

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5300
COMPANY NAME : Yenher Holdings 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors ("Board") of Yenher Holdings Berhad ("Yenher" or the "Company") is responsible for setting the strategic aims of the Company and providing stewardship and oversight to the management of the business towards meeting the company strategies.</p> <p>All Directors are aware of their duties and responsibilities as fiduciaries and keep themselves abreast of the conduct, business activities, and development of the Group.</p> <p>The Board has also formalised its key responsibilities in its Board Charter, as follows:</p> <ul style="list-style-type: none">• reviewing and adopting a strategic plan for the Group;• promoting ethical values and standards in the workplace;• overseeing strategies that address sustainability and stakeholder interest;• overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;• identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks;• succession planning, including appointing, training, fixing the compensation of, and where appropriate, replacing Senior Management;• developing and implementing an investor relations programme or shareholder communications policy for the Group; and• reviewing the adequacy and integrity of the Group's internal control systems and information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. <p>The Board also sets the value and standards for the Group, through the Code of Conduct and Business Ethics which governs the principles and standards of ethical behaviours and business conduct which shall be observed by Directors and employees of the Group.</p> |

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| | <p>In the discharge of the Board’s roles and responsibilities, the Board is assisted by Board Committees, including the Audit and Risk Management Committee, Nomination Committee, and Remuneration Committee, which were established by the Board. The Board Committees carry out their responsibilities based on respective Terms of Reference approved by the Board. These Board Committees make relevant recommendations to the Board while the Board holds ultimate responsibility for decision-making.</p> <p>The Management is responsible for developing, proposing, and driving the implementation of business strategies to achieve the Company’s corporate objectives, considering the interests of stakeholders. The Management seeks to understand stakeholders through the Group’s stakeholder engagement process and thereafter includes relevant considerations in its proposals to the Board. The Board also reviews the Company’s strategic performance and progress periodically via quarterly Board meetings.</p> | |
| <p>Explanation for departure</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

Intended Outcome

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

Practice 1.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is led by an Executive Chairman, Mr. Cheng Mooh Tat, who is primarily responsible for overseeing the effective functioning of the Board.</p> <p>The roles of the Board Chairman are formalised in Yenher's Board Charter and are summarised as follows:</p> <ul style="list-style-type: none">• leading the Board effectively on all aspects of its role;• ensuring appropriate Board procedures are in place;• setting the Board agenda and facilitating effective deliberation at the Board, encouraging all Directors to contribute to discussions and constructive debates;• ensuring Board members are furnished with accurate and timely information;• promoting good corporate governance within the Group;• leading efforts to address the Board's development needs; and• chairing Board meetings and general meetings, ensuring smooth, open and constructive dialogue between the Board and 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

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Currently, the position of the Board Chairman is held by Mr. Cheng Mooh Tat. The Company does not have a Chief Executive Officer. The day to day management of the Group's is overseen by the Executive Directors. The positions of the Executive Chairman and Executive Director are held by different individuals.</p> <p>As chairman of the Board, he is guided by the roles and responsibilities of Board Chairman stipulated in Yenher's Board Charter.</p> <p>The Executive Chairman, in overseeing the effective functioning of the Board, is guided by the roles and responsibilities of the Board Chairman as stipulated in Yenher's Board Charter.</p> <p>The Board comprises 6 Directors, out of whom 3, or half of the Board, are Independent Directors. The Independent Directors provide the necessary checks and balances to the objective functioning of the Board.</p> <p>The current composition has considered the enabling of effective leadership of the Group, while applying the principles of objectivity by having 50% Independent Director. The Executive Chairman, in leading the Board, adopts an open and transparent approach, encouraging all Directors including Independent Directors to actively contribute to the Board and provide their honest views, including dissenting views, on matters deliberated at the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

