

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1996
COMPANY NAME : Kretam Holdings Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the corporate governance practices of the Group and has full and effective control of the Group, including the Management. To ensure good performance of the Group's business, the Board, in discharging its fiduciary functions, assumes the responsibilities of reviewing and adopting the strategic plans for the Group, overseeing the conduct and monitoring the Groups business operations, identifying principal risks and instituting risk management, reviewing and establishing a succession plan for senior management and maintaining and reviewing the adequacy of the Group's internal control systems, management information systems and compliance systems.</p> <p>Besides that, the Board is also responsible for assessing and monitoring the budget proposed and cash flow requirements in order to maintain full and effective control over the Management of the Group as well as monitoring compliance with all relevant statutory and legal obligations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman heads the Board and leads the Directors to review and decide on the Management's proposals relating to the financial and corporate matters of the Company and the Group. Additionally, the Chairman's roles include the following:</p> <ul style="list-style-type: none">• Providing leadership and governance to the Board to create Board effectiveness and ensuring that all key matters are adequately deliberated by the Board;• Ensuring that the Board actively participates in the formulation of strategies, policies and plans of the Group, and that decisions are made in the best interest of the shareholders and are effectively implemented by the Management;• Setting the agendas of the Board Meetings with the Company Secretary by taking into consideration of the important issues of the Group and ensuring that sufficient time is allocated for deliberation of the issues as set out in the Board Papers; and• Establishing good corporate governance practices and promoting the highest standards of integrity throughout the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and CEO of the Board are held by two (2) different individuals namely, Mr Tan Kung Ming, an Independent Non-Executive Director, and Datuk Lim Nyuk Sang @ Freddy Lim, respectively.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Mr Tan Kung Ming is the Chairman of the Remuneration Committee, and a member of both the Audit Committee and Nomination Committee. Continuous efforts are being taken to identify a suitable candidate for the position of the Chairman of the Board in order to comply with this practice.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary, Ms Liu Yee Ling @ Annie Liu is a qualified and competent Licensed Secretary, in accordance with Section 235 of the Companies Act 2016, and has served the Group for more than 20 years.</p> <p>She provides advices to the Board regarding statutory and regulatory requirements, as well as the implications in the event of non-compliance of the Company and/or its Directors and Officers. She is also responsible in ensuring that policies and procedures on matters that correspond with the Corporate Governance practices, Companies Act 2016, Main Market Listing Requirements of Bursa Securities and the Company's Constitution are strictly adhered to.</p> <p>In view of the changes and updates in the legal environment governing the management of a company, efforts have been taken by her to attend skills and knowledge enhancement trainings to ensure adequate compliance to the legislations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Board Papers are despatched to the Directors one (1) week prior to the meetings to ensure that the board has sufficient time to comprehend the matters to be deliberated and make well-informed decisions. The Board may obtain additional information from the Management, where necessary.</p> <p>The discussions and decisions at the meetings will be communicated to the Management for further actions to be taken as and when required. Actions on the matters arising from the previous meetings would also be appropriately and adequately followed up with to ensure that the matters are properly resolved. Minutes of the Board and Board Committee meetings are circulated to the Board and the respective Board Committee members for their comment and confirmation.</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.

Application	:	Applied	
Explanation on application of the practice	:	The respective roles and responsibilities of the Board, the Chairman and CEO of the Board, Board Committees and the Management are clearly outlined in the board Charter of the Company which is made available in the Company’s website at www.kretam.com . A review on the Board Charter will be carried out as and when necessary to ensure that it is in line with the Company’s objectives, as well as the legal and regulatory requirements.	
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 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, Management and the employees are committed to observing a high level of professionalism and integrity in the business of the Group.</p> <p>The Code of Ethics and Conduct ("Code") provides guidance to the Board, Management and employees of the Group in the day-to-day operations, including the dealing with its stakeholders, which covers the following areas:</p> <ul style="list-style-type: none">• Compliance with laws, rules and regulations relevant to the work and duties of the individual Directors and employees;• Conflict of interest;• Confidentiality of the Group's information;• Protection of the Group's assets and equipment;• Adherence to environmental, health and safety policies and regulations;• Acceptance of gifts, benefits, favours or service; and• Employee misconduct. <p>The Code is made available in the Company's website at www.kretam.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	:		
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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 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has adopted a Whistleblowing Policy on 29 May 2020 to provide an avenue where employees or members of the public may raise concerns of any wrongdoing or improper conduct involving the Group and its Directors or employees freely without fear or repercussions in a safe and confidential manner. The Whistleblowing Policy is available on the Company’s website at www.kretam.com .	
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.

