate the candidate based on merit and objective criteria developed by the NRC, formally and transparently, considering the candidate's skills, knowledge, experience, competencies, age, cultural background, gender, time commitment (number of directorships held), integrity and professionalism.2. The Board has established a clear and transparent nomination process for the appointment of a Director of the Company which involves eight (8) stages as follows:<ol style="list-style-type: none">(i) Identification of candidates (nomination by existing Director, Management, Independent search firm or majority shareholder);(ii) Evaluation of suitability of candidates based on selection criteria taking into consideration the Board Skill Matrix and current/future needs of the Company);(iii) Background screening and verification;(iv) Interview by the NRC members;(v) Final deliberation by the NRC;(vi) Recommendation to the Board for decision;(vii) Formal invitation by the Chairman of the Board; and(viii) Board Induction.3. During the FY2022, there have been several changes to the Board composition, namely, the appointment of Puan Norita as NINED and Datuk Syed Izuan as INED on 8 April 2022 and 15 August 2022, respectively, and the resignation of Dato' Idris as INED on 15 August 2022 upon reaching the cumulative nine (9) years tenure limits as per the Company's IDT Policy.

	<p>4. Puan Norita has more than 30 years of experience in public service, having garnered vast experience in corporate planning and honed expertise in strategic planning, business strategy, corporate development, and stakeholder engagement. The business acumen and social cognisance developed during her tenure in Perbadanan Kemajuan Negeri Selangor (PKNS) previously and Menteri Besar, Incorporated (MBI) has bring valuable insights through a broader perspective to the Board on strategic planning, business strategy corporate development, and stakeholder engagement.</p> <p>5. Datuk Syed Izuan has more than 30 years of experience in Accounting, Auditing, Financial Reporting, and Investments Analysis. He is a good fit for the Company and matches well with the performance criteria based on the BSM gaps of the Company left by Dato' Idris.</p> <p>6. Overall, the Board strongly believes that the present Board composition is appropriate and well-balanced as it includes professionals in the fields of strategic planning and business strategy, corporate governance, human capital, culture & succession, change & transformation, risk management and internal controls, conflict & dispute resolution, investor relations & stakeholders management, project management, communication, sustainability (ESG) management, corporate finance, sales & marketing, international business relations, legal, compliance & regulatory requirements, accounting, audit, information technology, treasury management, taxation, production & quality assurance, reputation management, networking and branding.</p> <p>7. The broad spectrum of skills and experience provides the strength needed to lead the Company to meet its objectives and enable it to rest in the firm control of an accountable and competent Board.</p> <p>8. With regards to the appointment of MD/GCEO and HOS, the NRC is responsible for the evaluation based on merit and against objective criteria developed by the NRC, formally and transparently and with due regard for diversity in skills, experience, age, cultural background, and gender as well as candidate' professionalism and integrity. In renewing the contract of the MD/GCEO, the NRC would also evaluate the past trend achievements of the MD/GCEO based on the CKIs/KPIs results as well as other non-financial achievements as the basis for the recommendation to the Board for approval.</p>
Explanation for departure	:

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The sourcing of candidates for Directorship in KPS Berhad could come from the recommendations of other Board members, shareholders, or independent professional search firms based on performance criteria and expectations of the roles and capabilities required by the Board. Dato' Ikmal and Cik Sharmila were previously sourced from the Institute of Corporate Directors Malaysia ("ICDM").2. During the financial year under review, Datuk Syed Izuan, who was appointed as an INED of the Company on 15 August 2022, was sourced from one of the INEDs of the Company besides other few shortlisted candidates that were sourced from the ICDM.3. Upon thorough evaluation by the NRC, Datuk Syed Izuan was appointed as INED in place of Dato' Idris as he has the necessary qualification and experience that good fit the performance criteria based on the latest BSM of the Company and gaps left by Dato' Idris who resigned on 15 August 2022 upon reaching the cumulative nine (9) years tenure limits as per the Company's IDT Policy.4. Datuk Syed Izuan has 30 years of experience in corporate financing, accounting, auditing and advisory in carrying out his duties as both, Director and former Group Chief Financial Officer and Chief Financial Officer of two (2) public listed companies ("PLCs") previously.5. Datuk Syed Izuan has undertaken the necessary assessment under the Fit & Proper requirements and he has met all the fit and proper criteria in term of character & integrity, experience and competencies as well as time commitment before being appointed as Director of the Company.

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

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	
Explanation for departure	:	<ol style="list-style-type: none">1. Clause 76(3) of the Company's Constitution provides that one-third (1/3) of the Company's Directors, for the time being, shall retire by rotation at the AGM of the Company. The Directors to retire in each three (3) years are those who have been the longest in office since their last election or appointment.2. The NRC has determined the eligibility of each of the Directors standing for re-election at the AGM based on the performance of the Directors, taking into account their latest ABE result, contribution of each of the above Directors in the areas of Board dynamics and participation, competency and capability, time commitment, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance. The NRC was satisfied that all the Directors who are due for the re-election are eligible to be re-elected as Directors of KPS Berhad and recommended to the Board for concurrence and thereafter tabled the same at the 45th AGM for shareholders' approval. Accordingly, the shareholders approved all the re-election at the 45th AGM held on 7 June 20223. During the financial year under review, five (5) Directors were due for re-election pursuant to the Company's Constitution under Clause 76(3) namely, Dato' Noorazman and Encik Ahmad Fariz and Clause 78 namely, Dato' Haris, Cik Sharmila and Puan Norita at the 45th AGM of KPS Berhad held on 7 June 2022.

	All the above retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant Board meeting. They had also abstained from deliberations and decisions on their own eligibility to stand for re-election at the AGM.	
	4. To facilitate the shareholders to make an informed decision on the re-election, the information on any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole. The justifications for the re-election by the NRC and Board were also disclosed in the Explanatory Notes and Statement Accompanying Notice of the 45 th AGM of the Company held on 7 June 2022.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application :	Applied																				
Explanation on application of the practice :	<div><div><div>1.</div><div>The NRC is chaired by Dato' Ikmal, an INED and supported by three (3) members, namely Puan Norliza, Datuk Syed Izuan and Puan Norita, all of whom are NEDs and a majority of whom are IDs. Datuk Syed Izuan and Puan Norita were appointed as NRC members on 18 August 2022 and 26 August 2022, respectively. As the Chairman of NRC, Dato' Ikmal leads the succession planning and appointment of the Board and SM and HOSs, as well as the annual review of Board effectiveness, ensuring that the performance of each Director is independently assessed.</div></div><div><div>2.</div><div>The composition of the NRC complies with Paragraph 15.08A(1) of MMLR of Bursa Securities and Practice 5.8 of the MCCG, as summarised below:</div></div></div> <table><tr><th>Name</th><th>Designation</th><th>Attendance</th></tr><tr><td>Dato' Ikmal, <i>Chairman, INED</i></td><td>INED</td><td>5/5</td></tr><tr><td>Puan Norliza, <i>Member, INED</i></td><td>INED</td><td>5/5</td></tr><tr><td>Datuk Syed Izuan, <i>Member, INED (Appointed as member 15.8.2022)</i></td><td>INED</td><td>2/2 ⁽²⁾</td></tr><tr><td>Puan Norita, <i>Member, NINED (Appointed as member on 26.8.2022)</i></td><td>NINED</td><td>1/1 ⁽²⁾</td></tr><tr><td>⁽¹⁾ Dato' Idris, <i>Former Chairman, INED (Ceased as Chairman of NRC on 15.8.2022)</i></td><td>INED</td><td>3/3 ⁽²⁾</td></tr></table> <div><div>⁽¹⁾ Dato' Idris ceased as Chairman following his resignation as INED on 15 August 2022 upon reaching the cumulative nine (9) years tenure limits in line with the IDT Policy of the Company.</div><div>⁽²⁾ Reflects the number of meetings held during the time the Director held office.</div></div>			Name	Designation	Attendance	Dato' Ikmal, <i>Chairman, INED</i>	INED	5/5	Puan Norliza, <i>Member, INED</i>	INED	5/5	Datuk Syed Izuan, <i>Member, INED (Appointed as member 15.8.2022)</i>	INED	2/2 ⁽²⁾	Puan Norita, <i>Member, NINED (Appointed as member on 26.8.2022)</i>	NINED	1/1 ⁽²⁾	⁽¹⁾ Dato' Idris, <i>Former Chairman, INED (Ceased as Chairman of NRC on 15.8.2022)</i>	INED	3/3 ⁽²⁾
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Explanation for departure :																					
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																					
Measure :																					
Timeframe :																					

