

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5105
COMPANY NAME : Can-One Berhad
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The responsibilities of the Board of Directors of Can-One Berhad ("Can-One" or "the Company") ("Board") are set out in the Board Charter. Further details of the roles and responsibilities of the Board are set out in the Corporate Governance Overview Statement ("CG Overview Statement") in the Annual Report 2022.</p> <p>In discharging its duties, the Board is assisted by the Board Committees namely, the Audit and Risk Management Committee ("ARMC"), Remuneration Committee ("RC") and Nominating Committee ("NC"). Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board and are set out in the Board Charter. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("MCCG").</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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman holds an Independent Non-Executive position and is primarily responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at Board meetings reflect the consensus of the whole Board and not the views of any individual or group. His other responsibilities also include instilling good corporate governance practices.</p> <p>Further details of the responsibilities of the Chairman of the Board are set out in the Board Charter.</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 1.3

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Chairman of the Board, Dato' Seri Subahan Bin Kamal is an Independent Non-Executive Director, while Marc Francis Yeoh Min Chang is the Group Managing Director. There is a clear and distinct division of responsibilities between the Chairman and the Group Managing Director to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level. Their respective responsibilities are set out in the Board Charter. | |
| 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

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

Practice 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | The Chairman of the Board, Dato' Seri Subahan Bin Kamal does not hold any position in the ARMC, NC, RC or any other Board Committee, and neither does he participate in any or all of these Committees' meetings. The revised Board Charter of the Company which was approved and adopted on 25 November 2021, includes a statement which stipulates that the Chairman of the Board should not be a member of the ARMC, NC, RC or any other 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

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

Practice 1.5

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The current Company Secretaries of Can-One, Lydia Tong Yiu Shyian-Shyian and Kwong Shuk Fong; and the former Company Secretary, Tan Bee Keng, are qualified to act as company secretaries under Section 235(2) of the Companies Act (“CA”) 2016. All secretaries are also registered with the Companies Commission of Malaysia under Section 241 of the CA 2016 and are issued with practising certificates by the Registrar of Companies.</p> <p>Lydia Tong Yiu Shyian-Shyian holds a LLM in Professional Legal Practice from City Law School, London (UK) (2010), and a LLB (Honours) degree from University of Reading, (UK) (2008). She was called to The Honourable Society of Lincoln’s Inn, UK in 2009 and the Malaysian Bar in 2010 and is a member of Bar Council. She was a partner in a law firm from September 2015 to December 2022 in General Litigation and Conveying Practice. From October 2014 to August 2015, she served as Legal, Risk & Compliance Officer at ZICO Allshores Trust (S) Pte. Ltd. (Singapore). She was appointed as Joint Company Secretary on 1 February 2023.</p> <p>Kwong Shuk Fong has extensive experience in receivership, liquidation, corporate recovery and reconstruction and company secretarial work having served in both the secretarial services and commercial sectors. Prior to joining the Company in April 2013, she was an Assistant Company Secretary of a public listed company which is involved in distribution of tin cans. Prior to this, her experience was in listed company involved in oil and gas, renewable energy, industrial trading and services. She is a member of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and a Chartered Governance Professional under the Chartered Governance Institute.</p> <p>The former Company Secretary, Tan Bee Keng who has retired on 31 January 2023, is a member of MAICSA and a Chartered Governance Professional under the Chartered Governance Institute.</p> <p>The Company Secretaries’ responsibilities are set out in the Board Charter.</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

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>Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on Can-One and its subsidiaries ("the Group" or "Can-One Group") financial performance, status of major projects, future development, the quarterly or annual financial results, internal audit reports, the minutes of preceding meetings of the Board and Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled. Meetings materials are circulated to the Board and Board Committees' members, 5 business days prior to their respective Meetings.</p> <p>The minutes of the said Meetings are circulated and confirmed as a correct record of the proceedings by the Board and Board Committees at their subsequent respective meetings.</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 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 Charter of the Company serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.</p> <p>The roles and responsibilities of the Board, Board Committees, Chairman, Managing Director/Executive Directors, Non-Executive Directors, Senior Independent Non-Executive Director, Independent Non-Executive Directors and the Company Secretary are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.</p> <p>The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary. The Board Charter was reviewed and the revised Board Charter was approved and adopted on 25 November 2021 in line with the needs of the Group and the Practices in MCG. This is to ensure its relevance for good corporate governance practices within the Group.</p> <p>The Board Charter is available on the Company's website at www.canone.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| 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 3.1