Application	:	Applied	
Explanation on application of the practice	:	Following the change to the MCCG, the Board began to directly oversee matters related to sustainability. A Sustainability Committee, chaired by Mr Lim Tshung Yu, assists the Board.	
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 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	Each year the Board publishes the Company’s Sustainability Report, which sets out the Group’s sustainability priorities and strategies and their relevant performance measures. The Sustainability Report, which is presented as part of the Annual Report 2021, can be easily accessed and downloaded from the Company’s website at www.kretam.com .	
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 4.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As the practices pertaining to sustainability only came into effect on 28 April 2021, the non-executive directors had limited time to acquaint themselves with this, and indeed, given the COVID-19 pandemic, very few opportunities in terms of their professional development needs in this area.	
		The Board had in the past formed a Sustainability Committee to assist it in overseeing sustainability matters. The executive directors are involved in this committee, and are therefore familiar with the sustainability risks faced by the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The revision to the Malaysian Code on Corporate Governance took effect on 28 April 2021. As the Board had not officially set or adopted any sustainability targets and their related key performance indicators prior to said revision, there was no equitable and meaningful basis for any performance evaluation that might otherwise have been carried out.	
		Nil.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>A change in the Board in the form of a resignation and an appointment of an Executive Director took place on 15 July 2020, while the longest serving Independent Director was appointed on 1 August 2008. The Nomination Committee has yet to establish a set of review guidelines on the tenure of the respective Directors. However, the Company's Constitution requires one-third of the Directors for the time being, to retire at every Annual General Meeting, who shall be eligible for re-election</p> <p>Evaluation on the Directors' performance and contribution to the Board will be included as part of the proposed resolutions in the notice of the coming 34th Annual General Meeting of the Company, for Directors who will stand for re-election.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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	:	The Board of the Company comprises six (6) Directors, three (3) of whom are Independent Directors, as follows: 1. Mr Tan Kung Ming (<i>Independent Non-Executive Director</i>) 2. Ms Teo Gim Suan (<i>Independent Non-Executive Director</i>) 3. Mr Lee Kok Toong @ Lee Ming Heng (<i>Independent Non-Executive Director</i>)	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	Two (2) out of the three (3) Independent Directors of the Board, Mr Tan Kung Ming and Ms Teo Gim Suan, have each completed a cumulative term of more than nine (9) years as at 1 August 2017 and 1 January 2020, respectively. The Board is satisfied with the review of their performance and would recommend to the shareholders in the coming 34 th Annual General Meeting (“AGM”) of the Company for Mr Tan and Ms Teo to be retained as Independent Directors of the Company, based on the following justifications:	
		1.	Mr Tan and Ms Teo continue to fulfil the criteria of an Independent Director in accordance with the Main Market Listing Requirements.
		2.	The tenure of their service has not impaired their independence as they have always acted independently of management and exercised impartial and objective judgements in Board deliberation.
		3.	They have discharged their responsibilities with integrity and competence in the best interest of the Company and its shareholders.
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	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>Appointments to the Board are based on qualifications, skills, expertise and experience necessary for the Company's business operations and to ensure meaningful contribution in the deliberation and decision-making processes of the Board. A breakdown of the composition of the Board is as follows:</p> <ul style="list-style-type: none">• <u>Age</u> 21 to 30: One (1) Director; 41 to 50: One (1) Director; 51 to 60: One (1) Director; 61 to 70: Three (3) Directors• Cultural Background One (1) Sino-Kadazan Director; and Five (5) Chinese Directors• Gender Five (5) Male Directors and One (1) Female Director <p>Appointment of the senior management of the Company is solely based on the required expertise and experience in the respective divisions.</p> <p>Detailed profiles of the Board and senior management are available in the Annual Report 2021.</p> <p>Each Director was able to devote the time to serve the Board as can be seen in his/her attendance in meetings of the Company as follows:</p> <table><tr><th>Name</th><th>Board Attendance</th><th>Audit Committee Attendance</th></tr><tr><td>Tan Kung Ming – Independent Non-Executive Director ("INED")</td><td>4 out of 4</td><td>5 out of 5</td></tr></table>	Name	Board Attendance	Audit Committee Attendance	Tan Kung Ming – Independent Non-Executive Director ("INED")	4 out of 4	5 out of 5
Name	Board Attendance	Audit Committee Attendance						
Tan Kung Ming – Independent Non-Executive Director ("INED")	4 out of 4	5 out of 5						