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	1. Since April 2022, the Board of KPS Berhad comprised of 37.5% women directors with the appointment of Puan Norita as NINED of KPS Berhad effective 8 April 2022. 2. Other women Directors on the Board are Puan Norliza and Cik Sharmila, who have been on the Board of KPS Berhad since April 2018 and September 2021, respectively.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe			

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board on 28 April 2015, established the Board Diversity ("BD") Policy (which includes gender diversity) with a subsequent revision on 30 May 2019 to incorporate diversity in skill, expertise, experience, and independence in addition to gender, age and ethnicity in pursuit of boardroom diversity towards KPS Berhad maintaining a competitive edge. The Board had on 26 August 2022 approved the 2nd revision of the BD Policy in line with the minimum requirement of the KPS Berhad Internal Document Policy which require all policies is due for review at least once in every three (3) years. 2. Subsequently, the Board had on 25 November 2021 established the SM Gender Diversity ("SMGD") Policy to guide Management on the selection criteria for potential talents or candidates based on a compelling blend of skills, competencies, knowledge, experience and contribution to the Company and workplace. In such SMGD Policy, the Board did not set any specific target for any gender in the composition of SM. Nonetheless, 43% of the SM composition of KPS Berhad is represented by women. The Company is also committed to providing a suitable working environment free from harassment and discrimination to attract and retain women employees in its SM team. 3. The BD Policy and SMGD Policy can be found on the Company's corporate website at www.kps.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The Board entrusts the NRC with the responsibility of carrying out the ABE on the effectiveness of the Board. The exercise was facilitated by the office of the Company Secretary, which has professionally and continuously maintained an objective evaluation methodology. A candid assessment by the Directors is well-kept, maintaining the confidentiality of the feedback given. The evaluation was analysed, and the findings were presented to the NRC for deliberation and Board for concurrence/endorsement.2. During the financial year under review, the ABE templates questionnaires were further enhanced to incorporate the latest changes in the BAC evaluation questionnaires template, as guided by the latest Bursa CG Guide 4th Edition. The revised ABE Templates were then deliberated at the Board Retreat held on 10 December 2022 and presented to the NRC and Board for concurrence and approval before being used in the ABE 2022 exercise.3. The objective of the ABE are as follows:<ul style="list-style-type: none">• Improve the overall performance of the Company and its Board/BC;• Assess individual and collective success;• Improve working relationship between Board and Management;• Reinforce individual relationships; and• Improve the support given by Management to the Board members.4. The methodology/tools used in the ABE exercise includes self and peers reviews, questionnaires template and based on the observation of Directors at the Board & BCs meetings, Board Retreat and other relevant platform.

5. The Scope and Performance Criteria/Parameters used for each of the above subject reviews are as follows:

No.	Scope of Evaluation	Details of Performance Evaluation Criteria
1.	Board Skill Matrix	<ul style="list-style-type: none">• Skills and Competencies;• Industry/Sector Background; and• Experience.
2.	Board as a Whole	<ul style="list-style-type: none">• Fulfilling the Board's Fundamental Roles and Responsibilities from perspective of strategic (business plan/budget/CKIs/KPIs/sustainability/succession planning), governance (internal control and risk management, compliance), financial, communication (investors relations) sustainability matters; and• Board mix and composition/dynamic.
3.	BC (NRC, BGRC, BIRC, SBC)	<ul style="list-style-type: none">• Composition;• Skills and competencies/experience;• Provide useful recommendation in assisting the Board for better decision-making;• BC Chairman assessment;• Appointment of BCs members based on appropriate criteria; and• Quality of communication by BCs to the Board.
4.	BAC	<div>i) For BAC as a whole<ul style="list-style-type: none">• Quality and composition;• Skills and competencies;• Meeting administration and conduct; and• Fulfilling its roles and responsibilities.</div> <div>ii) As for the assessment of individual BAC members<ul style="list-style-type: none">• Interpersonal qualities;• Experience;• Participation in ongoing education;• Analytical thinking;• Understanding risks;• Understanding of Company's compliance processes;• Understanding of financial and statutory reporting requirements; and• Significant accounting policies, accounting estimates and financial reporting practices.</div> <div>iii) Financial Literacy Assessment</div>
5.	Individual Director	<ul style="list-style-type: none">• Roles and Responsibilities (from perspective of Strategic, Governance (Compliance, Risk);

			<ul style="list-style-type: none"> • Contribution and Performance, Time Commitment; and • Attributes and Personality.
	6.	Board Chairman	<ul style="list-style-type: none"> • Strategic thinking • Interpersonal communication skills; • Promoting high standard of integrity, probity and CG; • Leadership; • Relationship Management; and • Effectiveness in conducting meeting.
	7.	Board Chairman of Investee Company (Board Representative)	<ul style="list-style-type: none"> • Alignment of IC business plan, budget with KPS Berhad strategic initiatives; • Providing constructive opinion on CKI/KPI of IC that form part of the Group; • Ensuring smooth integration of KPS Berhad Group wide policy; • Ensuring effective compliance framework and sound internal control audit and risk management at IC; • Ensuring non-recurring key strategic audit issues/findings highlighted by the Internal Audit or External Auditors on IC; • Oversees the financial reporting process and ensure the quality of financial reporting of the IC is in accordance with the applicable accounting standards or internal policies; and • Escalate pertinent strategic issues of the IC to the Holding Board.
	8.	Assessment of Independent Directors' Independence	<ul style="list-style-type: none"> • Background relationship with KPS Berhad; • Business relationship with KPS Berhad; • Family relationship with KPS Berhad; • Tenure status in KPS Berhad; • Other quantitative assessments; and • Independence requirements.
	9.	Assessment of Financial Literacy of the BAC members	<ul style="list-style-type: none"> • Ability and competency to read, analyse, interpret financial statements.
<p>6. The methodology/tools used in the ABE exercise includes self and peers review, questionnaires template and based on the observation of Directors at the Board & BC meetings, Board Retreat and other relevant platform.</p> <p>Results of ABE 2022:</p> <p>7. The findings and results of the evaluations were summarised and presented to the NRC. The Chairman of NRC will subsequently brief the Board the key insights on the overall performance for all scopes of evaluations and to</p>			

