

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7153

**COMPANY NAME** : KOSSAN RUBBER INDUSTRIES BHD.

**FINANCIAL YEAR** : December 31, 2023

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>- The Board is responsible for the oversight and overall effective management of the Company.</li> <li>- The Board Charter formalises the duties and responsibilities of the Board, Board Committees and Management.</li> <li>- The Board has oversight on matters delegated to Management.</li> <li>- The Board's principal responsibilities include reviewing and adopting strategic plans, overseeing conduct of business, risk management and implementation of internal control procedures.</li> <li>- The Board has delegated specific responsibilities to the following committees: -                             <ul style="list-style-type: none"> <li>a) Audit Committee;</li> <li>b) Nominating Committee;</li> <li>c) Remuneration Committee; and</li> <li>d) Risk Management Committee.</li> </ul> </li> <li>- The powers delegated to the committees are set out in the Terms of Reference of each committee.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The roles and responsibilities of the Chairman of the Board are clearly specified in the Board Charter.</li><li>- The Chairman of the Board, Mr. Mohamed Shafeii bin Abdul Gaffoor, is an Independent Non-Executive Director and is primarily responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</li><li>- The Chairman of the Board is committed to good corporate governance practices and has been leading the Board towards a high performing culture.</li><li>- The key responsibilities of the Chairman of the Board are clearly stated in the Board Charter and include the following: -<ul style="list-style-type: none"><li>• sets Board agendas and ensures Board members receive complete and accurate information in a timely manner;</li><li>• leads Board meetings and discussions;</li><li>• encourages active participation and allowing dissenting views to be freely expressed;</li><li>• manages the interface between Board and Management;</li><li>• ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li><li>• leads the Board in adoption and implementation of good corporate governance practices in the Group.</li></ul></li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"><li>- The Chairman of the Board, Mr. Mohamed Shafeii bin Abdul Gaffoor, and the Group Managing Director/Chief Executive Officer (“Group MD/CEO”), Tan Sri Dato’ Lim Kuang Sia, hold separate positions.</li><li>- Their roles and responsibilities, governed by the Board Charter, are clearly distinct to enhance the balance of power and authority.</li><li>- The Group MD/CEO oversees the day-to-day management of the Group and implements the decisions and policies of the Board.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 1.4

The 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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman of the Board, Mr. Mohamed Shafeii bin Abdul Gaffoor, is not a member of the Audit, Nominating and Remuneration Committees.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- Both company secretaries of the Company are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016. One is a member of the Malaysian Institute of Accountants while the other is licensed by the Registrar of Companies. Both have practicing licenses issued by the Companies Commission of Malaysia (CCM).</li><li>- Their responsibilities include: -<ul style="list-style-type: none"><li>• ensure compliance to listing and related statutory obligations, updates on regulatory requirements, codes, guidance and other relevant legislations;</li><li>• ensure adherence and compliance to Board policies and procedures and best practices on corporate governance.</li><li>• attend all meetings of the members, Board and committees and ensure the proper recording of minutes of meetings;</li><li>• ensure proper upkeep of statutory records and timely filing of returns; and</li><li>• assist the Chairman in the preparation for and conduct of meetings, and updates on regulatory requirements.</li></ul></li><li>- The company secretaries undertake continuous professional development to keep abreast of the latest developments.</li><li>- The Board is satisfied with the performance and support rendered by the company secretaries.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- To facilitate the Directors' time planning, an annual meeting calendar was prepared and circulated in advance of each new year. The annual calendar provides the Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting.</li><li>- Notices of the Board and Board Committees' meetings were sent to the Directors at least five (5) working days prior to a meeting. The Directors were provided with meeting materials within reasonable time prior to the meeting. This was to ensure that Directors have sufficient time and information to make informed decisions at the meeting.</li><li>- The deliberations and decisions at the Board and Board Committees meetings were documented in the minutes of meeting, including any dissenting views and Directors' abstention from deliberation and decision on a particular matter.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 2.1