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

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| <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 : | <p>The Board Chairman is not a member of Audit and Risk Management Committee, Nomination Committee, or the Remuneration Committee. The Board Committees are comprised exclusively of Independent Directors and carry out their roles and responsibilities according to their respective Terms of Reference.</p> <p>Deliberations at the Board Committee meetings are carried out objectively and independently without the presence of Management or the Board Chairman.</p> <p>The Board, as a whole, reviews the works and recommendations of the Board Committees through an objective lens.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by two Company Secretaries, who are licenced secretaries in accordance with the Companies Act 2016, including a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>In addition to assisting and advising the Board on statutory compliance with the Companies Act 2016 and adherence to the Board procedures, the Company Secretaries also advise the Board on governance matters, including but not limited to, matters pertaining to the roles and responsibilities of the Board and Board Committees, corporate disclosures, compliance with company and securities regulations such as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), and updating the Board on developments in the areas of corporate governance.</p> <p>The Company Secretaries also regularly take steps to keep themselves abreast of developments in the relevant areas including corporate laws, regulations, and corporate governance.</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 | : | |
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Intended Outcome

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

Practice 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Board and Board Committee meetings are scheduled prior to the commencement of the financial year. All Directors and Board Committee members receive the full meeting agenda and relevant meeting papers, including relevant information and reports on business operations and performance such as financial, operational, regulatory, and risk matters, at least one-week prior to each meeting apart from exceptional circumstances, to enable sufficient time for Directors to study the matters to be discussed and, where necessary, seek clarification or any additional information from Management.</p> <p>The meeting minutes of the Board and Board Committees include details of the deliberations made, including the outcome, key discussion points raised, and any significant concerns or dissenting views raised, as well as any abstention by Directors due to conflict of interests. Meeting minutes are circulated in a timely manner for Directors' confirmation.</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 | : | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established and formalised a Board Charter which is published on the corporate website.</p> <p>The Board Charter sets out the following, amongst others:</p> <ul style="list-style-type: none">• the Board's roles and responsibilities in discharging its fiduciary duties and providing stewardship to the Group;• matters reserved for the full decision-making by the Board;• the roles and responsibilities of the Board, Board Committees (with reference to their respective terms of reference), Independent Directors;• the tenure of Independent Directors;• Board meetings and procedures, including in addressing conflict of interest;• appointment and retirement of Directors;• remuneration of Directors;• Directors' authorities and responsibilities, including rights to have full and timely access to information, access to the services and advice of the Company Secretaries, and the access to independent professional advice in the furtherance of Director's duties, and the responsibilities of Directors to ensure they are kept updated with relevant skills and knowledge; and• the Board's communication with stakeholders including shareholders and investors. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