	<p>recommend areas for continuous improvement for discussions. Upon endorsement of the ABE results by the Board, each Director was provided with their individual results, together with the rating for each area of evaluation for reference and further improvement.</p> <p>8. It was noted that the performance of the Board as a whole, BCs, Board Chairman were rated Exceed Expectation respectively with the performance ratings in the range of 3.00 to 3.45 out of 4.00 (Excellent) performance ratings. While the performance of the Board Chairmen were in the range of 2.91 (Meet Expectation) to 3.23 (Exceed Expectation) out of 4.00 (Excellent) performance rating. These results indicated that the performance of the Board, BC, Board Chairman and Board Chairmen of ICs are effective and well represented. The Directors have the required knowledge, experience and skill set and have contributed to the success and growth of the Company.</p> <p>9. As for the individual Director's performance, the NRC/Board are satisfied with the performance of each Director, which was in the range of 2.90 (Meet Expectation) to 3.42 (Exceed Expectation) out of 4.00 (Excellent) performance rating. Given that the evaluation is linked to the individual Director's performance, the Director is required to examine the results and identify areas for improvement by taking the necessary action through professional development program/training, to close the gap. To facilitate the process, the Company Secretary will distribute the Training Requirements Feedback Form to all the Directors to identify suitable training/program they required.</p> <p>10. The results of individual Director's evaluation shall also form part of the justification for the NRC's recommendations to the Board for the re-election of Directors at the AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 7.1

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

Application :	Applied
Explanation on application of the practice :	<ol style="list-style-type: none">1. The NRC is responsible for formulating and reviewing the remuneration benefits and policy for the Directors and SM at fair and equitable levels to attract and retain Directors of good calibre to guide the Group successfully. It also considers fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/ market environments, the Company's performance, and the skills and experience required.2. Guided by the above, the Company established the Directors' Remuneration Policy ("DR Policy") on 26 February 2018 and SM Remuneration Policy ("SMR Policy") 30 March 2018, respectively. During the financial year under review, a revision was made to the DR Policy on 7 June 2022 to reflect the revision in the quantum of the Director's Fee. As for the SMR Policy, the revision was made on 29 March 2022 to align the remuneration benefits with the current market practice and business needs.3. The policies are designed to support the Company's key strategic initiatives and business objectives and create a high performance-oriented environment. Besides that, the policies are also expected to attract, motivate, and retain talent and promote business sustainability and growth, support the Company's long-term success, and align with market/industry practices.

The remuneration structures for the NEDs of KPS Berhad are as follows:

4. Directors' Fees & Meeting Allowance (Board and BC)

No.	Category	Directors' Fee (RM)	Meeting Allowance per Attendance (RM)		
			Board	BAC	Other BC
1.	Chairman	150,000	3,500	3,000	2,000
2.	Member	120,000	2,500	2,000	1,500

5. The fee payable to NEDs shall be a fixed sum and shall not be by a commission on or percentage of profits or turnover. The fees and benefits payable to NEDs shall be subjected to annual shareholders' approval at a general meeting under Section 230(1) of the CA2016.

6. Any proposed revision of Directors' Remuneration shall be deliberated and recommended by the NRC and concurred by the Board before tabling the same to shareholders at the general meeting for approval. NEDs are not entitled to receive performance-based bonuses. The Company may extend the participation of Share Issuance Scheme or any other short-term and/or long-term incentive plans to NEDs subject to provisions set out in MMLR of Bursa Securities.

7. Details of Other Benefits and Benefit-In-Kind could be found in the Directors' Remuneration Policy which can be downloaded from the Company's website.

The remuneration structure for the MD/GCEO, Deputy Chief Executive Officers ("DCEOs") and HOSs of KPS Berhad and its Subsidiaries are as follows:

8. As for the MD/GCEO, the remuneration would be dealt with within the MD/GCEO's service contract. Remuneration packages for MD/GCEO (and of members of senior management or any other individual, as defined by the Board) should involve a balance between fixed and performance-linked (variable) elements but shall not include a commission or a percentage of turnover.

9. The relative weightage of fixed and variable remuneration for target performance varies with the level of responsibility, the complexity of the role, and typical market practice. The remuneration of the MD/GCEO shall be deliberated and recommended by the NRC and approved by the Board.

10. The DR Policy and SMR Policy can be found on the Company's website at www.kps.com.my.

:

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

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board of KPS had delegated to the NRC the responsibility to set the principles and parameters relating to the KPS Group's remuneration matters. The Board established a Remuneration Committee in 2003. In August 2018, the RC was consolidated into the NRC to create a more streamlined approach towards the deliberation of remuneration matters of KPS Group.2. The NRC is governed by its own TOR and is responsible for the following remuneration matters of KPS Berhad:<ol style="list-style-type: none">i) To formulate or review the remuneration for the members of the Board, BCs, BR on the functional Board;ii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS Berhad;iii) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;iv) To review and recommend to the Board on the staff annual salary increment pool, performance bonus pool in respect of each financial year; andv) To review and recommend any major changes in remuneration policy and employees' benefits structure throughout the Company in line with market practice.

	<p>3. During the year under review, the NRC members are as follows:</p> <table border="1" data-bbox="646 293 1409 734"> <thead> <tr> <th>Name</th><th>Designation</th></tr> </thead> <tbody> <tr> <td>Dato' Ikmal, <i>Chairman, INED</i></td><td>INED</td></tr> <tr> <td>Puan Norliza, <i>Member, INED</i></td><td>INED</td></tr> <tr> <td>Datuk Syed Izuan, <i>Member, INED</i> (Appointed as member 15.8.2022)</td><td>INED</td></tr> <tr> <td>Puan Norita, <i>Member, NINED</i> (Appointed as member on 26.8.2022)</td><td>NINED</td></tr> <tr> <td>⁽¹⁾ Dato' Idris, <i>Former Chairman, INED</i> (Ceased as Chairman of NRC on 15.8.2022)</td><td>INED</td></tr> </tbody> </table> <p>⁽¹⁾ Dato' Idris ceased as Chairman following his resignation as INED on 15 August 2022 upon reaching the cumulative nine (9) years tenure limits in line with the IDT Policy of the Company.</p> <p>4. During the FY2022, there were five (5) NRC meetings held on 11 January 2022, 15 February 2022, 21 March 2022, 16 August 2022 and 15 November 2022 and five (5) NRC Circular Resolutions ("CR") passed. Below are the remuneration matters reviewed by the NRC throughout 2022:</p> <ul style="list-style-type: none"> i) Performance Bonus ("PB") for year ended 31 December 2021 and 2022 Performance Increment of KPS Berhad; ii) PB for year ended 31 December 2021 for the MD/GCEO of KPS iii) Revision of the SMR Policy of KPS Berhad; iv) Revision of Directors' Remuneration Quantum & DR Policy of KPS Berhad; v) Revision of Remuneration for the MD/GCEO of KPS Berhad; vi) Revision of Performance Management System ("PMS") Policy of KPS Berhad; and vii) Establishment of a Long-Term Incentive Plan ("LTIP") of KPS Berhad. <p>5. Meetings of the NRC were attended by the MD/GCEO and Deputy Chief Executive Officer, Finance and Corporate Services ("DCEOFCS"). Other SM may be invited to the meetings, as and when necessary, to support detailed discussions.</p> <p>6. The TOR of the NRC is accessible on the Company's website at www.kps.com.my.</p>	Name	Designation	Dato' Ikmal, <i>Chairman, INED</i>	INED	Puan Norliza, <i>Member, INED</i>	INED	Datuk Syed Izuan, <i>Member, INED</i> (Appointed as member 15.8.2022)	INED	Puan Norita, <i>Member, NINED</i> (Appointed as member on 26.8.2022)	NINED	⁽¹⁾ Dato' Idris, <i>Former Chairman, INED</i> (Ceased as Chairman of NRC on 15.8.2022)	INED
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Explanation for departure	:												