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

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

<b>Application</b>	:	Applied																																										
<b>Explanation on application of the practice</b>	:	<div><ul style="list-style-type: none"><li>- A Board Charter has been adopted by the Board.</li><li>- The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual director and Management. In addition, the Board Charter also sets out the issues and decisions reserved for the Board.</li><li>- The Board Charter provides that all directors shall ensure that they attend trainings to keep abreast of regulatory changes and other developments to enable them to discharge their duties and responsibilities effectively.</li><li>- The trainings undertaken by the Directors in 2023 were as follows: -</li></ul></div> <table><tr><th>No.</th><th>Event</th><th>Date</th></tr><tr><td colspan="3"><b>Tan Sri Dato' Lim Kuang Sia</b></td></tr><tr><td>1</td><td>National Economic Forum 2023: Setting the Future Economic Roadmap for the New Malaysia</td><td>18/5/2023</td></tr><tr><td>2</td><td>Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia</td><td>7/3/2023</td></tr><tr><td>3</td><td>Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers</td><td>13/9/2023</td></tr><tr><td>4</td><td>Responsible Gloves 2023</td><td>21/9/2023</td></tr><tr><td>5</td><td>Mandatory Accreditation Programme Part II: Leading for Impact</td><td>29-30/11/2023</td></tr><tr><td>6</td><td>Overview of e-Invoicing</td><td>13/12/2023</td></tr><tr><td>7</td><td>Sustainability Briefing</td><td>13/12/2023</td></tr><tr><td colspan="3"><b>Mohamed Shafeii bin Abdul Gaffoor</b></td></tr><tr><td>1</td><td>Keeping the Board Out of Trouble</td><td>7/3/2023</td></tr><tr><td>2</td><td>Carbon Emissions</td><td>19/4/2023</td></tr><tr><td>3</td><td>Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia</td><td>7/3/2023</td></tr><tr><td>4</td><td>Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?</td><td>26/7/2023</td></tr></table>	No.	Event	Date	<b>Tan Sri Dato' Lim Kuang Sia</b>			1	National Economic Forum 2023: Setting the Future Economic Roadmap for the New Malaysia	18/5/2023	2	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023	3	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	13/9/2023	4	Responsible Gloves 2023	21/9/2023	5	Mandatory Accreditation Programme Part II: Leading for Impact	29-30/11/2023	6	Overview of e-Invoicing	13/12/2023	7	Sustainability Briefing	13/12/2023	<b>Mohamed Shafeii bin Abdul Gaffoor</b>			1	Keeping the Board Out of Trouble	7/3/2023	2	Carbon Emissions	19/4/2023	3	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023	4	Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?	26/7/2023
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	5	Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements: Understanding and Navigating Its Changes	17/10/2023
	6	Mandatory Accreditation Programme Part II: Leading For Impact	6-7/11/2023
	7	Overview of e-Invoicing	13/12/2023
	8	Sustainability Briefing	13/12/2023
	9	Finance for Non-Finance Professional	15/12/2023
	<b>Lee Choo Hock</b>		
	1	FPLC Focus Group Meeting – Federal Budget 2024	6/4/2023
	2	Remaking Corporate Governance for an ESG World	31/5/2023
	3	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023
	4	Bursa's Sustainability Reporting Requirements for Listed Companies: Get Insights on Bursa's New Sustainability Reporting Requirement from Our Expert	20/7/2023
	5	Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?	26/7/2023
	6	Mandatory Accreditation Programme Part II: Leading For Impact	29-30/11/2023
	7	Overview of e-Invoicing	13/12/2023
	8	Sustainability Briefing	13/12/2023
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	4	Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?	26/7/2023
	5	CIMB Cooler Earth Sustainability Summit: Opportunities For a Better Tomorrow	11/9/2023
	6	CIMB Cooler Earth Masterclasses: (i) The Critical Duty of the Board in Leading Sustainability (ii) Integrating Sustainability into Financial Planning & Decision Making (iii) Getting Your Business to Operational Net Zero (iv) Global Supply Chain Regulations and How ASEAN Exporters will be Impacted	12/9/2023

		7	ASB Leadership Summit Series LEARNING@WORK: Human Learning in the Age of Machine Learning	13/9/2023
		8	What Amounts to a Conflict of Interest by Directors?	6/10/2023
		9	Complimentary Talks: Board Oversight of Climate Risks and Opportunities	10/10/2023
		10	KPMG ESG Webinar: Integration of Corporate Social Due Diligence Directive (CSDDD)	14/11/2023
		11	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	27/11/2023
		12	Mandatory Accreditation Programme Part II: Leading For Impact	29-30/11/2023
		13	ICDM Powertalk: Climate Change and Carbon Footprint- Getting the Right Financial Risk and Reporting Perspectives	27/11/2023
		14	KPMG Webinar: MFRS Updates 2023	7/12/2023
		15	Overview of e-Invoicing	13/12/2023
		16	Sustainability Briefing	13/12/2023
		<b>Sharon Shanthi a/p Dorairaj</b>		
		1	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023
		2	Ethical Finance ASEAN 2023	30/3/2023
		3	Governance in Groups	29/5/2023
		4	Remaking Corporate Governance for an ESG World	31/5/2023
		5	Bursa's Sustainability Reporting Requirements for Listed Companies: Get Insights on Bursa's New Sustainability Reporting Requirement from Our Expert	20/7/2023
		6	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	27/11/2023
		7	Mandatory Accreditation Programme Part II: Leading for Impact	29-30/11/2023
		8	Overview of e-Invoicing	13/12/2023
		9	Sustainability Briefing	13/12/2023
		10	Finance for Non-Finance Professional	15/12/2023
		<b>Tan Kong Chang</b>		
		1	National Economic Forum 2023: Setting the Future Economic Roadmap for the New Malaysia	18/5/2023
		2	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023
		3	Anti-Bribery and Corruption Guidelines and Gifts, Hospitality and Entertainment Guidelines	14/7/2023