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| 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company has established a Code of Conduct and Business Ethics which is applicable to all Directors and employees of the Group. The Code of Conduct and Business Ethics sets out the principles and standards of ethical behaviours and business conduct which shall be observed by Directors and employees.</p> <p>The Code of Conduct and Business Ethics addresses conflict of interests, abuse of power, insider trading including handling of market-sensitive information, corruption and bribery, as well as providing an avenue for whistleblowing.</p> <p>Additional policies and procedures are also developed to support the implementation of ethical business practices, such as anti-bribery and anti-corruption processes and whistleblowing processes which are guided by the Group's Anti-Bribery and Corruption Policy and Whistleblowing Policy, respectively.</p> <p>The Code of Conduct and Business Ethics, Anti-Bribery and Corruption Policy and the Whistleblowing Policy are published on the Company's corporate website.</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Yenher has a Whistleblowing Policy which aims to establish a robust, transparent, and accountable communication channel for internal and external parties to voice their concerns regarding actual or potential wrongdoings, including violation of laws and regulations, breaches of the Code of Conduct and Business Ethics, and other misconduct.</p> <p>The Whistleblowing Policy provides clear procedures on how to make a report as well as the information required. The Whistleblowing Policy does not prohibit anonymous reporting. It also provides the whistleblower confidentiality and protection from retaliation.</p> <p>The Whistleblowing Policy is accessible by all employees and is also available on the corporate website.</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 | : | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges its responsibilities in ensuring the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability. The Board also oversees the establishment of the Group's sustainability management process, including the governance structure, to identify, assess, prioritise, manage and report the Group's sustainability matters.</p> <p>In its review of the Group's corporate strategies and business performance, the Board considers aspects of sustainability, including environmental, social, and governance. The Board reviews the Company's strategies, priorities, and performance relating to material sustainability matters of the Group, while Management is responsible for driving and implementing the strategies and achievement of targets.</p> <p>The Group's Enterprise Risk Management ("ERM") processes also include consideration of environmental, social, and governance aspects. Through the ERM processes, key risks of the Group are prioritised, managed, and reported to the Board via the Audit and Risk Management Committee.</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> | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board, through the Management, communicates the Group’s sustainability-related efforts, including strategies, priorities, and targets, with its internal and external stakeholders.</p> <p>The Group’s sustainability strategies, priorities, and targets are incorporated in business plans, business directions, and targets and are communicated to employees. They are also communicated to employees via key policies, standard operating procedures, and incorporated into business decisions which include ethical, environmental, and social considerations.</p> <p>The Group also communicates relevant sustainability strategies and achievements to external stakeholders through its corporate website, reports including the Company’s Annual Report, and engagements with stakeholders through the Group’s various functions and employees.</p> <p>Yenher’s Annual Report includes a Sustainability Statement which also serves as an important tool to communicate the Company’s strategies, priorities, and targets and achievements, including in the areas of sustainability, to internal and external stakeholders.</p> <p>Through its materiality assessment process, the Group also assessed its various stakeholders, including consideration of the views and concerns, as well as the information required by stakeholders which will guide the Group’s approach towards effectively communicating sustainability information with stakeholders moving forward.</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 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Key sustainability issues which are significant to business sustainability are incorporated into the Group’s corporate strategy. In their deliberation of corporate strategy, the Board considers aspects including sustainability, such as those relevant to the industry and the Group’s products and operations.</p> <p>Management submits reports on business progress and performance which include sustainability progress to the Board for its review. Through its review, in addition to being kept abreast of sustainability issues relevant to the Group’s business, the Board also ensures the strategic direction towards managing sustainability issues is in line with the long-term objectives of the Company.</p> <p>In addition, the Board comprises Directors from diverse backgrounds and experience. The Directors bring to the Board a wide range of experience and knowledge, including development and updates pertaining to the development of sustainability issues relevant to the Group, and brief other Directors on these matters from time to time.</p> <p>During the financial year under review, the Board has been briefed by Management on the sustainability considerations of the Group’s products. A summary of the topics of training attended by Directors is disclosed in the Corporate Governance Overview Statement.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | Yenher is currently reviewing the approach towards incorporating a review of the Board and Senior Management’s performance in addressing the Company’s material sustainability risks and opportunities in their performance evaluation. Currently, the performance evaluation has yet to include the Board and Senior Management’s sustainability performance. |
| | | The Board is of the view that the incorporation of performance in addressing material sustainability risks and opportunities in the Board and Senior Management’s performance evaluation shall be considered thoroughly so as to align business objectives and performance with sustainability performance. |
| <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 | : | Choose an item. |

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.

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| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter stipulates that the re-election of Directors shall be based on the individual Director's performance and the needs of the Company.</p> <p>The annual assessment of the Board, facilitated by the Nomination Committee, includes a review of the effectiveness of the Board, Board Committees, and individual Directors considering, amongst others, the Board structure, composition, mix of skills and experience, and quality of deliberations. The assessment of individual Directors also considers their performance and contribution, Director's tenure, and their independence.</p> <p>The re-appointment or re-election of Directors is contingent on the satisfactory evaluation of their performance and contribution to the Board. The Directors who are subject to retirement and re-election at the forthcoming Annual General Meeting ("AGM"), namely Cheng Mooh Kheng, Theoh Mooi Teng, and Dr Ong Bee Lee, have been assessed. The Nomination Committee and the Board recommend to the shareholders the re-election of all 3 Directors based on satisfactory performance.</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 5.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | Currently, the Board has six (6) members, comprising one (1) Executive Chairman, two (2) Executive Directors and three (3) Independent Directors, i.e. 50% of the Board comprises Independent Directors. All Independent Directors satisfied the independence criteria as set out in the Main Market Listing Requirements of Bursa. | |
| Explanation for departure | : | | |
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| <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 5.3