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

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration breakdown of individual directors which include among other the Directors' fees, meeting allowances, benefits-in-kind and other emoluments for the financial year ended 31 December 2022 are as per table below:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Haris bin Kasim	Non-Executive Non-Independent Director	141,397.26	21,000.00	-	-	-	9,522.25	17,1919.51	-	-	-	-	-	-	0
2	Norita binti Mohd Sidek	Non-Executive Non-Independent Director	84,820.84	14,000.00	-	-	-	6,991.50	10,5812.34	-	-	-	-	-	-	0
3	Dato' Ikmal Hijaz bin Hashim	Independent Director	111,397.26	42,000.00	-	-	-	12,747.78	16,6145.04	32,000.00	8,000.00	-	-	-	-	40,000.00
4	Norliza binti Kamaruddin	Independent Director	111,397.26	35,500.00	-	-	-	14,357.30	16,1254.56	20,000.00	4,000.00	-	-	-	-	24,000.00
5	Dato' Noorazaman bin Abd Aziz	Independent Director	118,081.10	46,110.00	-	-	-	1,0948	175,139.10	20,000.00	7,392.00	-	-	-	-	27,392.00
6	Sharmila Sekarajasekaran	Independent Director	111,397.26	45,500.00	-	-	-	5,857.30	162,754.56	7,013.70	1,000.00	-	-	-	-	8,013.70
7	Datuk Syed Izuan bin Syed Kamarulbahrin (Appointed w.e.f. 15.8.2022)	Independent Director	45,698.63	17,000.00	-	-	-	5,021.97	67,720.60	6,958.00	1,000.00	-	-	-	-	7,958.00
8	Dato' Idris bin Md Tahir (Resigned w.e.f. 15.8.2022)	Independent Director	65,698.63	31,500.00	-	-	-	9,602.31	106,800.94	12,438.35	3,000.00	-	-	-	-	15,438.35
9	Soffan Affendi bin Aminudin (Resigned w.e.f. 14.3.2022)	Non-Executive Non-	19,726.03	7,000.00	-	-	-	4,278.02	31,004.05	3,945.21	-	-	-	-	-	3,945.21

		Independent Director														
10	Ahmad Fariz bin Hassan	Executive Director	N/A	N/A	1,240,000.00	588,874.00	92,990.00	374,524.79	2,296,388. 79	-	-	-	-	-	-	-

Intended Outcome

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

Practice 8.2

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

Application	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<div>1. Currently, the remuneration of the top five (5) SM disclosed in the CG Report is on an aggregate basis, including salary, bonus, and other benefits as follows:<table><tr><th>Top Five (5) SM</th><th>Number of SM</th></tr><tr><td>From RM700,001 – RM750,000</td><td>1</td></tr><tr><td>From RM850,001 – RM900,000</td><td>1</td></tr><tr><td>From RM1,350,001 – RM1,400,000</td><td>1</td></tr><tr><td>From RM1,750,001 – RM1,800,000</td><td>1</td></tr><tr><td>From RM2,450,001 – RM2,500,000</td><td>1</td></tr></table></div> <div>2. The Board viewed that disclosing SM remuneration on a named basis and by various components is neither to the Group’s advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talent in the market.</div>	Top Five (5) SM	Number of SM	From RM700,001 – RM750,000	1	From RM850,001 – RM900,000	1	From RM1,350,001 – RM1,400,000	1	From RM1,750,001 – RM1,800,000	1	From RM2,450,001 – RM2,500,000	1
Top Five (5) SM	Number of SM													
From RM700,001 – RM750,000	1													
From RM850,001 – RM900,000	1													
From RM1,350,001 – RM1,400,000	1													
From RM1,750,001 – RM1,800,000	1													
From RM2,450,001 – RM2,500,000	1													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:	<div>1. Notwithstanding the above, the Board ensures that the remuneration of SM is commensurate with the performance of the Company and Group, with due consideration of attracting, retaining and motivating SM to spearhead the running of the Group’s business operation. This would allow stakeholder to make an appreciable link between remuneration of Senior Management and the performance of the Group.</div> <div>2. The Board strongly believes that the current disclosure on an aggregate basis allows the stakeholders to establish the nexus between remuneration and value creation of the Group.</div> <div>3. The Board will closely monitor and guided with developments in regulatory requirements in respect of such disclosure for future consideration.</div>												

Timeframe	:	Others	
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No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Chairman of the BAC is Datuk Syed Izuan, who is an INED and is not the Chairman of the Board. This is to promote robust and open deliberations by the Board on matters referred by the BAC. Datuk Syed Izuan was appointed on 15 August 2022 following the resignation of Dato' Idris on 15 August 2022. 2. Datuk Syed Izuan is a member of the Malaysian Institute of Accountants ("MIA"), a fellow Member of the Association of Chartered Certified Accountants ("ACCA"), UK, a fellow Member of the ICDM and a member of the Malaysian Institute of Certified Public Accountants ("MICPA").
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The policy on observation of a cooling-off period of three (3) years imposed on the former partner of the external audit firm of the Company has been established and embedded in the TOR of the BAC since 25 February 2021 in line with the MIA By-Laws, Section 540.5. 2. This is to ensure the external auditors maintain objectivity, independence and effectiveness. Currently, none of the present BAC members are former key audit partners of the Company's external auditors. 3. None of the present BAC members is a former key audit partner of the Company's external auditors. 4. A copy of the BAC TOR is available on the Company's website at www.kps.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. In assessing the suitability, objectivity and independence of external auditors, the BAC is guided by the External Auditors Assessment Policy ("EAA Policy"), which was approved by the Board on 29 March 2017 and revised on 27 November 2020.2. The annual evaluation of the external auditor provides the BAC with a disciplined approach for maintaining effective oversight of the external auditor's performance.3. The assessment criteria used to evaluate the performance, objectivity and independence of the external auditors are, amongst others, as follows:<ol style="list-style-type: none">i) Selection and appointment procedures;ii) Independence assessment;iii) Non-audit engagement;iv) Rotation and cooling-off period of personnel;v) Annual audit plan; andvi) Annual performance assessment.5. In its assessment, the BAC would determine whether they are satisfied that the provision of audit and non-audit services provided by the Messrs BDO PLT ("BDO") to the Company for the given financial year did not in any way impair their objectivity and independence as external auditors of the Company.4. It has been the practice of the Company, in applying the principle of auditor independence, to ensure that the audit partner-in-charge of the Group is rotated at least every seven (7) financial years. The current audit partner-in-charge, BDO, was re-appointed at the 45th AGM of the Company on 7 June 2022 after shareholders' approval were sought.5. BDO is expected to provide a written assurance in its presentation of external auditors' report to the BAC in March 2023, that they had been independent throughout the audit engagement in accordance with the terms of all relevant