	4	Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?	26/7/2023
	5	Forest Stewardship Council (FSC) Standard for Chain of Custody Chain of Custody Awareness	21/9/2023
	6	Bursa Malaysia's Enhanced Conflict of Interest (COI) Disclosure Requirements: Understanding and Navigating Its Changes	17/10/2023
	7	Mandatory Accreditation Programme Part II: Leading For Impact	29-30/11/2023
	8	Overview of e-Invoicing	13/12/2023
	9	Sustainability Briefing	13/12/2023
	10	Finance for Non-Finance Professional	15/12/2023
	<b>Lim Siau Tian</b>		
	1	Ansell Global Supplier Submit 2023: Deliver Growth with Supply Reliability and ESG/Sustainability	9/2/2023
	2	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023
	3	FIME Trade Fair Conference	21-23/6/2023
	4	Anti-Bribery and Corruption Guidelines and Gifts, Hospitality and Entertainment Guidelines	14/7/2023
	5	Responsible Gloves 2023	20-22/9/2023
	6	Management of Cyber Risk	25/10/2023
	7	Mandatory Accreditation Programme Part II: Leading For Impact	6-7/11/2023
	8	Briefing On E-Invoicing Implementation In Malaysia	23/11/2023
	9	Overview of e-Invoicing	13/12/2023
	10	Sustainability Briefing	13/12/2023
	11	Finance for Non-Finance Professional	15/12/2023
	<b>Lim Siau Hing</b>		
	1	Carbon Emissions	19/4/2023
	2	Anti-Bribery and Corruption Guidelines and Gifts, Hospitality and Entertainment Guidelines	14/7/2023
	3	Corporate Governance and Corporate Value – Needed Tool or Necessary Bane?	26/7/2023
	4	Advocacy Sessions For Directors and CEOs of Main Market Listed Issuers	17/8/2023
	5	Complimentary Talks: Board Oversight of Climate Risks and Opportunities	10/10/2023
	6	Mandatory Accreditation Programme Part II: Leading For Impact	29-30/11/2023
	7	Overview of e-Invoicing	13/12/2023
	8	Sustainability Briefing	13/12/2023
	9	Finance for Non-Finance Professional	15/12/2023