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>None of the tenures of the Independent Directors exceed a cumulative term of nine years.</p> <p>In addition, the Board Charter sets out a 9-year tenure for Independent Directors of the Board, after which the Director may continue to serve as Non-Independent Director, unless the Board provides justification and seeks annual shareholders' approval to retain them as Independent Directors. Furthermore, the two-tier voting process shall be applied after the 9th year tenure of an Independent Director.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

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| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The selection of Board members and Senior Management is based on objective criteria and merits considering the governance, leadership, and business needs of the Group's business, amongst others. In addition, the external commitments including positions or directorships held in other companies and the individual's character and integrity were also considered. The qualities of the Directors and Senior Management are consistent with Paragraph 2.20A of Bursa's Main Market Listing Requirements.</p> <p>During the financial year under review, Yenher has also established a Fit and Proper Policy which includes fit and proper criteria against which a Director or candidate shall be assessed before being appointed/re-appointed or elected/re-elected as a Director.</p> <p>The current Board and Senior Management composition have also considered diversity and the Board is aware of the need and is committed to enhancing gender diversity in its composition.</p> <p>The Nomination Committee's Terms of Reference further specifies the qualities which shall be considered in Directors including, amongst others, background, character, integrity, competency, skills, knowledge, experience, and professionalism. The overall diversity of the Board shall also be considered. Based on its Terms of Reference, the Nomination Committee assists the Board in assessing, nominating, selecting and recommending the appointment or re-appointment of Directors. The Board Charter further specifies that the Nomination Committee shall also consider a Director's interest, time commitment, and ability to fulfil their responsibilities.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In identifying candidates for Directorships, the Board does not solely rely on the recommendations from existing Board members, Management or major shareholders. The Nomination Committee is tasked to identify and recommend candidates as Directors to the Board. The Nomination Committee is guided by its Terms of Reference which provides an avenue for the Nomination Committee to utilise the service of professional recruitment firms, public advertisement, or other independent channels to search for qualified candidates.</p> <p>During the financial year under review, subsequent to the retirement of Dr. Wan Mohd Kamil bin Wan Nik, who did not wish to seek himself for re-election at the Company's 2nd AGM, Yenher sought candidates for an Independent Director through the following channels:</p> <ul style="list-style-type: none">• professional organisation for company directors; and• recommendations by existing Directors and major shareholders. <p>The resulting outcome was the appointment of Dr Ong Bee Lee, who will be retiring and seeking herself for re-election at the forthcoming 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

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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | Yenher's Board strives to provide timely, clear, and comprehensive information to shareholders to facilitate their informed decision-making at the general meetings. In Yenher's notice to its 2 nd AGM, its agenda item for the resolution pertaining to the re-election of Directors was accompanied by a statement of the Board's comments and recommendations. Further, the details of the Directors, including age, gender, years of service, directorship in other public companies, working experience, and any conflict of interest are disclosed in the Annual Report for the financial year ended 31 December 2022 ("FY2022"). | |
| 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 5.8

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The current Nomination Committee Chairman is Dr. Ong Bee Lee who is an Independent Director.</p> <p>The Nomination Committee Chairman leads the Nomination Committee in carrying out its duties and responsibilities including, identifying, assessing, and nominating the candidates to fill Board vacancies, reviewing the performance of the Board, Board Committees, individual Directors including the Executive Directors and the succession planning of the Board and key Senior Management, amongst others.</p> <p>A requirement for the Nomination Committee Chairman to be an Independent Director is also formalised in the Nomination Committee Terms of Reference.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 | : | The Board has set a target towards meeting 30% women Directors on the Board by 2024. During FY2022, Yenher achieved this target with the appointment of Dr Ong Bee Lee. The Board currently include 2 women Directors, out of the 6 Directors. | |
| 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 5.10

