

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5751
COMPANY NAME : SAUDEE GROUP BERHAD
FINANCIAL YEAR : 31 JULY 2022

OUTLINE

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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

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

Intended Outcome

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

Practice 1.1

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

| Application : | Applied |
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| Explanation on application of the practice : | <p>The Board of Directors ("Board") of Saudee Group Berhad ("SAUDEE" or the "Company") recognises the Company's strategic aims and is committed to play a key role for the Company to meet its objectives, visions and missions.</p> <p>The Board is guided by the Board Charter and the roles and responsibilities of the Board are included in the Board Charter, which is available on the Company's corporate website at www.saudee.com.</p> <p>To ensure the smooth implementation of the Company's policies, strategies and business plans, the Board delegates some of the Board's authorities and discretion to the Executive Director (ED) , representing the Management, as well as to properly constituted Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC "), Risk Management Committee ("RMC") and ESOS Committee (collectively known as "Committees") with clearly defined terms of reference. This enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and yet allow the Board to maintain control over major policies and decisions.</p> <p>The term of reference ("ToR") of the Committees to discharge their duties is available on the Company's corporate website.</p> <p>The Board has overall responsibility for the sustainable growth and financial soundness of the company and its subsidiaries (the "Group"). To ensure the Group operates as desired to meet its goals and objectives, the Board has the power to decide on all matters pertaining to the Company's business.</p> <ol style="list-style-type: none">1. The Board together with the Management is responsible for promoting good corporate governance (CG) culture within the Group and exercising reasonable care of the Company as well |

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| | <p>as the Group’s resource in delivery of long-term value to shareholders while taking into account of other stakeholders. The Board conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Group, in order to build a sustainable business and discharging its regulatory role.</p> <p>The Code of Ethics for Directors includes principles relating to their duties, conflict of interest and dealings in securities are available at the Company’s website.</p> <p>SAUDEE is committed to ensuring that its business and operations are conducted in an ethical, moral and legal manner. In line with this commitment, SAUDEE had implemented the Whistleblowing Policy (WP) to provide an avenue for all employees to disclose any improper conduct within the Group.</p> <p>The WP of SAUDEE is available at its corporate website. The WP sets out the internal channel/procedures for all employees of the Group to disclose any irregularities and the protection accorded to employees who disclose such allegations.</p> <p>2. The Board plays an active role in the development of the Company’s strategy, and monitoring of its performance and implementation.</p> <p>The Board has in place a strategy planning process, whereby the Senior Management presents to the ED its recommended strategy and proposed business plan for the following year during the management meeting. The ED review and deliberate both the Management’s proposals and its own points of view, and challenge the Management’s views and assumptions for the proposed targets, to obtain the best outcome for the benefit of the Company.</p> <p>3. In ensuring that the strategic plan of SAUDEE supports long-term value creation, the Board reviews the outcome of the Management’s assessment and validates the material sustainability matters, namely economic, environmental and social that are important to the Company’s business and stakeholders.</p> <p>A narrative statement of the management of material economic, environmental and social risks and opportunities is provided in the Sustainability Report in Annual Report 2022.</p> <p>4. The ED is involved in the day- to- day running of the affairs of the Group and responsible for the product research and development, transformation and modernisation of the food production process through automation. The Management’s performance under the leadership of the ED is monitored by the Board through quarterly results which is tabled to the Board during each reporting period.</p> |
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| | <p>The Board continuously observes the external and internal business environment to ensure proper actions has been taken to address the environmental changes that might affect the Group's business.</p> <ol style="list-style-type: none"> 5. The Board oversees the risk management framework of the Group and monitors the Group's risk profile with the assistance from its RMC. The RMC advises the AC and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation to ensure that all major risks are well managed. The AC reviews the internal controls of the Group to ensure the protection of its assets and its shareholders' investment. 6. The RMC comprises Department Heads to assess the Group's risk exposure and implementation of appropriate actions to manage the risks. 7. The Board has reviewed and approved the Enterprise Risk Management (ERM) Framework, an overarching framework for 4 categories of enterprise risks namely Strategic, Operation, Reporting and Compliance. The RMC assists the Board in overseeing the adherence of established risk appetite/tolerance at the enterprise wide level in the ERM Framework. 8. The Board is formulating succession plans for the Group's key personnel positions with a view to ensuring the Group's continued ability to sustain and compete effectively in the market. The Group's aim is to pursue a policy of internal promotion to consider current employees for promotion opportunity and provide training to increase their capability to act as successor of the key management personnel. 9. To enable effective communication with stakeholders, the Board has identified the relevant personnel to handle investor relation related matter for the Group and their contacts are published in the Group's website. 10. The Board emphasised the importance of embracing the integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards. |
| 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 1.2

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 : | Departure |
| Explanation on application of the practice : | |
| Explanation for departure : | <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's corporate website at www.saudee.com.</p> <ol style="list-style-type: none"> 1. The Company is looking into appointing a Chairman. The ED currently assume the primary responsibility for managing the Group's operations and resources. 2. The ED is able to provide effective leadership to the Board and at the same time be guided by the Company Secretaries and views from the Independent Directors, who offer the necessary checks and balances in the decision making process of the Board. <p>The Executive Director instil good governance practices by ensuring that all the directors' views are heard, sufficient time for discussion of each agenda, and fair opportunity is provided to all the directors to participate actively and constructively during the meetings and discussions.</p> <p>We are currently looking for a suitable candidate to fill the vacancy of Chairman of the Board.</p> |
| 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 1.3