	<b>Lim Ooi Chow</b>		
	1	Official Rollout of Greening Value Chain (GVC) Programme: Pioneering the Alliance for Sustainable Supply Chains in Southeast Asia	7/3/2023
	2	Emerging technology: AI and how it is relevant to private businesses	26/4/2023
	3	Anti-Bribery and Corruption Guidelines and Gifts, Hospitality and Entertainment Guidelines	14/7/2023
	4	National Economic Forum 2023: Setting the Future Economic Roadmap for the New Malaysia	18/5/2023
	5	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers	13/9/2023
	6	Management of Cyber Risk	3/10/2023
	7	Industry 4.0 Workshop – “Which 4IR Smart Manufacturing is suitable for my organisation	19/10/2023
	8	Mandatory Accreditation Programme Part II: Leading for Impact	25-26/10/2023
	9	Gloves Manufacturing Industry Post-Covid: Focus on Competitiveness Analysis in China, Thailand, Vietnam and the US	2/11/2023
	10	Overview of e-Invoicing	13/12/2023
	11	Sustainability Briefing	13/12/2023
	12	Finance for Non-Finance Professional	15/12/2023
	<ul style="list-style-type: none"><li>- The Board Charter is reviewed annually and updated, whenever necessary.</li><li>- The revised Board Charter is published on Kossan’s website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> and its internal portal.</li></ul>		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Kossan Code of Ethics and Conduct ("KCEC") was adopted to help the employees of the Group to make the right choices and to act appropriately in response to ethical behaviour in the work place. The KCEC applies to the Board, Management and all employees.</li><li>- The KCEC covers, among others, the following areas: -<ul style="list-style-type: none"><li>(a) compliance with national laws, rules and regulations;</li><li>(b) conflict of interest;</li><li>(c) anti-corruption policy;</li><li>(d) human rights and employment practices;</li><li>(e) occupational health, safety and environment;</li><li>(f) work environment;</li><li>(g) usage of company's assets and resources;</li><li>(h) confidentiality and data protection including compliance to Personal Data Protection Act 2010;</li><li>(i) duty to report actual or suspected violations of KCEC;</li><li>(j) non-retaliation policy;</li><li>(k) availability of whistleblowing as one of the reporting channels; and</li><li>(l) zero tolerance towards violations of KCEC.</li></ul></li><li>- The KCEC is extensive but not exhaustive and the Group expects all employees to exercise good judgement in their decision making to ensure adherence to highest ethical standards.</li><li>- The Anti-Bribery and Corruption Policy is published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> and its internal portal.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- Kossan has established and put in place the policy and procedures on whistleblowing within the Group.</li><li>- The Whistleblowing Policy provides an avenue to its employees and the general public to raise concern about malpractice or improper conduct and explains how Kossan will respond. It also gives assurance that all concerns raised will be taken seriously.</li><li>- Whistleblower can raise a concern, in writing, to:<ul style="list-style-type: none"><li>o <a href="mailto:whistleblowing@kossan.com.my">whistleblowing@kossan.com.my</a>; or</li><li>o <a href="mailto:auditcommittee@kossan.com.my">auditcommittee@kossan.com.my</a>.</li></ul></li><li>- Any concern raised will be deliberated by the Whistleblowing Committee and a decision will be made. The whistleblower will be informed of the outcome.</li><li>- The Whistleblowing Policy will be reviewed from time to time to ensure effectiveness.</li><li>- A whistleblower acting in good faith will be assured of non-retaliation, harassment or victimisation. All concerns raised will be treated in strict confidence.</li><li>- The Whistleblowing Policy and procedures are published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> and its internal portal.</li></ul>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<div><div><div><div>BOARD OF DIRECTOR</div><div>GROUP MD/CEO</div><div>KOSSAN SUSTAINABILITY COMMITTEE</div><div>Corporate Sustainability</div><div><div>OPERATION</div><div><ul style="list-style-type: none"><li>Human Resources Business Partner (HRBP)</li><li>Social Risk Task Force</li><li>Corporate SHE</li><li>Digital Transformation</li><li>Research &amp; Development</li><li>Kossan Engineering</li><li>Legal (Anti-Corruption)</li><li>Risk Management</li><li>All Plants</li></ul></div><div><div>CSR</div><div><ul style="list-style-type: none"><li>Yayasan Kossan</li></ul></div></div></div></div></div><div><ul style="list-style-type: none"><li>- The Board Charter provides that one of the key responsibilities of the Board is to review and approve strategic plans of the Group to support long term value creation, including strategies on economic, environmental, and social considerations underpinning sustainability.</li><li>- The Group MD/CEO provides leadership and direction on setting the strategies, priorities and targets relating to Environmental, Social and Governance ("ESG") and ensure that sustainability considerations are embedded into business decisions.</li><li>- In 2022, Kossan had established the Sustainability Committee to oversee and provide guidance to the Group on related matter.</li><li>- The Sustainability Committee members are the Executive Directors and the Committee is responsible of the strategic management of</li></ul></div></div>



	<p>the Group's material Sustainability risks and opportunities and oversee the implementation of ESG strategies for the Group. It also provides guidance and direction moving forward specifically on ESG related matters for the Group.</p> <ul style="list-style-type: none"> <li>- The establishment of the Committee is one step forward to show the Company's commitment towards a more robust sustainability implementation.</li> <li>- The Sustainability Department plays a pivotal role in supporting the Sustainability Committee by analysing the gaps that need to be addressed and coordinate with the Heads of various departments to develop and implement suitable initiatives. In addition, the department monitors the development and implementation of sustainability initiatives within the organisation.</li> </ul>			
<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company's key sustainability matters are communicated through Kossan's annual reports and website, and through targeted engagements with customers, vendors, relevant authorities and community leaders. Multiple engagements are also done with internal stakeholders who are responsible for driving and executing the sustainability initiatives.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The 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	:	<ul style="list-style-type: none"><li>- During the financial year under review, all Board members attended trainings related to sustainability matters to ensure that they stay abreast with and understand sustainability issues which are relevant to the Group and its businesses. The full details on the trainings undertaken by the Directors in 2023 is disclosed in Practice 2.1 above.</li><li>- Further to the above, Management periodically presented key sustainability matters at the Board meetings. The members had provided their views on sustainability issues discussed during the meetings.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