	Datuk Lim Nyuk Sang @ Freddy Lim – Executive Director (“ED”)	4 out of 4	N/A
	Lim Tshung Yu – ED	4 out of 4	N/A
	Ho Sui Ting – ED	4 out of 4	N/A
	Teo Gim Suan – INED	4 out of 4	5 out of 5
	Lee Kok Toong @ Lee Ming Heng	3 out of 4	4 out of 5
Explanation for departure			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure			
Timeframe			

Intended Outcome

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

Practice 5.6

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Candidates for appointments as Directors of the Company have very often been on the recommendations of the Chief Executive Officer ("CEO") or existing Directors or major shareholders. The existing Directors, management or major shareholders would have better knowledge of whether a candidate recommended by them for appointment as a director is suitable and have the necessary character, experience, integrity, competence and time to discharge his/her role effectively. Furthermore, such appointment would not only have the approval of the CEO or the Director who made the recommendation but also the approval of the rest of the Board before the appointment is made.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	<p>No individual was seeking for election as a Director at the Company's 33rd Annual General Meeting ("AGM"), as disclosed in the statement accompanying the Notice of AGM.</p> <p>Evaluation on the Directors' performance and contribution to the Board will be included as part of the proposed resolutions in the notice of the coming 34th AGM of the Company, for Directors who will stand for re-election.</p> <p>All the interests, positions and relationships of the Directors are disclosed in detail in the Annual Report 2021.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by Mr Lee Kok Toong @ Lee Ming Heng, who is an Independent Director.	
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	:	Out of the Board's composition of six (6) Directors, one (1) of them is a female Director, namely Ms Teo Gim Suan.	
		Continuous efforts are being taken to identify and appoint additional female directors of calibre and who are suitable or familiar with the nature of business of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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 does not have a gender diversity policy in place at this juncture.	
		A policy which outlines the requirements on gender diversity would be drafted and tabled in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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>An annual assessment on the Board and Board Committees was conducted during the financial year ended 31 December 2021 by the Nomination Committee via peer review questionnaires which were facilitated by the Company Secretary and participated by all the Board members. The questionnaires covered the following areas: -</p> <ul style="list-style-type: none">• Assessment of the Board and Board Skills as a Whole<ul style="list-style-type: none">➢ <u>Board Composition and Accountability</u> which included reviewing the adequacy of the Board size, composition and qualifications of the respective Board members to govern the Company, by setting directions and providing critical oversight, as well as ensuring that appropriate internal control system, enterprise risk management and corporate governance framework are in place and are in compliance with the statutory and regulatory requirements.➢ <u>Board Information</u> which included assessing the comprehensiveness of information provided to the Board to make informed decisions, as well as the adequacy of financial information provided to the Board to understand the important issues and trends regarding the Company and its business.➢ <u>Standards of Conduct</u> which included evaluating the Board's disclosure on conflicts of interest and review and approval of related party transactions.➢ <u>Board's Oversight of Risks</u> which included evaluating the Board's understanding of the significant business risks faced by the Company, ensuring that the Board's periodic review of all material risk exposures and risk mitigation actions are in line with the risk management framework of the Company.• Review on the Board Committees (Nomination, Audit, Remuneration and Risk Management)