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

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company has in place the 'Code of Best for Practice' applicable to Directors which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct that in turn promotes the values of governance, compliance, transparency, integrity, accountability and social responsibility.</p> <p>There is also in place, a 'Policy on Corporate Code of Conduct' ("Code") which is applicable to employees of the Group, and it contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere in the course of their work covering among others, the following:</p> <ul style="list-style-type: none"> • compliance with rules and regulations; • conflict of interest; • confidentiality; • safeguarding of the Group's intellectual property and assets; • prevention of abuse of power; and • Anti-Bribery and Anti-Corruption. <p>The Code is available on the Company's website at www.canone.com.my.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 3.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company has in place a Policy on Whistle-Blowing which includes the procedures on whistle blowing.</p> <p>The Policy on Whistle-Blowing is available on the Company's website at www.canone.com.my.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.1

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

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

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

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| Application | : Applied |
| Explanation on application of the practice | <p>: The Board of the Company is responsible for setting the Group’s sustainability strategies. The Governance Structure for Can-One’s sustainability management is set out below.</p> <div style="text-align: center;"> <pre> graph TD A[Board of Directors] --- B[Audit and Risk Management Committee] B --- C[Sustainability Reporting Executive Committee] C --- D[Sustainability Reporting Officer] </pre> </div> <p>The Board is ultimately responsible for the Group’s sustainability. It ensures that the Group’s business strategies give due considerations to all aspects of sustainability as prescribed by Bursa Securities.</p> <p>The ARMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group’s businesses are conducted in a sustainable manner. The ARMC receives updates on sustainability matter twice a year.</p> <p>The Sustainability Reporting Executive Committee identifies and evaluates sustainability risks and opportunities. It oversees the sustainability management at each subsidiary/ business unit. The Sustainability Reporting Executive Committee comprises heads of subsidiaries/business units.</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

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 | <p>The Group pursues its sustainability approach according to the following sustainability principles:</p> <ul style="list-style-type: none"> • Ensuring compliance with all relevant law and regulations applicable to the Group. • Periodically review its sustainability approach and practices for improvement and to ensure the journey aligns with the Group's business objectives. • Continuously engage and communicate with all relevant stakeholders for the identification, assessment, and management of material sustainability matters. • A robust governance structure to provide leadership, oversight, and accountability. <p>The Group conducts periodic engagement with stakeholders because the Group recognises that their perspectives may be important in helping the Group stay well informed of any key issues or risks that may impact the Group's business.</p> <p>From a stakeholder driven assessment conducted in the Fourth Quarter of the financial year ended 31 December ("FYE") 2020 by way of a survey to identify the Group's significant economic, environment and social matters that substantially impact and influence the decisions of our stakeholders, the Management had selected 7 key materials matters to focus efforts on and to set targets for 2022 and beyond.</p> <p>The following were the targets reviewed and approved by the ARMC:</p> <table border="1" data-bbox="430 1568 1420 2016"> <thead> <tr> <th data-bbox="430 1568 598 1624">Sustainability Pillar</th> <th data-bbox="598 1568 853 1624">Key Material Matters</th> <th data-bbox="853 1568 1420 1624">Sustainability Targets</th> </tr> </thead> <tbody> <tr> <td data-bbox="430 1624 598 1736">Economic</td> <td data-bbox="598 1624 853 1736"> <ul style="list-style-type: none"> • Product Innovation • Governance and Ethics </td> <td data-bbox="853 1624 1420 1736"> <ul style="list-style-type: none"> • Zero product recall from packaging material defects • Zero bribery and corruption cases reported • Procure from suppliers who are ethically compliant </td> </tr> <tr> <td data-bbox="430 1736 598 2016">Environment</td> <td data-bbox="598 1736 853 2016"> <ul style="list-style-type: none"> • Responsible Waste Management • Energy Consumption and Emission </td> <td data-bbox="853 1736 1420 2016"> <ul style="list-style-type: none"> • Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam plant, substitution of coal energy to greener source • Energy efficiency will be given high consideration for future machinery and equipment investment </td> </tr> </tbody> </table> | | | Sustainability Pillar | Key Material Matters | Sustainability Targets | Economic | <ul style="list-style-type: none"> • Product Innovation • Governance and Ethics | <ul style="list-style-type: none"> • Zero product recall from packaging material defects • Zero bribery and corruption cases reported • Procure from suppliers who are ethically compliant | Environment | <ul style="list-style-type: none"> • Responsible Waste Management • Energy Consumption and Emission | <ul style="list-style-type: none"> • Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam plant, substitution of coal energy to greener source • Energy efficiency will be given high consideration for future machinery and equipment investment |
| Sustainability Pillar | Key Material Matters | Sustainability Targets | | | | | | | | | | |
| Economic | <ul style="list-style-type: none"> • Product Innovation • Governance and Ethics | <ul style="list-style-type: none"> • Zero product recall from packaging material defects • Zero bribery and corruption cases reported • Procure from suppliers who are ethically compliant | | | | | | | | | | |
| Environment | <ul style="list-style-type: none"> • Responsible Waste Management • Energy Consumption and Emission | <ul style="list-style-type: none"> • Minimise waste generation. Scheduled waste management compliant with regulatory framework • Air emission consistently meet Department of Environment guidelines • Adoption of solar energy as renewable source for greenfield sites. For Vietnam plant, substitution of coal energy to greener source • Energy efficiency will be given high consideration for future machinery and equipment investment | | | | | | | | | | |