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 | : | <p>Yenher strives to meet the target of having 30% women representatives at the Board as promulgated by Practice 5.9 of the Malaysian Code on Corporate Governance ("MCCG") by 2024. It has met this target in FY2022.</p> <p>The target to have 30% women directors on Yenher's Board is also formulated in Yenher's Board Diversity Policy.</p> <p>The Group also encourages women participation, especially in leadership and senior management roles, and the Board is committed to upholding its merits system and the principles of non-discrimination and equal opportunity at all levels, in its recruitment, assessment, promotion (where applicable), and remuneration processes.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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 | : <p>The Board has delegated the responsibility to conduct evaluation of the Board, Board Committees, and individual Directors to the Nomination Committee. This responsibility is formalised in the Nomination Committee Terms of Reference.</p> <p>The conduct of the assessment is facilitated via self and peer evaluation approach where all Directors assess themselves, other Directors, and the overall functioning of the Board and relevant Board Committees through assessment forms, considering, amongst others:</p> <ul style="list-style-type: none">• the suitability of the composition of the Board and Board Committees;• delineation of the roles of governance bodies;• whether functions of the Board and Board Committees have been carried out;• effectiveness of meetings and procedures of the Board and Board Committees;• the performance of the Board Chairman;• the contribution, performance, and dynamics of Directors; and• quality of deliberations by Directors. <p>The Nomination Committee is also tasked to develop and review the criteria used for the evaluation. The Nomination Committee is chaired by an Independent Director who is responsible for overseeing the evaluation process and ensuring that it is carried out objectively.</p> <p>The Nomination Committee facilitates the conduct of the assessment of the Board, Board Committees, and individual Directors for FY2022. The process was assisted by the Company Secretaries and was carried out via self and peer-assessment forms.</p> <p>Based on the assessment outcome, the Nomination Committee and the Board are of the view the performance of the Board, Board Committees</p> |

| | | |
|--|---|--|
| | and individual Directors were satisfactory for the financial year under review. The Board is also satisfied with the current composition of the Board which is able to enable effective and objective deliberations and oversight of the business affairs while considering diverse perspectives. | |
| 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 | : | <p>The Board, with the assistance of the Remuneration Committee, has established and formalised a Remuneration Policy and Procedure for Directors and Senior Management.</p> <p>The Remuneration Policy and Procedure for Directors and Senior Management aims to provide the policies and procedures for determining, reviewing, assessing, and recommending remuneration packages for Directors and Senior Management.</p> <p>The policy and procedures state the remuneration components for Non-Executive Directors, Executive Directors, and Senior Management. The policy and procedures take into consideration factors such as qualification, skills, competency, and experience of the Directors and Senior Management, in addition to considering their roles and responsibilities, contributions, and performance in delivering their responsibilities.</p> <p>The Remuneration Policy and Procedure for Directors and Senior Management is published on Yenher’s corporate website.</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 7.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is assisted by the Remuneration Committee on remuneration matters of the Board and Senior Management. The Remuneration Committee is governed by the Terms of Reference of the Remuneration Committee which is approved by the Board and is available on the Company's corporate website.</p> <p>The Remuneration Committee is responsible for developing and implementing the Remuneration Policies and Procedures, including making recommendations to the Board on the remuneration packages for the Directors and relevant key Senior Management.</p> <p>The Board is responsible for approving or recommending these remuneration packages for shareholders' approval, as appropriate, in accordance with the Companies Act 2016 and Bursa's Main Market Listing Requirements.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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 | : | <p>The Company discloses, on a named basis, the remuneration for Directors paid/ to be paid by the Group, including a detailed breakdown of remuneration elements, in its Corporate Governance Report.</p> <p>The Director's remuneration paid/ to be paid by the Company and by the Group for the financial year ended 31 December 2022, is detailed in the following table.</p> |