	<ul style="list-style-type: none"> ➤ Appraisal on the structure of each Committee and the appropriateness of framework provided in the Terms of Reference for carrying out the Committee members' responsibilities of the different Committees. ➤ Assessment on individual member of each Committee for sufficient and relevant expertise in fulfilling his role. ➤ Review on the appropriateness of the number, length and conduct of each Committee meeting. ➤ Appraisal on the adequacy of information for preparation of meetings to facilitate discussions and decision-making. ➤ Appraisal on the sufficiency of access to resources to enable each Committee member to function effectively. <p>Assessment on the tenure, performance and contribution of each Director was also carried out for the financial year ended 31 December 2021.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") which solely comprises of Independent Non-Executive Directors ensures that the Directors' remuneration packages remain competitive to attract, motivate and retain Directors with the relevant experience and expertise required for an effective Board. The RC is responsible for recommending to the Board the remuneration of the Executive and Non-Executive Directors, assisting the Board in assessing the responsibility and commitment undertaken by the Board members, as well as assisting the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned. The Directors are to abstain from all discussions and voting pertaining to their respective remuneration.</p> <p>The Remuneration Policy ("RP") outlines the justifications of a fair and just payout by taking into consideration the demand, complexities and performance of the Company, and is subject to a periodic review to ensure that the policy remains in line with the market competitiveness and that it is aligned with the business strategy and long-term objectives of the Company. The RP is made available on the Company's website at www.kretam.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	:		
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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	:	The Remuneration Committee of the Company recommends to the Board the remuneration of the Executive Directors and Independent Directors. The Terms of Reference of the Remuneration Committee has been in place since the establishment of the Committee and is made available on the Company’s website at www.kretam.com .	
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

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	:	Detailed disclosure on named basis for the remuneration of individual Directors is as follows:

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	Datuk Lim Nyuk Sang @ Freddy Lim	Executive Director	10	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	1,260	1,050	89	279	2,688
2	Lim Tshung Yu	Executive Director	10	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	372	248	22	76	728
3	Ho Sui Ting	Executive Director	10	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	450	206	39	79	784
4	Tan Kung Ming	Independent Director	10	Input info here	Input info here	Input info here	Input info here	66	76	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Teo Gim Suan	Independent Director	10	Input info here	Input info here	Input info here	Input info here	54	64	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Lee Kok Toong @ Lee Ming Heng	Independent Director	10	Input info here	Input info here	Input info here	Input info here	36	46	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	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
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure on a named basis for the remuneration of the single top senior management would not be of the best interest of the individual involved, due to the sensitivity of the matter and the competitiveness of the employment market.	
		Disclosure will be made at such time when there is more than one (1) top senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	Ms Teo Gim Suan, the Chairman of the Audit Committee is not the Chairman of 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

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The requirement of a cooling-off period of three (3) years prior to any appointment of a former key audit partner as a member of the Audit Committee (“AC”) is included in the Terms of Reference of the AC, which was revised on 26 November 2021. There had been no appointment of new members to the AC throughout the financial year ended 31 December 2021.	
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 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 suitability, objectivity and independence of the Company’s external auditor, Messrs Ernst & Young PLT (“EY”), is reviewed on an annual basis by the Audit Committee in order to justify EY’s re-appointment as the Group’s external auditor to the Board and for the approval of the shareholders.</p> <p>EY’s declaration of independence was made verbally and in writing to the Audit Committee through their annual audit plan as well as via the audit engagement letters, in accordance with the relevant regulatory requirements.</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 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	:	<p>The Audit Committee comprises of the following directors:</p> <ol style="list-style-type: none">1. Ms Teo Gim Suan (<i>Independent Non-Executive Director</i>)2. Mr Tan Kung Ming (<i>Independent Non-Executive Director</i>)3. Mr Lee Kok Toong @ Lee Ming Heng (<i>Independent Non-Executive Director</i>)