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| | Social | <ul style="list-style-type: none"> • Occupational Health and Safety • Diversity and Fair Treatment • Employee Engagement | <ul style="list-style-type: none"> • Zero employee and contractor fatality • Increase female representation by 10% by 2025 • Increase staff retention rate by 3% by 2025 • Improve staff satisfaction rate by 5% by 2025 |
| <p>Progress and measurement of performance against targets are published in the Company's annual Sustainability Report. The report is available at Bursa Securities website (as part of Annual Report) and Company's website at canone.com.my/sustainability.</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

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 is kept abreast via the bi-yearly Sustainability Report, and also meetings with the Group Managing Director; Executive Directors and General Manager of Audit, Risk and Sustainability. | |
| 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 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 | : | Applied | |
| Explanation on application of the practice | : | <p>Updates to Directors’/Key Officers’ Evaluation Form was made to include setting the Company’s sustainability strategies, priorities and targets, and identifying and addressing the material sustainability matters.</p> <p>The NC, conducted the evaluations of the Board and Senior Management in November 2022 using the updated Directors’/Key Officers’ Evaluation Form.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5- 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.

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| <i>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.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : Ho Yik Kit is the General Manager of Audit, Risk and Sustainability of the Group. His responsibilities include overseeing the implementation of the Group’s sustainability strategy, communicates and coordinate with management, shareholders, customers and employees to address sustainability issues relating to environment, social and governance. He is a member of the Institute of Certified Sustainability Practitioners and is a Certified Sustainability Practitioner. He is also a member of Malaysian Institute of Accountants (“MIA”). During the FYE 2022 he attended the following: <ul style="list-style-type: none">• 7th Sustainability Practitioner Conference 2022.• ISO 37001 Anti Bribery Management Systems Awareness and Implementation.• Corporate Financial Reporting Conference (International Sustainability Standards Board, ESG and Climate Change Disclosure Reporting).• MIA Conference - Leading ESG, Charting and Sustainability.• KPMG briefing on ESG: Understanding how it enhances Can-One Berhad’s corporate value. |