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

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| Application : | Applied |
| Explanation on application of the practice : | <p>The separation of the role of the Non-Executive Chairman from that of the CEO will facilitate appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.</p> <p>The distinct and separate roles and responsibilities of the Non-Executive Chairman and the CEO) are provided in the Board Charter, which is available on the Company's corporate website at www.saudee.com.</p> <p>The role of the Non-Executive Chairman is to lead the Board in the oversight of management and implementing the Board policies, and he is mainly responsible for the overall business planning and development, the formulation of strategic plans and policies for the Group and the Board's effectiveness and conduct.</p> <p>Presently, SAUDEE does not have a Chairman. Nevertheless, the Company is looking into appointing a Non-Executive Chairman. There are four (4) Independent Non-Executive Directors out of five (5) board members. Under the Malaysian Code on Corporate Governance 2021, it recommends that at least half of the Board of Directors comprises independent directors. As of now, 4/5 of the Board of Directors are independent directors which is sufficient to ensure effective check and balance in the Board. The EDs are involved in the day- to- day running of the affairs of the Group and responsible for the product research and development, transformation and modernisation of the food production process through automation.</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

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

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'.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Non-Executive Chairman once appointed will not sit in any of the sub-committee to ensure the independency of him/her to lead the Board on implementing the policies of the Company | |
| Explanation for departure | : | The Company is currently looking for the suitable and capable candidate to be an Non-Executive Chairman | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 1.5

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

| Application : | Applied |
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| Explanation on application of the practice : | <p>The Board is supported by Company Secretaries, Mr. Lim Kim Teck (MAICSA 7010844) and Ms Adeline Tang Koon Ling (LS 0009611), who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <ol style="list-style-type: none">1. The Company Secretaries attend all Board and Board Committees meetings and support the Board by ensuring that all meetings are properly conducted and deliberations of issues discussed, decision and conclusions at the meetings are well captured and recorded in the minutes of the meetings. The draft minutes of the meeting are circulated to the Board for feedback and suggestions prior to tabling at the subsequent meetings for formal confirmation.2. The Company Secretaries are responsible for advising the Board of their obligations and duties, disclosure of their interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.3. The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretary. <p>The Company Secretaries play an advisory role to the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations. In order to upskill and keep abreast with the latest developments in corporate governance and regulatory compliances, the Company Secretaries had attended several workshops, dialogues, trainings, talks and professional development programmes during the year.</p> <ol style="list-style-type: none">4. For annual general meeting which is held in December annually, the Company Secretaries assist the Board in ensuring that the |

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| | <p>due processes and proceedings are in place and properly managed. During the meetings, the Company Secretaries minute the question raised by the shareholders, if any.</p> <p>5. The Company Secretaries monitor the developments of CG and assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations.</p> |
| Explanation for departure | : |
| <p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</p> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 1.6

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

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| Application : | Applied |
| Explanation on application of the practice : | <p>To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors before the beginning of every calendar year. The calendar provides Directors with scheduled dates for the Board meetings, Board Committees meetings and the Annual General Meeting ("AGM").</p> <p>The Board has full and timely access to information with an agenda and a set of comprehensive Board papers distributed in advance of meetings, at least seven (7) days prior to the meeting, to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting. The Senior Management and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries will communicate to the relevant Management the Board's decisions/recommendations (as the case may be) via circulation of draft minutes of meetings for appropriate actions to be taken.</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 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's Charter sets out the roles and responsibilities of the Board and Board Committees. It is available on the Company's corporate website at www.saudee.com.</p> <p>The Board Charter addresses, amongst others, the Board obligations and responsibilities, Directors' Code of Conduct and Ethics, role of the Board, Non-Executive Chairman, Managing Director, the Management, Senior Independent Non-Executive Director, Independent Directors, Company Secretary, appointment of new directors, the right balance and composition of the Board, remuneration policy and the establishment of Board Committees together with the required mandate and activities.</p> <p>The Board Charter also sets out the matters which are specifically reserved for the Board's approval which includes business continuity plan, issuance of new securities, proposed employee's share option scheme, business restructuring, acquisitions/disposals of material assets, and approval for the release financial announcements.</p> <p>The Company's Board Charter is subject to review periodically to ensure it remains consistent with the Board's objectives, current laws and CG practices. The Board Charter is available on the Company's corporate website at www.saudee.com.</p> <p>The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and is drafted in accordance with the fundamental requirements of provisions in the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Main LR), Capital Markets and Services Act 2007, Constitution of the Company and other applicable rules or regulations governing the Group's business activities.</p> <p>The Board is also responsible to ensure continuing education/training for the Directors to update their knowledge and enhance their skills through attendance at relevant programs, so as to enable them to sustain their active participation in Board deliberations.</p> |

| | <p>In accordance with Paragraph 15.08(3)(b) of the Main LR, the Directors had attended various training programmes in FYE2022 which include the following:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Training Programmes / Seminars</th> <th>Mode of Training</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Tay Ben Seng, Benson</td> <td>AOB Conversation with Audit Committee</td> <td rowspan="2">Webinar</td> </tr> <tr> <td>Covid Creates Unique Governance Issue</td> </tr> <tr> <td rowspan="3">Sim Yee Fuan</td> <td>Scope & Materiality in Sustainability Reporting 2021</td> <td rowspan="3">Webinar</td> </tr> <tr> <td>Implementation ESG Practice in the Organization</td> </tr> <tr> <td>Budget 2022</td> </tr> <tr> <td>Chen Chee Peng</td> <td>AOB Conversation with Audit Committee</td> <td>Webinar</td> </tr> <tr> <td rowspan="2">Datuk Sham Shamrat Sen Gupta</td> <td>Mandatory Accreditation Programme</td> <td>Seminar</td> </tr> <tr> <td>AOB Conversation with Audit Committee</td> <td>Webinar</td> </tr> </tbody> </table> | Name of Director | Training Programmes / Seminars | Mode of Training | Tay Ben Seng, Benson | AOB Conversation with Audit Committee | Webinar | Covid Creates Unique Governance Issue | Sim Yee Fuan | Scope & Materiality in Sustainability Reporting 2021 | Webinar | Implementation ESG Practice in the Organization | Budget 2022 | Chen Chee Peng | AOB Conversation with Audit Committee | Webinar | Datuk Sham Shamrat Sen Gupta | Mandatory Accreditation Programme | Seminar | AOB Conversation with Audit Committee | Webinar |
|---|---|------------------|--------------------------------|------------------|----------------------|---------------------------------------|---------|---------------------------------------|--------------|--|---------|---|-------------|----------------|---------------------------------------|---------|------------------------------|-----------------------------------|---------|---------------------------------------|---------|
| Name of Director | Training Programmes / Seminars | Mode of Training | | | | | | | | | | | | | | | | | | | |
| Tay Ben Seng, Benson | AOB Conversation with Audit Committee | Webinar | | | | | | | | | | | | | | | | | | | |
| | Covid Creates Unique Governance Issue | | | | | | | | | | | | | | | | | | | | |
| Sim Yee Fuan | Scope & Materiality in Sustainability Reporting 2021 | Webinar | | | | | | | | | | | | | | | | | | | |
| | Implementation ESG Practice in the Organization | | | | | | | | | | | | | | | | | | | | |
| | Budget 2022 | | | | | | | | | | | | | | | | | | | | |
| Chen Chee Peng | AOB Conversation with Audit Committee | Webinar | | | | | | | | | | | | | | | | | | | |
| Datuk Sham Shamrat Sen Gupta | Mandatory Accreditation Programme | Seminar | | | | | | | | | | | | | | | | | | | |
| | AOB Conversation with Audit Committee | Webinar | | | | | | | | | | | | | | | | | | | |
| Explanation for departure : | | | | | | | | | | | | | | | | | | | | | |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. | | | | | | | | | | | | | | | | | | | | | |
| Measure : | | | | | | | | | | | | | | | | | | | | | |
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Intended Outcome