| 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 | Cheng Mooh Tat | Executive Director | - | - | - | - | - | - | - | 390 | - | 1,088 | 908 | 16 | 379 | 2,781 |
| 2 | Cheng Mooh Kheng | Executive Director | - | - | - | - | - | - | - | 270 | - | 601 | 502 | 37 | 210 | 1,620 |
| 3 | Theoh Mooi Teng | Executive Director | - | - | - | - | - | - | - | 270 | - | 601 | 502 | - | 210 | 1,583 |
| 4 | Tan Peng Lam | Independent Director | 50 | 8 | - | - | - | - | 58 | 50 | 8 | - | - | - | - | 58 |
| 5 | Dato' Lim Choon Khim | Independent Director | 50 | 5 | - | - | - | - | 55 | 50 | 5 | - | - | - | - | 55 |
| 6 | Dr Ong Bee Lee | Independent Director | 40 | 1 | - | - | - | - | 41 | 40 | 1 | - | - | - | - | 1 |
| 7 | Dr Wan Mohd Kamil bin Wan Nik | Independent Director | - | 6 | - | - | - | - | 6 | - | 6 | - | - | - | - | 6 |
| 8 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 9 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 11 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | 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

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 | : | <p>The Board is of the view that disclosure of the top six senior management's remuneration broken down into remuneration components is not in the best interest of the Group due to confidentiality and the sensitive nature of such information. Yenher's business environment is competitive for talents and skills and the Company wants to ensure every effort is made in retaining its talents. In addition, the disclosure of remuneration of Senior Management on a named basis may potentially raise security and staff morale issues.</p> <p>As an alternative, Yenher discloses the remuneration details for its top 6 Senior Management for FY2022 in the bands of RM 50,000, as follows:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>Number of persons</th> </tr> </thead> <tbody> <tr> <td>100,001-150,000</td> <td>2</td> </tr> <tr> <td>150,001-200,000</td> <td>1</td> </tr> <tr> <td>200,001-250,000</td> <td>2</td> </tr> <tr> <td>1,350,001-1,400,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board is also of the view that the information disclosed above provides an alternative means for stakeholders to assess whether the remuneration for Senior Management personnel of the Group is commensurate with their performance, measures via the Company's performance, consistent with the Intended Outcome of Practice 8.2.</p> | Range of Remuneration (RM) | Number of persons | 100,001-150,000 | 2 | 150,001-200,000 | 1 | 200,001-250,000 | 2 | 1,350,001-1,400,000 | 1 |
| Range of Remuneration (RM) | Number of persons | | | | | | | | | | | |
| 100,001-150,000 | 2 | | | | | | | | | | | |
| 150,001-200,000 | 1 | | | | | | | | | | | |
| 200,001-250,000 | 2 | | | | | | | | | | | |
| 1,350,001-1,400,000 | 1 | | | | | | | | | | | |
| <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 | : | Choose an item. | |
|------------------|---|-----------------|--|

| 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 | : | <p>The Audit and Risk Management Committee is chaired by Mr. Tan Peng Lam, an Independent Director who is not the Board Chairman.</p> <p>The Audit and Risk Management Committee Chairman leads the committee in the objective and independent discharge of its responsibilities. All members of the Audit and Risk Management Committee are Independent Directors.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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 | : | The Terms of Reference of the Audit and Risk Management Committee includes a policy that requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least three years before being appointed as a member of the Audit and Risk Management Committee. | |
| 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 | : | <p>The Audit and Risk Management Committee is required to assess the suitability, objectivity, and independence of the external auditor on an annual basis, and this is also formalised in the Audit and Risk Management Committee Terms of Reference.</p> <p>In carrying out its assessment, the Audit and Risk Management Committee considers the external auditor's audit quality, resource capacity, and ability to carry out its function objectively and independently, as well as reviewing the provision of non-audit services by the external auditor. In addition, non-audit services by the external auditors will be approved by the Audit and Risk Management Committee before they are being provided.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Audit and Risk Management Committee comprises exclusively of Independent Directors. |