The 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Board Effectiveness Evaluation Framework consisted of related sustainability assessment criteria such as the oversight role of the Board to ensure sustainability of business operations.</li><li>- Senior Management across the business and functional units are responsible for the achievement of sustainability targets for their divisions / departments.</li><li>- To improve Board oversight role, Management will provide the Board with more comprehensive insight into sustainability risks and opportunities.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The 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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Group Managing Director / Chief Executive Officer provides leadership, direction and targets for the sustainability priorities of the Group. The Head of Sustainability Department is the designated person to provide dedicated focus to integrate sustainability within the operation with the responsibility to drive the implementation of the priorities and tracks relevant measurements and targets.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- Under the Nominating Committee ("NC") Terms of Reference, the NC periodically assessed the composition of the Board and the tenure of each director on the Board, including the appointment and/or reappointment of a board member. In the review, the NC was also guided by the Directors' Fit and Proper Policy ("DFPP") which is published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a>.</li><li>- Article 86 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation and be eligible for re-election.</li><li>- For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the forthcoming Annual General Meeting ("AGM"), the NC had assessed each of the retiring Directors taking into account, amongst others, the outcome of the Board Effectiveness Evaluation for the financial year 2023, the Director's contribution to the Board, ability to act in the best interest of the company and the Directors' character, integrity, experience, competence and time commitment based on the criteria set out in the DFPP.</li><li>- All the retiring directors had indicated their willingness to seek re-election at the forthcoming AGM.</li><li>- Based on the assessments, each of the individual Director met the performance criteria required of an effective Board. The Board thus supported the NC's recommendations that the retiring Directors are eligible to stand for re-election.</li><li>- Each of the retiring Directors abstained at the Board deliberations and decisions regarding his/her own eligibility to stand for re-election.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>- The Board currently has nine (9) members, of which four (4) are independent and non-executives.</li><li>- The Board believes the current Board composition has an appropriate mix of skills, expertise, experience and independence which have contributed and will continue to contribute towards the growth of the Company.</li><li>- The Board has further deliberated on Practice 5.2 and was of the view that the current practice of the Board, with a fair and adequate representation from the major shareholders, would be in the best interest of the stakeholders.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Nominating Committee will continually review on the composition of the Board vis-a-vis the independent directors.
<b>Timeframe</b>	:	3 years



### 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	:	Applied	
Explanation on application of the practice	:	Mr. Lee Choo Hock, the Senior Independent Non-Executive Director, has served the Company for a cumulative term of more than nine (9) years. The Board, with Mr. Lee abstained from deliberation, was satisfied that Mr. Lee has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is able to continue to bring independent and objective judgement to the Board. The Board, except for Mr. Lee, unanimously recommended that Mr. Lee continues to serve as an INED of the Company, subject to the approval of the shareholders at the 44th Annual General Meeting.	
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 5.4 - 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.*

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Board, through the Nominating Committee ("NC"), takes into account the current mix of skills, experience, age, cultural background and gender of the existing Board when seeking potential candidates.</li><li>- This practice, applicable at board level, is extended and applied at Senior Management level.</li><li>- The Board recognises a diverse Board and Management can lead to greater depth and breadth in decision making.</li><li>- The Board and NC are also guided by the Directors' Fit and Proper Policy in their assessment for the appointment to the Board. This is to ensure that the person appointed possesses the necessary character, integrity, experience, competence and time commitment to discharge his/her role effectively.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The candidates for the appointment to the Board are sourced from unrelated third parties.</li><li>- The shortlisted candidates, who were not known to the existing board members, were forwarded to the Nominating Committee ("NC") for its consideration.</li><li>- The NC will consider the required mix of skills, knowledge, independence, expertise, experience and other requisite qualities.</li><li>- The NC will interview and recommend the shortlisted candidate to the Board for deliberation and approval for appointment.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 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	:	The Board’s statement and reasons supporting the re-elections of the retiring Directors standing for re-election were disclosed in the explanatory notes of the Notice of the 44th Annual General Meeting, whilst their profiles were set out in the Profile of the Board of Directors in the Integrated Annual Report 2023.	
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 5.8**

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"><li>- The NC is chaired by Ms. Sharon Shanthi a/p Dorairaj, an Independent Non-Executive Director. All members of the NC are Independent Non-Executive Directors.</li><li>- The NC oversees matters relating to the nomination of new directors, eligibility of retiring directors to stand for re-election, annual review of the required mix of skills, experience and other requisite qualities of directors and of the Board as a whole.</li></ul>	
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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>- The Company has two (2) women directors, which complies with the Main Market Listing Requirements.</li></ul>	
		<ul style="list-style-type: none"><li>- The Board is mindful of the best practice recommended by the Securities Commission Malaysia under the Malaysian Code on Corporate Governance 2021 to comprise at least 30% women on Board and acknowledges the benefits of women participation on boards.</li><li>- Board’s decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights, and not based on gender alone. Beyond gender, other diversity markers such as independence, tenure, ethnicity and exposure were also factored in.</li><li>- When a vacancy arises, extra consideration is given to identify suitably qualified women candidates for the position.</li></ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Nominating Committee will continue to place gender diversity as one of the considerations for new appointment to the Board, whenever a vacancy arises.	
<b>Timeframe</b>	:	3 years	