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | | <p>The Board has established a Code of Conduct and Ethics for all Directors and Employees of the Group.</p> <p>The principle of the Code of Ethics for Directors is based on principles of sincerity, integrity, responsibility and corporate social responsibility. The Code of Conduct governs the daily conduct of the employees on the matters relating to conflict of interest fraud, corruption, and dishonesty amongst others. The Code of Conduct also emphasises the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of the Group.</p> <p>The Directors' Code of Ethics consist of three (3) major areas, namely:</p> <ul style="list-style-type: none"> • Corporate Governance; • Relationship with shareholders, employees, creditors, customers and other stakeholders; and • Social responsibilities and the environment. <p>The core areas of conduct as below:</p> <ul style="list-style-type: none"> • Conflict of interest • Confidential Information • Inside Information and Securities Trading • Protection of Company's Assets • Compliance with the Law • Personal Gifting • Sexual Harassment • Fair and Courteous Behaviour • Misconduct • Corporate Governance <p>Besides, all employees of the Group are bound to follow employee handbook where employment issues are dealt with fairly and consistently. To ensure that all employees of the Group are clear on the ethical values in the Company, compliance with laws, rules and</p> |

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| | <p>regulations, respect to colleague in the workplace, protection of Company's property, professionalism in all business practices are also covered under employee handbook.</p> <p>All Directors and Employees shall always uphold the spirit of responsibility to observe and ensure compliance with all applicable laws, rules and regulations to which they are bound for administrating a company.</p> <p>The Code of Conduct and Ethics is available for reference on the Company's corporate website at www.saudee.com.</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

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>The Board is committed to ensure high standards of CG, business integrity and accountability in conduct of its business and operations.</p> <p>The Company's Whistleblowing Policy provides the internal channel/procedures for employees of the Company and any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines. This policy also provides protection to the individuals who have made the allegation or reported the misconduct.</p> <p>The policy outlines the scope and procedures where a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise concerns outside their management line and in confidence.</p> <p>The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated and a report and update are provided to the Board, through AC.</p> <p>The above policy is available on the Company's corporate website at www.saudee.com</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

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 governance responsibilities of the Board in respect of sustainability issues include but not limited to:</p> <ul style="list-style-type: none"> i. identify and priorities sustainability. ii. include sustainability as part of Board agenda in risk management process. iii. define and agree on criteria to access feasibility of sustainability projects and initiatives. iv. set management key performance indicators (“KPIs”) on sustainability; v. approved and participate into sustainability event such as to employee and other stakeholders vi. formalize sustainability reporting and communicate sustainability targets and metrics to stakeholders; and vii. review result of assurance with management and identify areas for improvements. whereas, the main responsibilities of the Management in sustainability management include ensuring alignment of Group’s sustainability initiatives with the Company’s overall strategy; identifying resources that are essential to achieve sustainability goals, clearly define persons-in-charge and their roles and responsibilities; updating job descriptions and key performance index; assessing feasibility of sustainability projects; reviewing key sustainability initiatives and recommend improvements; and reporting and recommending to the board on the course of action needed promote sustainability in business. |
| 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> | | |

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

Intended Outcome

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

Practice 4.2

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board takes into consideration the economic, environmental, social and governance aspects when developing the Group's strategies. In this respect, the Company is committed to continuously:</p> <ul style="list-style-type: none"> i. Stakeholder Inclusiveness – being responsive to stakeholder expectations and interest ii. Sustainability Context – presenting performance in the wider sustainability context iii. Materiality – focusing on issues where we can have the greatest impact and that are most important to our business stakeholders iv. Completeness – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance <p>The Board identified the Vision and Mission for to achieve our Sustainability target :</p> <p>CORPORATE VISION Establish a World Class Supply Chain and Expand Presence into Global Halal Market</p> <p>CORPORATE MISSION To deliver outstanding service, quality products and value for money for our customers.</p> <p>The Group follow the following strategies to achieve the vision and mission as follows :</p> <ul style="list-style-type: none"> i) SAUDEE embedded sustainability strategy across entire operations in order to keep going to improve our sustainability development. ii) To maintain long-term corporate sustainability by identifying aspects, impacts and stakeholder engagement that are material to the Group. iii) Create a world class supply chain which can enhance our quality of life while ensuring our business success as an outperforming foods processing supplier. |
| 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 | : | |
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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 4.3

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 | : | The Board focuses on the sustainability issues relevant to the Company's business and discusses the issues at the board meetings when necessary. The Board members will attend trainings or seminars or participate in briefing relating to sustainability or climate change from time to time in order to stay abreast and understand the sustainability issues relevant to the Company's business. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.4