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>The Audit and Risk Management Committee comprises members from diverse backgrounds possessing the necessary range of skills and experience including in the fields of veterinary services and medicine, audit, company administration, finance and accounting, and law. Further, the ARMC Chairman is a fellow member of the Association of Chartered Certified Accountants ("ACCA") and is also a registered Chartered Accountant with the Malaysian Institute of Accountants ("MIA"). All members of the Audit and Risk Management Committee are financially literate and able to read and interpret financial statements, understand the key applications and impacts of accounting policies, and understand matters under the purview of the committee including the financial reporting process.</p> <p>The Audit and Risk Management Committee members, together with the rest of the Board members, are regularly kept abreast of matters pertaining to the Company's business through business reports, performance briefings, strategic updates, and industry updates, amongst others. In addition, Audit and Risk Management Committee members are also briefed by the external auditors and other professional consultants, as relevant, on any updates and developments in accounting and auditing standards, practices, and rules.</p> <p>The Nomination Committee is required to assess the Audit and Risk Management Committee as a whole and its individual members on an annual basis, including their performance and whether they have carried out their duties in accordance with the committee's Terms of Reference.</p> <p>In the Nomination Committee's assessment of the Audit and Risk Management Committee and its members for the financial year ended</p> |

| | | |
|---|--|--|
| | <p>31 December 2022, the Nomination Committee reviewed the assessment outcome and is of the view that the performance of the Audit and Risk Management Committee and each of its individual members are satisfactory. The Nomination Committee recommended its assessment outcome to the Board, who has concurred with the recommendation.</p> | |
| <p>Explanation for departure</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

Intended Outcome

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 | : | <p>The Group maintains risk management and internal control systems to safeguard the Company's assets and to enable the preparation of true and fair view of the financial statements, amongst others. The Board holds ultimate responsibility in ensuring the overall adequacy and effectiveness of the Group's risk management and internal control framework.</p> <p>The Board, via the Senior Management, has established a framework for Enterprise Risk Management ("ERM") which guides the Group's integrated and continuous process for managing enterprise-wide risks. The ERM processes were developed with reference to the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") guidance on Enterprise Risk Management. While holding ultimate responsibility, the Board delegates the oversight of risk management process to the Audit and Risk Management Committee, which is also responsible for reviewing the effectiveness of the internal control system and risk management framework.</p> <p>Through the risk management process, the Management identifies, assesses, and manages the risks of the Group. The risks considered include strategic, operational, financial, compliance, and sustainability risks, amongst others. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the Audit and Risk Management Committee. The risk management processes support the Group's internal control system, which prioritises resources in addressing risks with greater significance.</p> <p>The Group's internal control framework consists of various broad elements including clear governance structure and organisational structure, formal delegation of authority and limits, code of ethics and governance policies, assurance and audit processes, and Whistleblowing Policy, and others.</p> <p>The key features of the risk management and internal control framework of the Group are disclosed in the Company's Statement on Risk Management and Internal Control included in the Annual Report.</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 | : | The key features of the risk management and internal control framework of the Group, as well as the Board’s comments on its adequacy and effectiveness, are disclosed in the Company’s Statement on Risk Management and Internal Control included in the Annual Report FY2022. | |
| 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 | : | The Board has delegated the responsibility to oversee the risk management framework and policies to the Audit and Risk Management Committee, which comprises exclusively of Independent Directors. |