### 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	- The Board has not formalised a policy on gender diversity for the board and senior management.	
		- While the Board acknowledged the merits of gender diversity towards Board representation, the Board is guided by the principle that appointment of new Board member shall not be biased towards gender but rather the candidate’s skill sets, competencies, experience and knowledge in areas identified by the Board. This practice is also extended and applied at Senior Management level. - The Nominating Committee is responsible, amongst others, to review the Board composition and make recommendations to the Board for the appointment of new directors, if any, by evaluating and assessing the suitability of candidate. Factors to be taken into consideration do not only include the required mix of skills, knowledge, independence, expertise, experience and other requisite qualities, but also include gender diversity.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Nominating Committee will continue to place gender diversity as one of the considerations for new appointment to the Board, whenever a vacancy arises.	
Timeframe	:	3 years	



## 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>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>- For the financial year under review, the Board did not engage an independent expert to facilitate the Board's evaluation.</li></ul>
	:	<ul style="list-style-type: none"><li>- For the financial year under review, the Nominating Committee ("NC"), being the evaluation committee, undertook the annual evaluation of the Board, Board Committees and individual directors.</li><li>- The evaluation focus on the effectiveness and performance of the Board as a whole, Board Committees and individual board members.</li><li>- This evaluation exercise was facilitated by the Company Secretary through the completion of questionnaires/evaluation forms on a confidential basis.</li><li>- The outcome of the evaluation formed one of the basis of the NC's recommendations to the Board for the re-election of directors.</li><li>- The Board is of the view that it is not necessary to engage independent experts to facilitate the evaluation process every year.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board intends to engage independent experts to facilitate the evaluation process.
<b>Timeframe</b>	:	1 year

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The objective of the Group's Remuneration Policy is to attract and retain directors and senior management required to lead and manage the Group effectively. The remuneration package is linked to individual and corporate performance.</li><li>- For non-executive directors, the level of remuneration reflects their experience and level of responsibilities.</li><li>- The Group's Remuneration Policy is reviewed periodically by the Remuneration Committee and is published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> and its internal portal.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The members of the Remuneration Committee ("RC") comprise wholly of Independent Non-Executive Directors.</li><li>- The RC reviewed the remuneration packages of the executive directors and senior management and recommended their packages for the Board's approval.</li><li>- Non-executive directors' fees were reviewed by the Board as a whole, with the concerned director abstained from deliberation in respect of his/her remuneration.</li><li>- The RC Terms of Reference is published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> and its internal portal.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Directors' remuneration are shown 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	Mohamed Shafeii bin Abdul Gaffoor	Independent Director	155	-	-	-	-	-	155	155	-	-	-	-	-	155
2	Tan Sri Dato' Lim Kuang Sia	Executive Director	-	-	-	-	35	-	35	-	-	2,909	606	35	668	4,218
3	Lee Choo Hock	Independent Director	150	-	-	-	-	-	150	150	-	-	-	-	-	150
4	Hoh Kim Hyan	Independent Director	145	-	-	-	-	-	145	145	-	-	-	-	-	145
5	Sharon Shanthly a/p Dorairaj	Independent Director	140	-	-	-	-	-	140	140	-	-	-	-	-	140
6	Tan Kong Chang	Executive Director	-	-	-	-	-	-	-	-	-	882	184	23	202	1,291
7	Lim Siau Tian	Executive Director	-	-	-	-	-	-	-	-	-	882	184	28	202	1,296
8	Lim Siau Hing	Executive Director	-	-	-	-	-	-	-	-	-	772	161	21	177	1,131
9	Lim Ooi Chow	Executive Director	-	-	-	-	-	-	-	-	-	766	159	28	176	1,129

### 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.

<b>Application</b>	:	Departure									
<b>Explanation on application of the practice</b>	:										
<b>Explanation for departure</b>	:	<p>The Company disclosed the remuneration of the top 5 Senior Management, who are not members of the board, in band width of RM50,000 but not on named basis due to confidentiality and sensitivity of each remuneration package:</p> <table><tr><th>Range of Remuneration (Annual Basis) (RM)</th><th>Top Five (5) Senior Management</th></tr><tr><td>250,001 to 300,000</td><td>1</td></tr><tr><td>300,001 to 350,000</td><td>1</td></tr><tr><td>550,001 to 600,000</td><td>3</td></tr></table> <p>- The Board is of the view that it is not to the Company’s advantage or business interest to show detailed remuneration disclosure in view of the highly competitive market for talents in this industry.</p> <p>- The remuneration paid to the senior management commensurate with their skills, knowledge and performance.</p>		Range of Remuneration (Annual Basis) (RM)	Top Five (5) Senior Management	250,001 to 300,000	1	300,001 to 350,000	1	550,001 to 600,000	3
Range of Remuneration (Annual Basis) (RM)	Top Five (5) Senior Management										
250,001 to 300,000	1										
300,001 to 350,000	1										
550,001 to 600,000	3										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
<b>Measure</b>	:	The Board will monitor the prevailing market practice for consideration in the future.									
<b>Timeframe</b>	:	Others	Will continue with current practice.								

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.