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>All the members of the Audit Committee possess the necessary experience and knowledge that are required for them to discharge their duties and are financially literate. Ms Teo Gim Suan, the Chairman, and Mr Tan Kung Ming are members of the Malaysian Institute of Accountants (MIA). Mr Lee Kok Toong @ Lee Ming Heng was an Audit Senior with Ernst & Young for 12 years and subsequently achieved his Chartered Institute of Management Accountants qualification while working for another company as a Finance Manager.</p> <p>Throughout the year of 2021, all the members have undertaken professional development to keep themselves abreast with the relevant developments in the accounting and auditing standards, practices and rules. Details of the training attended by the Directors collectively or individually, are as follows:</p> <ul style="list-style-type: none">• <i>AOB Conversation with Audit Committees</i> by Securities Commission Malaysia• <i>Audit Committee Conference 2021</i> by Malaysian Institute of Accountants• <i>EY Malaysia Budget Webinar 2022</i> by Ernst & Young Malaysia• <i>Fundamentals of Transfer Pricing</i> by Hernanres Services Sdn Bhd• <i>MEF Tax Webinar 2021 on Towards Employers' Readiness for LHDNM Tax Audit</i> by Malaysian Employers Federation• <i>National Tax Conference 2021</i> by Lembaga Hasil Dalam Negeri Malaysia and Chartered Tax Institute of Malaysia• <i>Seminar Percukaian Kebangsaan 2021</i> by Lembaga Hasil Dalam Negeri Malaysia
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	An effective risk management and internal control framework has been established, and had been reviewed and approved by the Board. The framework is disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2021 which has been reviewed by the Company’s external auditors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Risk Management Committee ("RMC") assists the Board in the aspect of risk management and monitoring as a means to assess the risk appetite and tolerance of the Group. The responsibilities of the RMC include identifying, managing and mitigating significant risks in order to safeguard the interest of the Group and its shareholders. The RMC generally meets twice a year to deliberate and re-assess the significance of each risk in order to ensure the effectiveness of the management in mitigating the risks. However, in view of the ongoing COVID-19 pandemic, only one (1) meeting was held in the financial year 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	A Risk Management Committee ("RMC") has been established by the Board in 2005. The RMC comprises of two (2) Non-Independent Executive Directors ("NIEDs") and one (1) Independent Non-Executive Director. The NIEDs are more familiar with the technicality of the respective operations of the Group, and are able to provide mitigation strategies of the operation risks faced by the Group.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The internal audit function (“IAF”) of the Group was outsourced to Messrs Jeta PLT. The IAF reports directly to the Audit Committee. The roles of the IAF are to review internal control systems implemented by the management and to make recommendations to aid the management in taking appropriate corrective actions.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function (“IAF”), outsourced to Messrs Jeta PLT for the financial year 2021, comprised the following persons responsible for the internal audit of the Group: -</p> <ol style="list-style-type: none">1. Chen Foo Siong, a partner of Jeta PLT and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia, with over 35 years of extensive experience in the audit of public listed companies and multi-national companies, had overall in charge of the internal audit function of the Group.2. Ms Ang Sui Ming, a senior manager of Jeta PLT and a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants, with more than 20 years of audit experience, leads the internal audit of the Company. <p>The IAF personnel, including their supporting staff, are free from any relationship or conflict of interest which could impair their objectivity and independence.</p> <p>The activities of the IAF are as follows: -</p> <ul style="list-style-type: none">• Carrying out internal audits on a rotation basis among the Plantation Division’s estates and mills, the Fertiliser Division, Marketing and Sales Division and the Corporate Office within the Group;• Gathering data, discussing with relevant personnel of the Group and reviewing available process documentation, policies, etc., to gain an understanding of the areas to be covered;• Meeting with process owners to discuss the intended approach, process overview and project logistics;• Interviewing/walking through to identify process, risks and controls of the specific areas to be covered;