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

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| Application | : | Departure | |
| Explanation on application of the practice | : | A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities. | |
| Explanation for departure | : | The Company does not have any alternative practice at the moment and is committed to develop suitable criteria to be incorporated into the performance evaluations. | |
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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

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 | : | The Nominating Committee oversees the overall composition of the Board in terms of size, mix of skills, experience and core competencies, as well as the balance between Executive Director and Independent Non-Executive Directors. The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees are assessed on an annual basis. The annual re-election of retiring Directors has been contingent on satisfactory evaluation of the retiring Directors' performance and contribution to the Board. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.2

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

| | |
|---|--|
| Application : | Applied |
| Explanation on application of the practice : | <p>During FYE 2022, the Board comprised two (1) EDs, three (3) Independent Non-Executive Directors (INED), and one (1) Senior Independent Non-Executive Director (SINED).</p> <p>The presence of INED provides a pivotal role in corporate accountability. The role of the INED is particularly important as they provide independent and objective views, advice and judgment and ensure strategies proposed by the Management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board</p> <p>Currently, the Board size comprises five (5) members with 4/5 of the Board of Directors being independent directors which was in line with the recommendation of MCCG that at least 50% of its Board are Independent Director. The current Board size is sufficient to ensure effective check and balance in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decisions and decisions making process.</p> <p>All Directors had given confirmations on an annually basis, as to whether he/she has any family relationship with any director and/or major shareholder of SAUDEE, any convictions for offences within the past five (5) years other than traffic offences, any public sanction or penalty imposed by the relevant regulatory bodies, any conflict of interest with SAUDEE and any securities held in SAUDEE. This is one of the criteria to enable the Board/NC to assess the Directors' independence as and when any new interest or relationship develops.</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

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two tier voting process.

| | |
|--|--|
| Application : | Applied- Two tier voting |
| Explanation on : application of the practice | <p>Notwithstanding the recommendation of the Code, the Board is presently of the view that there is no necessity to fix a maximum tenure limit for INED as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs.</p> <p>The Board and the NC have deliberated on the recommendation and hold the view that the ability of a Director to serve effectively as an Independent Director is very much dependent on his calibre, qualification, experience and personal quality, particularly his integrity and objectivity, and has no real connection to his tenure as an Independent Director.</p> <p>NC would conduct an annual assessment of INEDs in respect of inter-alia their skills, experience and contributions, and whether the Independent Directors are able to discharge their duties with unbiased judgement. Furthermore, the NC also would review the Directors Profile of Independent Directors and assess its family relationship, interest of shareholdings in the Company and related party transactions with the Group (if any).</p> <p>On 28 September 2022, both the Board and the NC have assessed and reviewed on the independence, qualification, experience and performance of Mr Sim Yee Fuan who have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to be retained as the INED of the Company based on the Board justifications that Mr Sim Yee Fuan has performed his duties diligently and provided independent views in participating in deliberations and decision making of the Board and Board Committees. The length of his service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company. The Board believes that with Mr Sim Yee Fuan's expertise and broad experience together with his accumulative knowledge of the Group's business and operation provide the Board with a diverse set of experiences and expertise which enhances the skills and experience profile of the Board.</p> |

| | |
|---|---|
| | In view of the assessment, the Board proposed to retain Mr Sim Yee Fuan to continue acting as INED of the Company, subject to the shareholders' approval via a two-tier voting process at the forthcoming 14 th AGM. |
| 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.

| | | |
|---|---|-------------|
| 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.

| Application : | Applied | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-------|------------|---------|-----------|---|--------|--|-------|-------|-------|------------|---------|---|---|---|---|---|---|---|---|---|-----|--|--|-----------|--|--------|-------|-------|-------|------------|---------|---|---|---|---|---|---|---|
| Explanation on : application of the practice | <p>The Board recognizes that diversity is important to enhance Board effectiveness as diversity broadens the debate within the Board by harnessing different insights and perspectives. The Board with a diversified background and collectively bring with them a wide range of experience and expertise in areas such as entrepreneur, industrial, marketing, corporate, accounting, finance, governance risk and compliance, and law/legal with relevant industry knowledge in which the Group currently operates in.</p> <p>The Board and NC take into account the current diversity in the skills, experience, gender, ethnicity and age of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the long term directors and new perspectives that bring fresh insights to the Board.</p> <p>The Directors' profiles are provided on pages 8 to 10 of the Annual Report. In FYE 2022 the diversity in the age, ethnicity and gender of the Board were as follows:</p> <table border="1"> <thead> <tr> <th colspan="3">Age</th> <th colspan="2">Ethnicity</th> <th colspan="2">Gender</th> </tr> <tr> <th>30-39</th> <th>40-49</th> <th>50-59</th> <th>Bumiputera</th> <th>Chinese</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>1</td> <td>2</td> <td>2</td> <td>3</td> <td>4</td> <td>1</td> </tr> </tbody> </table> <p>Besides, the appointment of Key Senior Management was also made with due regard for diversity in skills, experience, gender, ethnicity and age. The profiles of the Key Senior Management are furnished on pages 11 and 12 of the Annual Report. The diversity in the age, ethnicity and gender of the Key Senior Management were as follows in FYE 2022:</p> <table border="1"> <thead> <tr> <th colspan="3">Age</th> <th colspan="2">Ethnicity</th> <th>Gender</th> </tr> <tr> <th>30-39</th> <th>40-49</th> <th>70-79</th> <th>Bumiputera</th> <th>Chinese</th> <th>M</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> <td>1</td> <td>1</td> <td>2</td> <td>3</td> </tr> </tbody> </table> | Age | | | Ethnicity | | Gender | | 30-39 | 40-49 | 50-59 | Bumiputera | Chinese | M | F | 2 | 1 | 2 | 2 | 3 | 4 | 1 | Age | | | Ethnicity | | Gender | 30-39 | 40-49 | 70-79 | Bumiputera | Chinese | M | 0 | 2 | 1 | 1 | 2 | 3 |
| Age | | | Ethnicity | | Gender | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-39 | 40-49 | 50-59 | Bumiputera | Chinese | M | F | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | 1 | 2 | 2 | 3 | 4 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | | | Ethnicity | | Gender | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30-39 | 40-49 | 70-79 | Bumiputera | Chinese | M | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 | 2 | 1 | 1 | 2 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|--|
| | <p>While it is important to promote such diversity, the normal selection criteria of a Director or Senior Management, based on effective blend of competencies, skills, extensive experience and knowledge in relevant industry should remain priority so as not to compromise on the effectiveness in carrying out their duties and responsibilities and the achievement of the Group's goals and objectives.</p> |
| <p>Explanation for departure :</p> | |
| <p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</p> | |
| <p>Measure :</p> | |
| <p>Timeframe :</p> | |