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



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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr. Lee Choo Hock is the Chairman of the Audit Committee while Mr. Mohamed Shafeii bin Abdul Gaffoor is the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Audit Committee (“AC”) Terms of Reference provides that no former key audit partner shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least three (3) years before being appointed as a member of the AC.</li><li>- None of the members of the AC were former key audit partners.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Audit Committee ("AC") has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of the audited financial statements.</li><li>- The scope of the external auditor was reviewed by the AC during the meetings between the AC and the external auditors. During the meetings, the AC were briefed on the audit findings and observations during the audit process.</li><li>- The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussion at the private meetings, which demonstrated their independence, objectivity and professionalism.</li><li>- The AC was satisfied with the suitability of the external auditor based on the quality of audit, performance, competency and sufficiency of resources of the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of the non-audit services by the external auditor and its affiliates to the Company for the financial year 2023 did not in any way impair their objectivity and independence as external auditors of the Company.</li><li>- The AC also received assurance from the external auditors on their independence.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All members of the Audit Committee are independent non-executive 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	:	<ul style="list-style-type: none"><li>- The members of the Audit Committee (“AC”) are financially literate and have the relevant accounting or related expertise to effectively discharge their duties in accordance to the AC Terms of Reference.</li><li>- The qualifications and experience of each AC member were set out in the Profile of the Board of Directors page in the Integrated Annual Report 2023.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Board has always place great importance and emphasis on good internal control and effective risk management to safeguard the Group's assets and shareholders' investment.</li><li>- The Board affirmed its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system.</li><li>- The system of internal control covers governance, risk management, business strategies, operations, regulatory compliances and financial matters.</li><li>- The system is designed to manage and minimise rather than eliminate risks. The system provides reasonable rather than absolute assurance against the occurrence of any misstatement, loss or fraud.</li><li>- The Group has established and adopted the Risk Management Framework for managing risks affecting its businesses and operations.</li><li>- The level of risk tolerance is expressed through the use of a risk impact and likelihood matrix.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Board oversees the risk management function through the Risk Management Committee ("RMC"). The RMC reviews and recommends the risk management principles, framework and policies for managing risks within the Group for the Board's consideration and approval. The RMC also monitors and assesses the risk appetite and tolerance of the Group to safeguard the Group's assets and shareholders' investment.</li><li>- The Group has in place a structured process for identification, assessment, monitoring and communication of risks and effectiveness of risk mitigation strategies at all level of operations.</li><li>- Further details on the features of risk management and internal control are provided in the Statement on Risk Management and Internal Control disclosed in the Integrated Annual Report 2023.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<ul style="list-style-type: none"><li>- The Risk Management Committee ("RMC") is chaired by the Senior Independent Non-Executive Director.</li><li>- The RMC comprises a majority of independent directors to oversee the Company's risk management framework and policies.</li></ul>

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Board has established an in-house internal audit ("IA") function which reports directly to the Audit Committee ("AC").</li><li>- The Head of IA reports to the AC on the assessment and adequacy of the Group's control processes.</li><li>- The IA function undertakes an independent assessment on the internal control system of the Group and provides assurance to the AC that no material issue or major deficiency has been noted which could pose a high risk to the overall system of internal control.</li><li>- The AC reviews the adequacy of the IA's scope, competency, experience and sufficiency of resources.</li><li>- The IA assignments were carried out in accordance with the 2023 audit plan approved by the AC.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- All the Internal Audit (“IA”) personnel had confirmed that they are free from any relationships or conflict of interest.</li><li>- The IA function has four (4) employees headed by Ms. Yee Vik Ki. She is a member of the Certified Practising Accountants (CPA) Australia and a professional member of the Institute of Internal Auditors Malaysia (“IIAM”). The Audit Committee (“AC”) is satisfied with the competency, experience and resource of the IA function.</li><li>- The IA reports functionally to the AC.</li><li>- The roles and responsibilities of the IA is guided by the Internal Audit Charter and Internal Audit Framework in reference to Institute of Internal Auditors International Professional Practices Framework.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- Kossan is committed to engage and communicate with its stakeholders to facilitate mutual understanding and trust between the company and its stakeholders by providing information that are consistent, accurate, transparent and timely.</li><li>- Kossan has established an Investor Relations ("IR") Framework that governs the IR function to communicate with stakeholders and in compliance with the disclosure requirements.</li><li>- The annual reports, quarterly results and any announcement on material corporate exercise are the primary mode of dissemination of information on the Group's business and financial performance.</li><li>- The Group Managing Director/Chief Executive Officer is the designated spokesperson for all matters related to the Group.</li><li>- The Group maintains a website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> for shareholders and the general public to access information on, amongst other, the Group's background, products and financial performance.</li><li>- Stakeholders are encouraged to channel their concerns to the IR officer whose details are in the Corporate Information page of the Integrated Annual Report 2023.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has adopted integrated reporting for its Integrated Annual Report 2023 based on a globally recognised framework.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 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	:	<ul style="list-style-type: none"><li>- The Company dispatched the Notice of its 43rd Annual General Meeting (“AGM”) to its shareholders at least 28 days before the AGM, longer than the time frame of 21 days under the Companies Act 2016 and the Main Market Listing Requirements.</li><li>- The additional time given will enable the shareholders to make the necessary arrangement to participate in the AGM whether in person or through proxies, corporate representatives or attorneys.</li><li>- The explanatory notes in the Notice of AGM also provided detailed information on the resolutions proposed to enable shareholders to make informed decisions in exercising their voting rights.</li></ul>	
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 13.2**