	<p>professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2022.</p> <p>6. Besides that, KPS Berhad also established a policy known as Policy on Appointment of Existing External Auditors for Non- Audit-Related Services ("NARS Policy"), approved by the Board on 29 August 2018, which stipulates that if the cumulative engagement fee for the appointment of External Auditors for non-audit related services exceeds 30% of the total audit fees payable to them, concurrence from BAC is required. This is to ensure the independence and objectivity of the external auditor are not compromised, and there is a transparent reporting process in place for the BAC to monitor the External Auditors observance and compliance of the NARS Policy.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted																						
Explanation on adoption of the practice	:	<p>During the FY2022, the BAC comprises four (4) NEDs of whom three (3) are INEDs and one (1) NINED, which is in line with Paragraph 15.09(1)(b) of the MMLR of Bursa Securities, which stipulates that all the BAC members must be NEDs, with a majority of them being INEDs as tabled below:</p> <table><tr><th>Membership</th><th>Name</th><th>Designation</th><th>Attendance</th></tr><tr><td>Current Chairman</td><td>Datuk Syed Izuan <i>(Appointed as Chairman w.e.f. 15.8.2022)</i></td><td>INED</td><td>2/2*</td></tr><tr><td rowspan="3">Members</td><td>Dato' Noorazman</td><td>INED</td><td>5/5</td></tr><tr><td>Cik Sharmila</td><td>INED</td><td>5/5</td></tr><tr><td>Puan Norita <i>(Appointed as Member w.e.f. 26.8.2022)</i></td><td>NINED</td><td>1/1*</td></tr><tr><td>Former Chairman</td><td>Datuk Idris <i>(Ceased as Chairperson w.e.f. 15.8.2022 upon reaching a maximum tenure of nine (9) years as INED)</i></td><td>INED</td><td>3/3*</td></tr></table> <p>* Reflects the number of meetings held during the time the Director held office</p>	Membership	Name	Designation	Attendance	Current Chairman	Datuk Syed Izuan <i>(Appointed as Chairman w.e.f. 15.8.2022)</i>	INED	2/2*	Members	Dato' Noorazman	INED	5/5	Cik Sharmila	INED	5/5	Puan Norita <i>(Appointed as Member w.e.f. 26.8.2022)</i>	NINED	1/1*	Former Chairman	Datuk Idris <i>(Ceased as Chairperson w.e.f. 15.8.2022 upon reaching a maximum tenure of nine (9) years as INED)</i>	INED	3/3*
Membership	Name	Designation	Attendance																					
Current Chairman	Datuk Syed Izuan <i>(Appointed as Chairman w.e.f. 15.8.2022)</i>	INED	2/2*																					
Members	Dato' Noorazman	INED	5/5																					
	Cik Sharmila	INED	5/5																					
	Puan Norita <i>(Appointed as Member w.e.f. 26.8.2022)</i>	NINED	1/1*																					
Former Chairman	Datuk Idris <i>(Ceased as Chairperson w.e.f. 15.8.2022 upon reaching a maximum tenure of nine (9) years as INED)</i>	INED	3/3*																					

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application :	Applied																										
Explanation on application of the practice :	<p>1. Given the increasingly demanding role as BAC members, the BAC recognises the importance of continual training and professional development to keep members abreast of relevant developments in accounting and auditing standards, practices and rules to serve effectively, and contribute positively to the BAC.</p> <p>2. Detailed disclosure on the training programmes attended by the BAC members during the FY2022 were as follows:</p> <table border="1"> <thead> <tr> <th>Directors</th><th>Courses/Programme</th><th>Date</th><th>Remarks/Organiser</th></tr> </thead> <tbody> <tr> <td colspan="4">Existing Directors</td></tr> <tr> <td rowspan="5">Datuk Syed Izuan</td><td>Asia Market Outlook</td><td>14 January 2022</td><td>JP Morgan</td></tr> <tr> <td>In conversation with Jonathan Gray (President & COO of Blackstone)</td><td>17 February 2022</td><td>Bank of Singapore Wealth Management</td></tr> <tr> <td>Islamic Finance Symposium 2022</td><td>1 -2 March 2022</td><td>Fitch Rating Agency</td></tr> <tr> <td>Climate Session on Task Force on Climate-related Financial Disclosure ("TFCD") - 102</td><td>9 March 2022</td><td>Bursa Malaysia Berhad</td></tr> <tr> <td>Preparing for a Vibrant Cycle</td><td>13 April 2022</td><td>JP Morgan</td></tr> </tbody> </table>			Directors	Courses/Programme	Date	Remarks/Organiser	Existing Directors				Datuk Syed Izuan	Asia Market Outlook	14 January 2022	JP Morgan	In conversation with Jonathan Gray (President & COO of Blackstone)	17 February 2022	Bank of Singapore Wealth Management	Islamic Finance Symposium 2022	1 -2 March 2022	Fitch Rating Agency	Climate Session on Task Force on Climate-related Financial Disclosure ("TFCD") - 102	9 March 2022	Bursa Malaysia Berhad	Preparing for a Vibrant Cycle	13 April 2022	JP Morgan
Directors	Courses/Programme	Date	Remarks/Organiser																								
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	Climate Session on Task Force on Climate-related Financial Disclosure ("TFCD") - 102	9 March 2022	Bursa Malaysia Berhad																								
	Preparing for a Vibrant Cycle	13 April 2022	JP Morgan																								

		Seizing the Opportunity' Private Market Conference 2022	27 – 28 April 2022	Bank of Singapore Wealth Management
		7 th Annual JP Morgan Tech Exchange, Global China Summit	17 May 2022	JP Morgan
		The New Frontier of Cybersecurity & Fraud	24 May 2022	JP Morgan
		Mid-Year Outlook 'The World to Come'	12 July 2022	Bank of Singapore
		FCD Series Module A: Board Strategy & Risk Management Oversight	27 – 28 July 2022	ICDM
		Sedania Innovator Berhad – Environment, Social and Governance (“ESG”) Briefing	29 July 2022	Joshua Rayan Communications
		Navigating Private Market Volatility & Valuations	7 August 2022	JP Morgan & TPG
		Market Watch Live 'Fed Up'	23 September 2022	Bank of Singapore Wealth Management
		International Directors Summit	26 – 28 September 2022	ICDM
		Important: The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System	24 November 2022	Khazanah Auditorium, Asia School of Business
		Bursa Malaysia Immersive Experience: The Board “Agender”	1 December 2022	Bursa Malaysia Berhad
		Conversation with Audit Committee	6 December 2022	SC
	Dato' Noorazman	Positioning Corporate Malaysia for a Sustainable Future	6 April 2022	PwC Malaysia/ UEM Sunrise Berhad
		An Invitation to a Talk by Rajeev Peshawaria on Steward Leadership for Sustainability	12 April 2022	Asia School of Business/ UEM Sunrise Berhad

		Briefing for UEM Sunrise's Board, Top Management & Nominee Directors on the Latest Developments of Section 17A of the MACC Act 2009	13 April 2022	UEM Sunrise Berhad
		Sustainability Training - Overseeing the Economic, Environmental, Social & Governance (" EESG ") Perspectives of A Listed Issuer's Businesses	30 June 2022	KPS Berhad, Mr Lee Min Onn
		Legal Talk on Fiduciary Duties of Bond and Investment Panel	6 July 2022	Kumpulan Wang Persaraan (" KWAP ")/ Shook Lin & Bok
		FIDE Forum Leadership Perspectives for Effectiveness in conjunction with BEE Launch	14 July 2022	Asia School of Business
		Invest Shariah Conference 2022 – Transforming Malaysia's Economy and Society through Islamic Finance	26 July 2022	UEM Sunrise Berhad
		ICDM – International Directors Summit 2022: The B Factor (Bold and Brave) Boards	26 – 27 September 2022	KWAP/ Shook Lin & Bok
		Khazanah Megatrends Forum 2022	3 – 4 October 2022	Advancing Malaysia
		Invitation to Private Equity Forum – Navigating Venture Capital and Technology Investments in Malaysia	19 October 2022	KWAP
		In-House Training – Board Leadership and Effectiveness and Enhanced Sustainability Reporting Framework	5 December 2022	KPS Berhad, Mr Lee Min Onn