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 | : | The Group outsourced its internal audit function to an external professional service provider. In ensuring the independence of the internal audit function, the outsourced internal auditor reports directly to the Audit and Risk Management Committee. Furthermore, the internal audit function is reviewed by the Audit and Risk Management Committee with respect to its resources, competency, access to the necessary information to carry out its function effectively, independence from the external auditors and from Management, whether it has the necessary authority to carry out its work, as well as the adequacy of internal audit plan and scope. | |
| 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 | : | <p>The outsourced Internal Auditor, Sterling Business Alignment Consulting Sdn Bhd (“Sterling”) and all personnel of the internal audit team performing the audit for the Group are free from any relationships or conflicts of interests which could impair their objectivity and independence. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“IIAM”). The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The number of resources deployed by Sterling for each internal audit review ranges from 3 to 4. The lead internal audit team performing audit for the group for the year under review consists of:</p> <p>a. Dr So Hsien Ying, a Certified Internal Control Professional (US), Doctor in Business Administration (Wales), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), a permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate, Member of IIAM with 30 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>b. Cheng Chean, a Chartered Member of the Institute of Internal Auditors Malaysia (“CMIIA”) and a Fellow Member of the Chartered Certified Accountant (“FCCA”). Mr Cheng has 21 years of hands-on experience in the fields of External Audit, Internal Audit and Internal Control Review.</p> |
| Explanation for departure | : | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is 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 | : | <p>In its stewardship of the Group's business, the Board is responsible for overseeing that stakeholders' interests are considered and managed. This includes ensuring processes are in place to facilitate effective, transparent, and regular communication with stakeholders. The Board also sets the strategy for shareholder communication and oversees the development of an investor relations programme.</p> <p>Through the Company's corporate website, announcements on Bursa's website, circulars, and other channels, the Company communicates key development and information to shareholders while complying with the Main Market Listing Requirements and other relevant laws and regulations. Corporate disclosure practices of the Company are further guided by the Corporate Disclosure Guide issued by Bursa.</p> <p>Internally, various communication channels are leveraged to facilitate effective engagement with employees to achieve objectives including communicating the Group's business strategies and direction, understanding employees' needs and concerns, and working together to create a safe and healthy working environment for employees.</p> <p>When dealing with external stakeholders, the Group utilises communication tools such as policy documents, ongoing engagements and meetings, and reports where appropriate.</p> <p>The Board reviews the Group's overall engagement with stakeholders, including engagement channels utilised, on an annual basis. A summary of the Group's engagement with stakeholders during the financial year under review is discussed in the Sustainability Statement in this Annual Report FY2022.</p> |
| Explanation for departure | : | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is 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 | : | Not applicable – Not a Large Company | |
| 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

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 | : | The notice of Yenher's 2 nd AGM scheduled for 3 June 2022 was circulated on 28 April 2022, which is at least 28 days prior to the date of AGM. | |
| 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 | : | <p>All Directors attended Yenher's 2nd AGM on 3 June 2022.</p> <p>The Board Chairman, who also chaired the AGM, presented the Group's performance for the year and addressed questions posed by shareholders.</p> <p>All Directors, including the Executive Chairman and the chairpersons of the Audit and Risk Management Committee, Nominating Committee, and Remuneration Committee were prepared to answer any questions addressed to them.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Yenher's 2 nd AGM was held on 3 June 2022 at a physical meeting location that is easily accessible to shareholders. The AGM was held at a physical location to afford shareholders the opportunity to meet the Directors face to face while also balancing the cost-efficiency of the AGM. | |
| | : | Shareholders who were unable to attend the AGM were able to appoint proxies to attend and vote on behalf. | |
| <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 | : | Choose an item. | |

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 : | <p>At the commencement of Yenher's 2nd AGM, the Chairman encouraged shareholders' participation and reminded of shareholders their rights to vote and ask questions.</p> <p>The Chairman continued to present the Group's financial and non-financial performance for the financial year ended 31 December 2021 and discussed the business outlook and business strategies moving forward. The Chairman proceeded with the question-and-answer session for shareholders to ask questions. The Company further addressed shareholders' questions with the appropriate response.</p> <p>All Directors, including the Board Chairman and the chairpersons of the Audit and Risk Management Committee, Nominating Committee, and Remuneration Committee were prepared to answer any questions addressed to them.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 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 : | Not applicable – only physical general meetings were conducted in the financial year |
| 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

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 | : The Minutes of the general meeting, which includes the details of the meeting proceedings and the questions raised by shareholders together with the responses by the Company, will be made available to shareholders within 30 business days on the Company's website at https://www.yenher.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 | : |

**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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