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	:	<ul style="list-style-type: none"><li>- At the virtual 43rd Annual General Meeting (“AGM”), all the directors were presented at the broadcast venue. Besides them, the external auditors and senior management were also in attendance remotely to respond to any queries.</li><li>- The Group Managing Director/Chief Executive Officer briefed the meeting on the performance of the Group and all shareholders were invited to raise questions in real time via typing of text in the online meeting platform.</li><li>- The Board provided adequate responses to all questions raised by the shareholders during the AGM.</li></ul>	
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 13.3

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- The Company had leveraged on technology by conducting the Company's 43rd AGM on a virtual basis through live streaming and online remote voting via Remote Participation and Voting facilities.</li><li>- Shareholders can register for remote participation via Boardroom Smart Investor Portal to join the live streaming of the AGM proceedings, pose questions to the Chair (Remote Participation), and cast their votes online (Remote Voting).</li><li>- The administrative details for the AGM with detailed registration and voting procedures were distributed to shareholders and published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a>.</li><li>- The Company had appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as poll administrator to conduct the polling process on all resolutions tabled at the AGM and Sky Corporate Services Sdn Bhd as scrutineers to verify the poll results. The result for each resolution was shown at the end of voting of all resolutions.</li><li>- The outcome of the poll was announced by the Company via Bursa Link and also published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> on the same day for the benefit of all shareholders.</li><li>- The Company had sought confirmation from Boardroom on their cyber hygiene practices to ensure data privacy and security to prevent cyber threats. In this respect, Boardroom confirmed that its LumiAGM application's ("Lumi") system and suppliers' services are certified to the ISO/IEC 27001:2013 international standard. This provides a robust, auditable and externally verified framework of controls designed to maintain the confidentiality, integrity and availability of customers' information and personal data.</li><li>- Lumi platform is regularly and extensively tested using independent, accredited third-party experts. Lumi is hosted on a secure cloud platform. Lumi uses strong, industry best-practice encryption techniques to ensure customer data is protected from unauthorized access with data encrypted and audit trail is in place.</li></ul>

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

### Intended Outcome

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

### Practice 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- During the 43rd Annual General Meeting, the Chairman, Mr. Mohamed Shafeii bin Abdul Gaffoor, briefed the meeting of their right to ask question and vote on the resolutions set out in the Notice of the 43rd AGM.</li><li>- The Senior Group Accountant presented the financial highlights for the last five (5) financial years and also non-financial matters.</li><li>- All Board members and senior management were present, either at the Broadcast venue or remotely, to address questions raised by shareholders, financial and/or non-financial related to the agenda items for the 43rd AGM, via typing of text in the online meeting platform.</li><li>- The responses to the related questions raised by shareholders during and after the AGM were published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a>.</li><li>- Whilst the AGM is one of the platforms where shareholders may raise concerns and seek responses, all shareholders may contact the Investor Relations officer whose details is set out in the Corporate Information page of the Integrated Annual Report 2023.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>- During the 43rd Annual General Meeting ("AGM"), the Company had engaged Boardroom Share Registrars Sdn. Bhd. ("Boardroom") to provide adequate audio and visual support services to broadcast the proceedings of the 43rd AGM virtually. It was live streamed through <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>.</li><li>- The poll administrator had verified the eligibility of shareholders/corporate representatives/proxies to attend the 43rd AGM based on the General Meeting Record of Depositors as at 19 May 2023 and upon the cut-off date and time for proxy form submission. Lumi is secured and exclusively for the members with approved registration for the Remote Participation and Voting at the 43rd AGM.</li><li>- Shareholders were invited to raise questions in real time via type text in online meeting platform during the AGM.</li><li>- The dashboard on the online meeting platform assisted the moderators to view live questions posted by shareholders during the AGM and subsequently transmitted to the Company for action and response during the AGM.</li><li>- In addition to ensure effective communication with the shareholders at a virtual general meeting, questions posed by the shareholders were displayed on the screen which can be seen by all participants during the meeting.</li></ul>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the 43rd Annual General Meeting ("AGM") was published on Kossan's website at <a href="http://www.kossan.com.my">www.kossan.com.my</a> on 30 June 2023, which is no later than 30 business days after the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	