	Cik Sharmila	Sustainability Training - Overseeing the EESG Perspectives of A Listed Issuer's Businesses	30 June 2022	KPS Berhad, Mr Lee Min Onn
		In-House Training – Board Leadership and Effectiveness and Enhanced Sustainability Reporting Framework	5 December 2022	KPS Berhad, Mr Lee Min Onn
		SC's Audit Oversight Board	6 December 2022	SC
	Puan Norita	Sustainability Training – Overseeing the EESG Perspectives of A Listed Issuer's Businesses	30 June 2022	KPS Berhad, Mr Lee Min Onn
		Mandatory Accreditation Programme	4 – 6 July 2022	ICDM
		In-House Training – Board Leadership and Effectiveness and Enhanced Sustainability Reporting Framework	5 December 2022	KPS Berhad, Mr Lee Min Onn
	Former Director			
	Dato' Idris (Resigned w.e.f. 15.8.2022)	Malaysian Institute of Accountants ("MIA") Virtual Conference Series Corporate Board Leadership Symposium 2022: Mastering Governance in the era of ESG	30 – 31 May 2022	MIA
<p>3. In accordance with Paragraph 15.20 of the MMLR of Bursa Securities, the NRC also reviewed the term of office and performance of the BAC as a whole and each of its members annually to determine the members' financial literacy levels, ability to pose and probing questions, competencies in grasping complex issues and skills as well as knowledge to discharge their duties and responsibilities under its TOR.</p> <p>4. With regards to the financial literacy of the BAC members, the Board observed that all the BAC members have the necessary financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement on its financial position, statement of comprehensive income, statement of changes in equity,</p>				

	<p>cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis. The accountability of the BAC members in discharging their duties and responsibilities are in accordance with the BAC's TOR, as required under the MMLR of Bursa Securities and Principle B of MCCG. More details on how the BAC discharged its duties in FY2022 are presented under section BAC Report of the Company's IAR 2022.</p> <p>5. The Board accepts responsibility that the annual audited financial statements and interim financial results have been prepared to comply with the CA2016 and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.</p>	
Explanation : for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Group has established an Enhanced Enterprise Risk Management ("ERM") framework based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines. The rationale for the enhancement was to proactively identify, evaluate and manage key risks to an optimal level considering changing risk profiles as dictated by any change in business strategies, external environment and/or regulatory environment. In line with the Group's commitment to delivering sustainable value, this framework provides an integrated and agiled approach to evaluate and analyse key risks.2. The main aspects of risk management and internal control systems are as outlined below:<ul style="list-style-type: none">➤ The ERM framework includes a formalised reporting structure that comprises the BGRC chaired by an Independent Director. The primary roles of BGRC are to provide oversight and advice to the Board with respect to risk management, internal control systems and governance matters through various policies, TOR, processes, initiatives and compliance with applicable laws and regulations. This is to ensure effective management of regulatory compliance throughout the Group. The BGRC deliberates, recommends and reports on all ERM and compliance-related matters to the Board. The BGRC is supported by the RGWC, which is chaired by the MD/GCEO. Both the BGRC and RGWC convene quarterly.➤ By function, the RGWC assists the BGRC in providing oversight, direction and counsel on the overall risk management process; establishing and reviewing the risk management framework, processes and responsibilities; and providing reasonable assurance that the risks are managed within tolerable ranges.

	<p>➤ The BGRC's and RGWC's are governed by its own TOR which outlines the objectives, membership, meeting procedure, responsibility and authority.</p> <p>3. Besides that, the Group also actively executed the ERM initiatives based on the approved ERM Framework, which includes the continuous review, tracking and monitoring of the implementation of key mitigation strategies and updates on the Key Risk Indicators ("KRIs") for the key risk areas identified. The ERM initiatives were further extended to the subsidiaries in 2019 and the key risk areas for subsidiaries were identified and assessed together with the respective key management and EXCO of subsidiaries and subsequently approved by the Board of said subsidiaries.</p> <p>4. The Group has established and adopted a structured KPS Internal Control Framework ("KPS- ICF") that is intended to strengthen the governance process and internal control design in the Group. On 28 May 2021, KPS-ICF was approved for adoption at KPS Group to have a uniformed internal control structure towards achieving Group strategic objectives.</p>	
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application :	Applied
Explanation on application of the practice :	<ol style="list-style-type: none">1. The Board of KPS Berhad are being informed and advised of all aspects of ERM and significant key risk areas, and emerging risk as the need arises. KPS Berhad is adhering to ISO 31000:2018 International Standards of Risk Management – Principles and Guidelines. The approved ERM Framework includes the continuous review, tracking and monitoring of the implementation of crucial mitigation strategies and updates on the Key Risk Indicators ("KRIs") for the critical risk areas identified.2. The risk management framework adequacy is being self-reviewed regularly. During the year under review, the Company's ERM framework was revised to include a third-party risk management topic on top of the existing ERM framework.3. The effectiveness of risk management is under the purview of the internal audit department to audit and to provide independent assurance on the effectiveness of Risk Management processes as stated under item 7.4 of the Company's ERM framework.4. All assumptions made during the decision-making process must be investigated, verified, and linked with mitigation plans. The assumptions need to be tested with simulation to show practical answers for the decision made. During the stimulation process, opportunities are optimised to maximise the shareholders' wealth.5. Once identified risks are assessed, appropriate treatment needs to be developed for all extreme and high risks, which are risks beyond the Group's risk appetite.6. Once the risk treatment options are selected, they will be assembled into the risk treatment plans. The risk treatment aims to document the chosen treatment options that will be implemented. The risk treatment options can include the following:

	<ul style="list-style-type: none"> i) Risk Transfer: Transfer or share a portion of the risk with others, i.e., insurance, joint ventures, partnership, outsourcing and hedging; ii) Risk Acceptance: If any other response is not viable, a conscious business decision is made to accept the risk as it is, as the gain may outweigh the cost; iii) Risk Avoidance: A decision to stop or avoid an initiative or activity as the risk impact may outweigh the rewards; iv) Risk Mitigation: Developing and implementing action plans that will reduce the likelihood and impact of the risk materialising; and v) Risk Exploitation: Steps taken to leverage the opportunity from the emerging risk or trends. <p>7. More details on the EFM Framework and effectiveness can be found in the Statement of Risk Management and Internal Control's section of the Company's IAR 2022.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted																		
Explanation on adoption of the practice	:	<div><div><div>1. The Board Risk and Management Committee was established since 2011, renamed as the Board Risk and Compliance Committee (“BRCC”) on 29 August 2019 and subsequently to BGRC effective 1 January 2021 in line with the establishment of the IGU at KPS Berhad effective January 2021. The change of name was to reflect the additional responsibilities placed with the BGRC to reinforce effective CG in monitoring integrity and governance matters in addition to its existing responsibility to ensure the effectiveness of regulatory compliance, overall internal controls, risk management, governance systems and processes.</div><div>2. The BGRC is supported by the RGWC, chaired by the MD/GCEO or in the absence of the MD/GCEO by the DCEOFCs. The RGWC meets quarterly, and it monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and recommends to the BGRC to endorse the risk parameters, risk appetite, risk profiles, risk action plans and compliance key risks, status, and action plans.</div><div>3. The BGRC comprises four (4) members, majority of whom are INEDs as follows:</div></div><table><tr><th>Membership</th><th>Name</th><th>Designation</th><th>Attendance</th></tr><tr><td>Chairperson</td><td>Cik Sharmila</td><td>INED</td><td>4/4</td></tr><tr><td rowspan="3">Members</td><td>Dato' Noorazman</td><td>INED</td><td>4/4</td></tr><tr><td>Puan Norliza</td><td>INED</td><td>3/4</td></tr><tr><td>Puan Norita (Appointed as Member w.e.f. 26.8.2022 in place of Datuk Syed Izuan)</td><td>NINED</td><td>1/1*</td></tr></table></div>	Membership	Name	Designation	Attendance	Chairperson	Cik Sharmila	INED	4/4	Members	Dato' Noorazman	INED	4/4	Puan Norliza	INED	3/4	Puan Norita (Appointed as Member w.e.f. 26.8.2022 in place of Datuk Syed Izuan)	NINED	1/1*
Membership	Name	Designation	Attendance																	
Chairperson	Cik Sharmila	INED	4/4																	
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	Puan Norliza	INED	3/4																	
	Puan Norita (Appointed as Member w.e.f. 26.8.2022 in place of Datuk Syed Izuan)	NINED	1/1*																	