Intended Outcome

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

Practice 5.6

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The primary responsibility of screening, evaluating and nominating new Board member(s) for an appointment is delegated to the Nominating Committee ("NC"). In respect of the appointment of Directors, the Company practises a clear and transparent nomination process which involves the following five stages:</p> <p>Stage 1: Identification of candidates Stage 2: Evaluation of the suitability of candidates Stage 3: Meeting up with candidates Stage 4: Final deliberation by the NC Stage 5: Recommendation to the Board</p> <p>The identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in related industries, finance, legal and accounting professions. The Board may consider using independent sources as well to identify suitability qualified candidates.</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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board annual evaluation (including the independence of Independent Non Executive Director, if any). A statement by the Board and Nominating Committee being satisfied with the performance and effectiveness of the retiring Directors who offer themselves for re-election at the AGM was stated in the notes accompanying the Notice of AGM. The profile of the Directors who are due for retirement and eligible for re-election, which includes the nature of interest with the Company, if any, are set out in the Annual Report 2022 of the Company. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.8

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Nominating Committee (“NC”) is chaired by Mr. Chen Chee Peng, an Independent Non-Executive Director of the Company.</p> <p>The profile of Mr. Chen Chee Peng is set out in the Directors’ Profile of the Annual Report 2022.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>The Board is presently of the view that there is no necessity to fix a specific gender diversity policy. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the MCCG's target. The Board advocates the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right caliber.</p> <p>The Company currently has a woman Director on its Board which complies with the requirements of the Main LR.</p> | |
| <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 | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Board is presently of the view that there is no necessity to fix a specific gender diversity policy. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the MCGG's target. The Board advocates the promotion of fair participation and equal opportunity in embracing a spirit of inclusion for all individuals of the right caliber. | |
| <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 NC is guided by the ToR in carrying out its responsibilities in respect of the nomination, selection and appointment process for Directors of the Company.</p> <p>Appointment of Board is based on objective criteria, merit and with due regard for diversity in skills, experience, age, ethnicity and gender. As such, director candidates should be sourced from a diverse pool.</p> <p>The NC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>All appointments of new directors are subject to screening and appropriate recommendation of the NC prior to consideration and approval of the Board. Prior the appointment, the NC will assess directorship suitability based on the objective criteria including:-</p> <ul style="list-style-type: none">• Personal integrity and reputation;• Competence and capability;• Probity;• Professional background; and• Financial integrity. <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively and in line with the Paragraph 15.06 of the Main LR, the criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed companies. The NC currently comprises exclusively INED.</p> <p>Chairman: Chen Chee Peng (Independent Non-Executive Director)</p> |

Member : Sim Yee Fuan
 (Senior Independent Non-Executive Director)
 Datuk Sham Shamrat Sen Gupta
 (Independent Non-Executive Director)

The ToR of the Nominating Committee is available on the Company's website at www.saudee.com.

The NC established a set of appraisal form which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and reviewing the performance of the Board as a whole. The criteria for assessment of Directors shall include attendance record, intensity of participation at meetings, quality of interventions and special contributions.

Individual Director self-evaluation, assessment of independency of Independent Directors, Board evaluation, Board Committee evaluation were carried out annually. The areas covered are as follows:

| Annual Evaluation | Assessment Criteria |
|---|--|
| Individual Director self evaluation | <ul style="list-style-type: none"> • Professional qualification & skills • Knowledge & experience • Interaction with the Board / Management • Participation and contributions during Board meetings • Other traits / strengths • Management skills & abilities |
| Assessment of independency of Independent Directors | <ul style="list-style-type: none"> • As prescribed under Paragraph 1.01 and Practice Note 13 of Main LR. |
| Board & Board Committee evaluation | <ul style="list-style-type: none"> • Board Mix and Composition • Quality of Information & Decision Making • Boardroom Activities |

On 28 September 2022, the above assessments were carried out in respect of the FYE 2022. The NC reviewed the result of the evaluation and agreed that the Company has the necessary mix of skills, experience and other necessary qualities to serve the Board and Board Committee effectively.

| | | |
|--|--|--|
| 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

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 strives to ensure that there are formal and transparent remuneration policies and procedures in place to attract and retain Directors and Senior Management of the calibre needed to run the Group successfully. Therefore, the Board has established a Remuneration Committee (RC) with an objective to assist the Board in the review of formal policy set by the Board and consideration of a fair and attractive remuneration framework for the Directors and Senior Management which includes the remuneration packages and other terms of employment for the Executive Director.</p> <p>The remuneration policy of the Group is summarised as follows :</p> <ul style="list-style-type: none">a) Determination of remuneration of Directors remained a collective decision of the Board.b) The salary for ED is set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken.c) The Company also reimburses reasonable expenses incurred by Directors in the course of their duties.d) The Directors who perform extra services for any of the purpose of the Company will be paid special remuneration in term of fixed allowance, in addition to his/her Director's feee) Directors' fees and other benefits if any are subject to approval by its shareholders at the AGM.f) Other than directors' fees, ED is also entitled to receive bonus and statutory contribution.g) Benefits-in-kind - only ED of the Group are entitled to benefits-in-kind provided by the Group.h) The RC may obtain independent professional advice in formulating the remuneration package of its Directors. <p>As a procedure:</p> |