	<ul style="list-style-type: none"> • Testing of key internal controls and discussing issues with Management as they are identified; • Verifying two significant risk management controls per cycle as listed in the Risk Management Register to confirm their implementation; • Holding periodic status meetings with process owners and with relevant Management personnel to discuss fieldwork status and any issues/findings identified to-date and/or specific issues or concerns and documenting thereof. • Preparing report on the findings, risks for each finding and action steps to be taken for each issue identified; and • Preparing the final report upon receipt of the Management's comments and presenting it to the AC. 	
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>The Board ensures effective dissemination of corporate and financial disclosures to the Company's stakeholders via the following means:</p> <ol style="list-style-type: none">1. Despatching the Group's Annual Report and circulars to shareholders (if any);2. Timely release of the Group's Quarterly Results announcements, circular to shareholders (if any) and other announcements to the regulatory authorities namely Bursa Securities;3. Accessibility of the Group's Annual Report, Quarterly Results announcements, circular to shareholders (if any) and other announcements through the Bursa Securities' website at www.bursamalaysia.com as well as the Company's website at www.kretam.com;4. Bursa Securities Link, whereby queries from Bursa Securities are addressed in a timely manner;5. Notifying shareholders of dates of AGM and other general meetings in the printed media and on the Bursa Securities' website to ensure communication with the shareholders;6. Holding dialogues with shareholders at the AGM and other general meetings and with stakeholders at forums on the Company's business and policies on the environment and sustainability; and7. The Company's website through which the shareholders and the stakeholders can have access to information or to forward their queries pertaining to the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company despatched the Notice of the 33rd Annual General Meeting (“AGM”) more than 28 days prior to the meeting despite Section 316(2) of the Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements which call for a 21-day notice for a listed issuer.</p> <p>The Notice of the AGM had outlined the resolutions that were tabled at the meeting together with the explanatory notes to the proposed resolutions for clarification to the shareholders so that better informed decisions could be made.</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

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>The Board acknowledges that the AGM serves as a platform for shareholders to participate in the meeting and provide meaningful responses to their questions. At the last AGM, all Directors attended the meeting. The Board encourages full attendance of the Directors at the AGM. During the proceedings of the last AGM, the Chairman of the meeting had allowed sufficient time to the floor during the questions and answers session.</p> <p>The Chairmen of the Audit, Nomination, Remuneration and Risk Management were present to address any enquiries directed to them.</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

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	:	Due to the extension of the Full Movement Control Order, the 33 rd Annual General Meeting (“AGM”) of the Company was conducted fully virtual via an online meeting platform. Hence, all shareholders were given the opportunity to attend and participate at the AGM regardless of their locations, and voting on the proposed resolutions was conducted electronically by Dvote Services Sdn Bhd, who was appointed as the Poll Administrator.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>All the shareholders who attended the 33rd Annual General Meeting ("AGM") conducted virtually were given sufficient opportunity to raise questions which were not restricted to the Company's financial and non-financial performance. All the shareholders' questions posed during the meeting were responded to.</p> <p>The full Board comprising the Chairman of the Board, the Executive Directors and the Independent Non-Executive Directors, the Head of Finance and Accounts, the Company Secretary and the External Auditors were all present at the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Company's 33rd Annual General Meeting ("AGM") conducted was fully virtual through live streaming and online remote voting using Remote Participation and Voting (or RPV) Facilities provided by Dvote Services Sdn Bhd which supported a smooth broadcast of the meeting and interactive participation by the shareholders.</p> <p>All the shareholders' questions which were submitted online at the meeting were read out by the Executive Director who answered them verbally.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<div>The minutes of the 33rd Annual General Meeting ("AGM") held on 28 June 2021 was circulated via the Company's website (www.kretam.com) on 7 September 2021.</div> <div>The Company would ensure that the minutes of the coming 34th AGM would be circulated within 30 business days after the AGM.</div>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	<div>Choose an item.</div>

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.

Not applicable to Kretam Holdings Berhad.