	Former Member	Datuk Syed Izuan (Appointed as Member w.e.f. 15.8.2022 and Ceased as Member w.e.f. 26.8.2022)	INED	1/1*
* Reflects the number of meetings held during the time the Director held office				
<p>4. The BGRC members possess sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge in the Group's industry.</p> <p>5. Amongst the scopes and responsibilities of BGRC as per its TOR are as follows:</p> <p>a) Risk Management</p> <ul style="list-style-type: none"> ➤ Oversee KPS Berhad and its subsidiary companies' risk management systems, practices and procedures to ensure effectiveness of risk identification, management, and compliance with internal guidelines. <p>b) Compliance</p> <ul style="list-style-type: none"> ➤ Ensure effective management of regulatory compliance throughout the Group and to provide oversight and advice to the Board in respect of the compliance with the applicable laws and regulations. <p>c) Integrity and Governance</p> <ul style="list-style-type: none"> ➤ Monitoring the implementation of IGU and assist the Board in overseeing the overall issue of corruption, fraud, malpractice, and unethical conduct within the company, by the formulation of a strong governance, ethical and integrity culture within the Group. <p>6. During the financial year under review, the BGRC met four (4) times.</p> <p>7. A copy of the BGRC TOR is available on the Company's website at www.kps.com.my.</p>				

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The mission of the internal audit (“IA”) function of the Company is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight on effectiveness of governance, risk management and internal controls processes involving the strategic objectives, financial and operating information, operations, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts.2. The IA Director and all IA personnel have declared and disclosed in their signed declaration forms to the Company that there are no potential conflict of interest encompassing any outside employment, business or private interest that may give rise to potential conflict of interest situation. This is confirmed via the annual declaration that they are free from any relationship or conflict of interest which could impair their objectivity and independence.3. The IA provides an independent review on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes and monitors compliance with policies and procedures implemented by Management at the Group.4. The IA also delivers reasonable assurance to the BAC that no material issue or significant deficiency has been noted, which would pose a high risk to the overall internal control system under review. The risk-based internal audit plan that includes internal audit coverage and scope of work is presented to the BAC annually for its review and approval.5. Besides that, the activities and performance of the IA are also reviewed periodically by the BAC to ensure its adequacy and independence in performing its role and are in line with the Institute of Internal Auditors (“IIA”), International Professional Practice of Framework (“IPPF”) on Internal Auditing and the pertinent regulations. To ensure that the responsibilities of the IA are fully discharged, the BAC reviews:<ul style="list-style-type: none">• The appointment and removal of the DIA;• The adequacy of the IA’s scope, competency, experience, and resources of the IA function;

	<ul style="list-style-type: none"> • Annual review of the IA Charter; • Review of BAC TOR once every three (3) years; • IA Annual Plan; • Setting of CKIs/KPIs for the IA; • Review and Monitor the Status of Implementation of Audit recommendation; and • Assessment of the IA and DIA functions, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group. <p>6. The IA reports encompassing the significant internal audit findings and recommendations are presented to the BAC quarterly. The relevant Management is responsible for ensuring that corrective actions on reported weaknesses are executed appropriately. The deadlines committed to by relevant Management on corrective actions are monitored monthly and undue delays must be justified to the BAC for approval.</p> <p>7. The IA personnel constantly keep themselves abreast with professional developments, and relevant industry and regulations through attending conferences/trainings and knowledge sharing within the Group.</p> <p>8. In accordance with the BAC TOR, the BAC had on 22 February 2022 conducted an annual assessment of the performance of the Internal Audit Department (“IAD”) by reviewing the 2022 IA Balanced Scorecard and completing the yearly IA evaluation questionnaire.</p> <p>9. The Chairman of BAC also holds a pre-BAC meeting prior to the BAC meeting with the IA Director to discuss key internal controls and significant area of concerns in the course of internal audit work and findings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The internal audit function of the Company is performed in-house where the function is headed by Director of Internal Audit namely, Encik Mohamad Azlan bin Jaafar (“Encik Azlan” or “IA Director”), who reports functionally to the BAC, and administratively to the MD/GCEO. The IA Director is assisted by one (1) Assistant Director, one (1) Manager, two (2) internal auditors and three (3) assurance officers at subsidiaries.2. Encik Azlan is a fellow member of the Institute of Chartered Accountants in Australia and New Zealand, a member of the MIA and a Certified Internal Auditor Malaysia. He has over than 20 years of experience in internal auditing in public listed companies in Malaysia. All Internal Auditors and Assurance Officers possess tertiary qualifications with relevant internal audit and/or accounting professional qualifications.3. The IA Director and all internal audit personnel have disclosed and declared in their signed declaration to the Company that there is no potential conflict of interest encompassing any outside employment, business or private interests that may interfere with the proper discharge of official duties that may give rise to potential conflict of interest.4. The IAD function is guided by its IA Charter, as approved by the Board, defining its responsibilities, authority, and scope of work within the Group. Notwithstanding that Encik Azlan is heading IA and Risk Management, as Head of IA, he must place the IA’s interest ahead of the interests of any other function. There are mechanisms in place and approved by the Board in 2021 to ensure that the BAC and Management are getting separate, transparent, and objective deliverables from each function. The IA Charter was enhanced to reflect the mechanisms which ensure that internal audit remains independent for a jointly managed risk management function by the Head of IA. The mechanisms include the clear segregation of duties, roles

	<p>and activities between internal audit and risk management functions.</p> <p>5. The safeguards are in place to ensure that the BAC receives the objective assurance that they require for ensuring that the internal audit activities and resources are not to be combined with the Risk Management functions. There are clear segregation of roles and duties between the IA team and Risk Management, objective communication to the BAC and separate reporting to the BGRC with clarity on the roles and responsibilities. In the event of potential conflicting loyalties or validations of the internal audit view on risk, the BAC may consider external validation to ensure the independence is not compromised.</p> <p>6. The BAC was satisfied that the IA function was carried out in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conformed to the International Professional Practice of Internal Auditors ("IPPF"). The IIA is a trusted global guidance-setting body which provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the MCCG issued by the SC.</p>			
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Company is committed to having an open, transparent and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospects to its stakeholders. The Company has in place the Investor Relations ("IR") Policy which sets out the principles and various platforms of communication relating to the dissemination of information. This enables both the Board and Management to always communicate effectively with its shareholders and other stakeholders via the following multiple channels of communications:<ol style="list-style-type: none">a) The Annual Report, Sustainability Report and relevant circulars dispatched to shareholders and published on the Company's website;b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities;c) A series of engagements through IR programmes such as analyst and investor briefings, andd) The AGM/Extraordinary General Meeting.2. In addition, the Company has established and actively updates its corporate website at www.kps.com.my, which allows easy access to corporate information and provides a platform to gather feedback from stakeholders. In addition, the Company has also established an integrated IR portal on the corporate website through which shareholders can remain updated on the latest information about the Group such as corporate announcements, quarterly financial results, stock charts, dividend payments and interactive annual reports to enable them to make informed investment decisions. It is also a channel for shareholder feedback and a platform to ensure their concerns are understood and questions answered.