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> • Directors' fees and benefits payable to the NEDs have been reviewed by the Board, thereafter, recommended to the shareholders for approval in the annual general meeting in accordance with Section 230(1)(b) of the Companies Act 2016. • The RC recommends to the Board the remuneration package of the ED and the ED do not participate in decisions regarding their own remuneration packages. • The Board will meet at least once in a financial year to formulate and review the remuneration policy and remuneration of members of the Board and Board 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

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 has established RC with an objective to assist the Board to recommend a formal and transparent procedure and structure in determining the remuneration package for the ED and Senior Management. Each Director concerned shall abstain from any decision with regards to his own remuneration.</p> <p>The RC's duties and responsibilities includes:-</p> <ol style="list-style-type: none"> a. ensuring that the remuneration policies are made through a transparent and independent process; b. ensuring that all the ED and Senior Management are fairly rewarded for their individual contributions to the Company's overall performance and the remuneration are structured to link rewards to corporate and individual performance; c. ensuring that the compensation and other benefits motivate and encourage ED and Senior Management to act in ways that enhance the Company's long-term profitability and value; d. recommending to the Board a remuneration framework and the level of remuneration for the ED and Senior Management; e. recommending to the Board the remuneration package for NED; and f. ensuring recommendations of the RC are submitted for endorsement by the entire Board, covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses. <p>Procedure</p> <p>The Board as a whole determines the remunerations of NED with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and other benefits if any are approved at the AGM by shareholders.</p> <p>The ToR of the RC is available on the Company website at www.saudee.com</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 | : | The details of the remuneration of the Directors received/receivable from the Group and the Company during the FY2022 are appended in the page 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 | Tay Ben Seng, Benson | Executive Director | 36,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 38,500 | 36,000 | 2,500 | 264,000 | 0 | Input info here | 12,664 | 315,164 |
| 2 | Chen Chee Peng | Independent Director | 36,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 38,500 | 36,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 38,500 |
| 3 | Sim Yee Faun | Independent Director | 48,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 50,500 | 48,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 50,500 |
| 4 | Datuk Sham Shamrat Sen Gupta | Independent Director | 36,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 38,500 | 36,000 | 2,500 | Input info here | Input info here | Input info here | Input info here | 38,500 |
| 5 | Koay San San | Independent Director | 14,129 | 1,000 | Input info here | Input info here | Input info here | Input info here | 15,129 | 14,129 | 1,000 | Input info here | Input info here | Input info here | Input info here | 15,129 |
| 6 | Mak Siew Wei | Executive Director | 12,581 | 1,000 | Input info here | Input info here | Input info here | Input info here | 13,581 | 12,581 | 1,000 | 324,000 | 54,000 | Input info here | 26,556 | 418,137 |
| 7 | Ong Poh Lin Abdullah | Independent Director | 0 | 0 | Input info here | Input info here | Input info here | Input info here | 0 | 0 | 0 | Input info here | Input info here | Input info here | Input info here | 0 |
| 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 | : | Applied – the company discloses the remuneration of members senior management who are not members of the board | | |
| Explanation on application of the practice | : | All key Senior Management of the Group whose total remuneration during the financial year ended 2022 fall within the following bands, is as follows: | | |
| | | | Range of Remuneration | |
| | | RM50,000 - RM 100,000 | RM100,000 - RM 150,000 | RM300,000- RM 350,000 |
| | | Name of Senior Management | | |
| | | Chong Kok (Chief Financial Officer) | | ✓ |
| | | Mohd Azman Bin Manaf (General Manager) | ✓ | |
| | | Patrick Ting (Chief Executive Officer) (Appointed w.e.f. 1 June 2022) | ✓ | |
| Explanation for departure | : | | | |
| | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | |

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| 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 8.3 - 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 | : | The Chairman of the AC, Mr. Sim Yee Fuan, a Senior Independent Non-Executive Director is not the Chairman of the Board. This has ensured that the objectivity of the Board's review of the AC's findings and recommendations are not impaired. The ToR of the AC is available at the Company's corporate website at www.saudee.com | |
| 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 | : | <p>Since the formation of the AC, the Board has never appointed any former key audit partner as it AC member.</p> <p>The Board will ensure a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member to the AC was a key audit partner.</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 9.3

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 Board through the establishment of the AC, has established a good working relationship with its External Auditors i.e., Messrs Grant Thornton Malaysia PLT ("GT"). The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia. GT report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on statutory financial statements FYE 2022. The Company's External Auditors are appointed every year during the AGM. Members of the AC meet the External Auditors at least twice a year without the presence of the executive Board members to discuss the results and any concerns arising from their audit.</p> <p>GT has been re-appointed as the Group External Auditor during the 13th AGM held on 30 December 2021. The External Auditors are invited to attend AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.</p> <p>The AC had obtained written assurance from its external auditors to confirm that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the FYE 2022.</p> <p>Apart from the assessment guided by the External Auditors Performance and Independence Checklist, the assessment on the suitability, objectivity and independence of the External Auditors, include the following:</p> <ul style="list-style-type: none">• During the meeting, External Auditors tabled the Audit Planning Memorandum prior to the commencement of audit of financial statements for FYE 2022. The main particulars outlined included audit timeline, the nature and scope of audit, material litigation, proposed audit fees and key areas of audit |

| | |
|--|--|
| | <p>focus and fraud risk raised by the External Auditor. The AC also noted the updates of Malaysian Financial Reporting Standards which are applicable to the Group such as judgment of the items that may affect the financial statements.</p> <ul style="list-style-type: none"> • Besides, the External Auditor presented the Audit Findings Report for the FYE 2022 for the AC's notation and discussion. The Committee deliberated on audit issues raised by the External Auditors and the action plans required to address those issues. The External Auditors did not encounter any issue during the course of audit including the co-operation rendered by the staff thus far which will in any way cause difficulties to discharge their duties that warrants the AC's attention. <p>During the meeting, External Auditors briefed the Committee on the draft Audited Financial Statements FYE 2022 before the same being proposed for the Board's approval. Besides, AC reviewed the External Auditors Evaluation Form in respect for the FYE 2022. The Assessment was guided by the External Auditors Evaluation Form as recommended by CG Guide, 3rd edition. Evaluation aspect in relation to the re-appointment including calibre of the External Audit firm, quality processes/ performance, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications.</p> <ul style="list-style-type: none"> • Two (2) Discussion sessions were held with the External auditors without the presence of the Executive members. <p>The External Auditors evaluation formed part of the AC's assessment of the suitability, objectivity and independence of GT on an annual basis. Based on the outcome of its assessment conducted on 21 November 2022, the AC decided to recommend to the Board for the shareholders' approval to be sought on the re-appointment of external auditors at the 14th AGM. Please refer the Audit Committee Report of this Annual Report for more details.</p> <p>The AC was satisfied with the suitability of GT based on the quality audit processes, adequate technical support and experience, and sufficient resources the external audit team provided to the Group and its audit independence and performance throughout its course of audit for the FYE 2022.</p> <p>The AC has considered the provision of non-audit services by GT during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fee for these service was not significant when compared to the total audit fees payable to the external auditors of RM 145,000. The non-audit fees incurred for services rendered to the Group by the external auditors for the financial year ended 31 July 2022 was RM21,373.</p> |
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| 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

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 AC comprised solely of INED throughout FYE 2022. As of the publication of this CG Report, the AC still comprised solely of INEDs. |

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 Chairman of the AC is a member of the Malaysian Institute of Accountants and has relevant financial experience and expertise to effectively fulfil the role of Audit Committee Chairman. All of AC members are financially literate to review and analyse Company's financial statement, possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' profile on pages 8 to 10 of the Annual Report.</p> <p>All AC members undertake continuous professional development to ensure that they are abreast of relevant developments in accounting and auditing standards, practices and rules to meet their requirements. The details of training attended are stated in Practice 2.1.</p> <p>Apart from training attended, the Directors including AC members are also updated by the Company Secretaries on any change to legal and governance practices of the Group, and receive briefing from External Auditors on updates in financial reporting, new accounting standards affecting the Group.</p> <p>During the financial year, the NC had reviewed and evaluated the effectiveness of AC and each of its members. The AC was assessed based on quality and composition, skills and competencies, as well as meeting administration and conduct. Based on the results of the assessment, the NC was satisfied that the AC and its members had discharged their functions effectively and had carried out their duties in accordance with its ToR.</p> |

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| 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

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 Board has established an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control (SORMIC) which has been reviewed by the external auditors provided on pages 55 to 57 of the Annual Report to ensure that the risks are managed within risk tolerance set by the Board.</p> <p>The level of risk tolerance of the Company is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to be high risk, significant risk, medium risk and low risk.</p> <p>The Board recognises that system of internal control are designed to manage and mitigate rather than eliminate the risk of failure in achieving the Company's corporate objective and safeguarding the Group's assets as well as investors' interests. Therefore, such system can only provide reasonable but not absolute assurance against material misstatements or losses.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group.</p> <p>The RMC and AC assists the Board to oversee the risk management matters of the Group, which include identifying, quantifying, managing, monitoring and mitigating significant risks across the Group.</p> <p>The RMC reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The framework and policies are reviewed periodically to ensure their continuous effectiveness and when there are significant regulatory changes.</p> <p>The Board is also fully aware of its responsibility for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard the Group's assets and investors' interest. The Standard Operating Procedures (SOPs) within the Group is to ensure the effective and efficient conduct of operations, financial controls and compliance with laws and regulations. The Group has engaged an external professional firm, JWC Consulting Sdn. Bhd. to carry out internal audit function and provide independent assurance on the adequacy and effectiveness of the internal control of the Group. The AC reviewed and deliberated on the findings together with the recommendation and management action plan from Internal Auditors.</p> <p>The Board recognise that they have to declare their respective interests in transactions with the Group and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal</p> |

| | | |
|---|--|--|
| | <p>framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the AC on a quarterly basis for review and discussion should any concern arise. The AC reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.</p> <p>The AC evaluates the adequacy and effectiveness of the Group's internal control systems by reviewing the actions taken on deficiencies identified in reports provided by both the internal and external auditors. The AC also reviews the internal and external auditors' recommendation and management responses to these recommendations to ensure that they are working adequately and promptly.</p> <p>Further details on the management and reporting of four (4) risk categories i.e. strategic risk, operational risk, financial risk, compliance risk, and the controls in place to mitigate and manage those risks are provided in the SORMIC on pages 55 to 57 of the Annual Report 2022</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

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

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

Practice 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 RMC comprised a majority of independent directors to oversee the company's risk management framework and policies. The composition of RMC are as follows: Chairman: Datuk Sham Shamrat Sen Gupta (Independent Non-Executive Director) Member: Sim Yee Fuan (Senior Independent Non-Executive Director) Chen Chee Peng (Independent Non-Executive Director) Representative(s) from each major business units divisions to be identified by the management from time to time. |

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 | : | <p>The Group has engaged an external professional firm, JWC Consulting Sdn. Bhd. to carry out internal audit function and provide independent assurance on the adequacy and effectiveness of the internal control of the Group. The Audit Committee reviewed and deliberated on the findings together with the recommendation and management action plan from Internal Auditors.</p> <p>AC has unrestricted access to the Internal Auditors. The Internal Auditors reports directly to the AC highlighting key issues and concerns arising from the audits conducted based on the internal audit plan approved by the AC. The results of the audits as disclosed in the internal audit reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The Internal Auditors conducted follow-up audits and AC keeps updates on key engagements to ensure that the corrective actions were implemented appropriately.</p> <p>To ensure that the responsibilities of the Internal Auditors are fully discharged, the AC reviews:</p> <ul style="list-style-type: none"> a) the performance of the Internal Auditors, who has relevant experience and necessary competency to regularly review of the effectiveness of risk management, control, and governance processes within the Group; b) the adequate scope and sufficient resources of the internal audit function; and c) the appraisal or assessment of performance of the internal audit function. <p>A brief statement on the internal audit function with a summary of its key activities is disclosed under the AC Report on page 51 and 54 of the Annual Report.</p> |
| Explanation for departure | : | |