	<p>3. Guided by the IR Policy, the Company has in place an IR Strategy that drives effective two-way engagements between KPS Berhad and the investment community and other stakeholders. Embedded in the strategy is a comprehensive approach to providing factual and adequate disclosure on KPS Berhad's business prospects through various communication channels to enable shareholders and investors to make informed investment decisions.</p> <p>4. To facilitate effective communications with stakeholders, the Board has mandated the Management to roll out various IR programmes, amongst others:</p> <ul style="list-style-type: none"> a) Briefing sessions such as quarterly financial results, presentation to the investment community comprising analysts, investment managers (including one-on-one), significant shareholders, and minority shareholders at general meetings; b) Participation in non-deal roadshows organised by research houses; c) Plant visit to subsidiaries, targeting participants from analysts and fund managers; and d) Engagement with the media via centralized strategic communication channels.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 12.2

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

Application :	Applied						
Explanation on application of the practice	1.	In providing more comprehensive disclosures beyond past financial performance, KPS Berhad has published its inaugural IAR for its financial year ended 31 December 2022. The IAR provides an account of how the external environment and outlook, the business model and strategy, financial statements and approach to material matters, corporate governance, and risk management, are linked to the Group’s value creation.					
	2.	The IAR adopts the Principles of the International <IR> Framework, comprising the six (6) capitals, seven (7) guiding principles and eight (8) content elements as follows:					
		<table><tr><th>6 Capitals</th><th>7 Guiding Principles</th><th>8 Content Elements</th></tr><tr><td>1) Financial 2) Manufactured 3) Intellectual 4) Human 5) Social 6) Natural</td><td>1) Strategic focus and future orientation 2) Connectivity of information 3) Conciseness 4) Reliability and completeness 5) Consistency and comparability 6) Materiality 7) Stakeholder relationships</td><td>1) Organisational overview and external environment 2) Governance 3) Business model 4) Risks and opportunities 5) Strategy and resource allocation 6) Performance 7) Outlook 8) Basis of preparation and presentation</td></tr></table>	6 Capitals	7 Guiding Principles	8 Content Elements	1) Financial 2) Manufactured 3) Intellectual 4) Human 5) Social 6) Natural	1) Strategic focus and future orientation 2) Connectivity of information 3) Conciseness 4) Reliability and completeness 5) Consistency and comparability 6) Materiality 7) Stakeholder relationships
6 Capitals	7 Guiding Principles	8 Content Elements					
1) Financial 2) Manufactured 3) Intellectual 4) Human 5) Social 6) Natural	1) Strategic focus and future orientation 2) Connectivity of information 3) Conciseness 4) Reliability and completeness 5) Consistency and comparability 6) Materiality 7) Stakeholder relationships	1) Organisational overview and external environment 2) Governance 3) Business model 4) Risks and opportunities 5) Strategy and resource allocation 6) Performance 7) Outlook 8) Basis of preparation and presentation					
Explanation for departure							
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.							
Measure :							
Timeframe :							

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The AGM, held once a year, is the primary platform for shareholders' engagement and the Company to explain its business progress and answer any questions from the shareholders, proxies and corporate representatives. The Annual Report 2021, together with the Notice of AGM for the 45th AGM, was sent to the shareholders 28 days prior to the meeting. This is in accordance with Practice 13.1 of the MCCG and within the prescribed period as allowed under the Company's Constitution and MMLR of Bursa Securities. 2. Similarly, for the forthcoming 46th AGM to be held on 30 May 2023, the Notice of the same will be issued 28 days prior to the meeting. Explanatory notes for all resolutions proposed at the 46th AGM will be included in the notice to enlighten shareholders on the significance and impact of the resolutions, as per Guidance 13.1 of the MCGG. 3. The Notice is also published in a local newspaper (The Star) and made available on the Company's website at www.kps.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The 45th AGM of the Company held on 7 June 2022 was conducted entirely through live streaming from its corporate office as guided by the SC Guidance and Frequently Asked Questions (“FAQs”) on the Conduct of General Meetings for Listed Issuers (Guidance Note) with the enforcement of the Mandatory Control Orders (“MCO”) due to the COVID-19 pandemic. During the said meeting, two (2) Directors were present in person at the corporate office and six (6) Directors were present online via the online meeting platform.2. The Chairman of the Board chaired the 45th AGM in an orderly manner. The shareholders were allowed to submit questions online or to seek clarification on any matters of the business activities and financial performance of the Company and the Group via facility which is available remotely via the Remote Participation and Voting (“RPV”) facilities provided by Boardroom Share Registrars Sdn Bhd (“Boardroom”) via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. Detailed procedures were provided to the shareholders in the Administrative Details for the 45th AGM.3. The external auditors of the Company also attended the 45th AGM virtually and were available to answer questions about the conduct of the audit, preparation and content of the auditors’ report.4. In line with MMLR of Bursa Securities, all resolutions passed at the AGM were conducted via poll voting. A poll administrator was appointed to carry out the polling process and independent scrutineers to verify the poll results at the AGM. Given that the 45th AGM was conducted virtually in its entirety, the shareholders cast their vote online via a facility available on Boardroom Smart Investor Portal at https://investor.boardroomlimited.com. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.

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

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. Considering the rapidly evolving developments relating to COVID-19 pandemic and the widely implemented social distancing measures, KPS Berhad 45th AGM was conducted entirely through live streaming from its corporate office. The shareholders participated in the virtual AGM remotely. This arrangement is in accordance with Clause 53(4) and (5) of the Constitution of the Company.2. To ensure the effectiveness of the proceedings and allow shareholders' participation at the AGM, KPS Berhad will continuously leverage the advances in information technology and avail the shareholders a platform upon which remote online voting (i.e., voting in absentia) can be cast whilst the broadcast is in session. During the broadcast, shareholders were given the option to submit their questions using the Messaging Box.3. Under Paragraph 8.29A of the MMLR of Bursa Securities and to improve efficiency and accuracy of the AGM results, KPS Berhad has leveraged technology to facilitate electronic voting ("e-voting") to conduct polling on all resolutions proposed at its AGM.4. To facilitate the above process, a Poll Administrator, namely, Boardroom, was appointed to carry out the polling process and Sky Corporate Services Sdn Bhd as Scrutineers to verify the poll results. The Chairman announced the poll results at the end of the AGM and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. It has been the Company's practice that the Chairman at the general meeting support meaningful engagement between the Board, SM and shareholders. During the 45th AGM, there was a management presentation on the Business Review & Prospect (long-term strategies) covering the Company's performance report card and financial and non-financial highlights.2. Questions posed by shareholders during the 45th AGM were answered by the Board/Management during the meeting and recorded in the 45th AGM minutes. Due to time constraints, the remaining answers to the questions raised by the Shareholders have been published on the KPS Berhad's website for shareholders' reference.3. To facilitate meaningful engagement with the shareholders, post the AGM, KPS Berhad has established another communication channel on the Company's website where the shareholders can continue to share feedback and pose questions outside the AGM if the time allocated does not permit further discussions.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	For the past three (3) consecutive years (2020, 2021 and 2022), KPS Berhad has held its general meeting virtually arising from COVID-19 and in line with the Guidance Notes issued by the SC. KPS Berhad will continuously work with the service provider to ensure that the infrastructure and tools used could support smooth and interactive participation by the shareholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the 45 th AGM on 7 June 2022 were published on the KPS Berhad's website on 22 June 2022 (11 Business days after the AGM) i.e., not later than 30 business days after the said meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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