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

Intended Outcome

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

Practice 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, JWC Consulting Sdn. Bhd (JWC) is independent from the Company.</p> <p>On 28 September 2021, JWC confirmed via the annual declaration that JWC is free from any relationships or conflicts of interest, which could impair JWC's objectivity and independence in carrying out their duties for the FYE 2022.</p> <p>Ms. Joyce Wong Ai May, the person responsible for internal audit of the Group, Chartered Accountant, is a member of the of Malaysian Institute of Accountants (MIA) and a Certified Practicing Accountants (CPA).</p> <p>Through as assessment carried out on 28 September 2022, the AC was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities in respect of FYE 2022.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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>SAUDEE ensures that its communication with the shareholders and various stakeholders is effective, transparent, timely and with quality disclosure. The Company also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on SAUDEE's website and engagement through the investor relations function.</p> <p>SAUDEE's website, www.saudee.com, is accessible to the public. To facilitate stakeholders' greater understanding to the Company's business and governance, "Corporate Info" section provides SAUDEE's corporate information such as corporate structure, Board of Directors, Code of Conduct and Ethics, Board Charter, ToR of respective Board Committee, and Whistleblowing Policy. "Investor Relations" section includes all announcements made by SAUDEE through Bursa LINK such as quarterly financial results, change in boardroom, change in director's shareholding, outcome of the general meetings and etc., annual reports and corporate governance of the Company.</p> <p>The Investor Relations function is established to enable continuous communication between the Company and its stakeholders. The name and contact number of the relevant personnel handling the investor relation related matter for the Group are also published in the SAUDEE's website under "Investor Relations".</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> | | |

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| 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 | : | Not applicable as the Company is not a Large Company as defined in the Code. | |
| <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 | : | <p>The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and stakeholders and encourages their attendance and participation in dialogue. The Board views the general meetings as a platform to engage with its shareholders as well as to address their concerns. All Directors will be present at general meetings to answer questions raised by shareholders.</p> <p>The Company's 14th AGM to be held on 28 December 2022 and notice was dated 30 November 2022. SAUDEE dispatched the notice of AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and Main LR. Shareholders are given sufficient time to make arrangement to attend the general meeting either in person or by corporate representatives, proxies or attorneys.</p> <p>Moreover, further explanations for background information and relevant reports or recommendations will be provided on the ordinary resolutions proposed under special business to enable the shareholders to consider the resolutions thoroughly and make informed decision in exercising their voting rights during AGM.</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

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>It has been the practice of the Company that all Directors be present at its Annual General Meetings. As this is a forum for shareholder engagement, the Chairman encourages shareholders present to raise their concerns and depending on the topic asked, will either answer the question himself or direct it to any of the Directors present and is more suited to address the issue.</p> <p>Key Management Personnel are present at the Annual General Meeting. They too assist to provide response to queries raised.</p> <p>The Notice of Annual General Meeting also sets out clearly the resolutions which will be tabled and provides explanatory notes to assist shareholders make informed decisions.</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 | : | Applied |
| Explanation on application of the practice | : | <p>The Company had leveraged technology to facilitate remote shareholders’ participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for its fully virtual 13th Annual General Meeting (“AGM”).</p> <p>The entire AGM proceedings were held through the virtual platform operated by Mlabs Research Sdn Bhd. The Administrative Guide for the 13th AGM with detailed registration and voting procedures were provided to the shareholders and published on the Company’s website prior to the AGM.</p> <p>During the 13th AGM, the shareholders used the remote participation and voting facilities provided to raise questions. All resolutions set out in the Notice of the 13th AGM were voted remotely using the digital application in the same platform. A step-by-step administrative guide video was played prior to the start of the AGM to assist shareholders on the registration, participation and voting using the platform.</p> <p>The Company had put in place stringent procedures to safeguard against data privacy and cyber threats during the conduct of 13th AGM. Upon shareholders/proxies’ registration for the 13th AGM, a meeting link was generated for each shareholder/proxy, and the meeting link is unique to that individual. Before the meeting link is sent out to the participants, it is subject to 2-tier verification. Firstly, the Platform Provider verified the meeting link accuracy against the records of the shareholders/proxies. Secondly, before the shareholders/proxies are admitted into the event, Poll Administrator together with Platform Provider verified and filtered out any participants who demonstrated suspicious activities. The Webex organiser had the capacity to track each individual’s participation and eliminate multiple login attempts.</p> |
| 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

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>The 13th Annual General Meeting (“AGM”) was conducted entirely on a fully virtual basis using Webex platform, which engenders greater shareholders’ participation as it facilitates electronic voting and remote participation including the right to pose questions to the Board and/or Management of the Company and vote at the AGM.</p> <p>The Chairman and the Board of Directors endeavour to respond to the questions submitted by the shareholders which are related to the business operations as well as resolutions to be tabled at the AGM.</p> <p>Some questions were addressed by the Board within the time allotted for the Questions & Answers session. Answers to questions received are published as part of the Minutes of the AGM on the Company’s website at www.atsys.com.my. Questions which were not responded during the 13th AGM were responded to by the Company via e-mail after the 13th 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

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.

| | |
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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | <p>A step-by-step administrative guide was issued to assist shareholders on the registration, participation and voting using the platform prior to the meeting day. The Administrative Notes was also published in the Company’s website to encourage shareholders’ participation.</p> <p>ShareWorks Sdn Bhd was appointed as Poll Administrator to facilitate the poll voting process while Sharepolls Sdn Bhd was appointed as Independent Scrutineer to verify the poll results. The Poll Administrator briefed the shareholders and proxies on the remote voting procedures and the manner to pose questions at the meeting.</p> <p>Besides, sufficient time was given to the shareholders to raise question and concern over the Company’s affairs as well as proposed resolution which required shareholders to cast their votes.</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 13.6

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 13th AGM, which includes the questions raised by shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders within 30 business days after the 13th AGM on the Company's corporate website at www.saudee.com |
| 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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