Intended Outcome

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

Practice 5.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The responsibilities of the NC included among others, to evaluate the effectiveness of the Board and Board Committees (including its size and composition), contribution and performance of each individual Director and the independence of the Independent Directors of the Company on an annual basis.</p> <p>Members of the NC, Yeoh Jin Beng and Razmi Bin Alias ("Razmi") resigned as a member of the NC on 1 January 2022, and on the recommendation of the NC, Datuk Dr. Syed Hussain Bin Syed Husman, J.P. ("Datuk Dr. Syed Hussain") and Chong Sook Leng were appointed as members in their place on even date. The NC also recommended the change of the composition of the ARMC by appointing Chua Put Moy in replacement of Razmi and Datuk Dr. Syed Hussain as Chairman of RC in place of Yeoh Jin Beng with effect from 1 January 2022.</p> <p>On February 2022, the NC recommended to the Board, the appointment of Goh Teck Hong as Executive Director of the Company to add value to the Group with his qualification, skills and experience.</p> <p>On May 2022, the NC recommended to the Board the Directors' Fit and Proper Policy for consideration and approval; adopted the revised Due Diligence Checklist for Candidates for Directorship; and recommended to the Board the appointment of Yeoh Jin Hoe as the member of the RC. On even date, the NC recommended to the Board, the appointment of Rajaretnam Soloman Daniel as Independent Non-Executive Director of the Company, Chairman of the NC and member of the ARMC; and Kee E-Lene as Independent Non-Executive Directors of the Company and member of the NC, with effect after the conclusion of the Eighteenth Annual General Meeting ("AGM") of the Company on 29 June 2022 respectively.</p> <p>The Independent Directors were assessed via the Independent Directors' Self-Assessment Checklist, while individual Directors and the composition of the Board/Board Committees were assessed using the Directors' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet.</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

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

Practice 5.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | Following the changes in Board composition viz, resignation of Independent Non-Executive Directors, Razmi Bin Alias and Chua Put Moy, retirement of Independent Non-Executive Director, Chong Sook Leng at the conclusion of Eighteenth AGM and appointment of 2 new Independent Non-Executive Directors, Rajaretnam Soloman Daniel and Kee E-Lene on 29 June 2022, the number of Independent Directors on the Board were 5 (50.0%). The composition of the Board was as follows: <ul style="list-style-type: none">➤ 1 Independent Non-Executive Chairman;➤ 4 Independent Non-Executive Directors;➤ 2 Non-Independent Non-Executive Directors;➤ 1 Group Managing Director; and➤ 2 Executive Director |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.3

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

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

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

Intended Outcome

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

Practice 5.4 - Step Up

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

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| <i>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.</i> | |
| Application | : Adopted |
| Explanation on adoption of the practice | : The Company has implemented a cumulative 9-year term limit without further extension for Independent Directors via the update of its Board Charter on 25 November 2021. |

Intended Outcome

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

Practice 5.5

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

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

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|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC is delegated with the responsibility of assessing and considering and recommending to the Board, suitable nominees for appointment as Directors, after taking into consideration, the candidates' age, race, gender, background capabilities, expertise, experience, character, integrity, professionalism, time commitment and other factors that will best qualify the candidates to serve on the Board of the Company. In the case of candidates for the position of Independent Non-Executive Directors, they must meet the independence criteria defined in the MMLR of Bursa Securities.</p> <p>The Company has in place the Board Diversity Policy which was revised and approved for adoption on 25 November 2021.</p> <p>Full attendance of the Directors of the Company were recorded at all the 4 Board meetings held during the FYE 2022. Full attendance of Committee members were also recorded at all meetings of the 3 Board Committees held during FYE 2022.</p> <p>All the current Directors of the Company do not hold existing board positions in more than 5 listed companies.</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

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 Board has in place a Policy on Nominating and Assessment Process of Board members which sets out the process and criteria for selection and assessment of potential candidates for election to the Board of the Company. It is specified in the said policy that in identifying candidates for appointment as Director, the following approaches will be deployed in sourcing for Board candidates:</p> <ul style="list-style-type: none">➤ Referrals from Board members, management and major shareholders➤ Directors' registry (e.g. Institute of Corporate Directors Malaysia)➤ Industry and professional associations➤ Independent search firms <p>The aforesaid policy is to be practiced in conjunction with the Board Diversity Policy of the Company.</p> <p>The 3 new candidates, Goh Teck Hong, Rajaretnam Soloman Daniel and Kee E-Lene who were appointed on 1 March 2022 and 29 June 2022 respectively were selected from an adequate pool of qualified candidates which the Management and Board members have. The persons who recommended them were not involved in the conduct of the screening interview nor the appointment process. The NC screened them using the Due Diligence Checklist which comprises a set of questions on their background information, qualifications, job experience, and their declarations.</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 5.7

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>The Board had evaluated Directors, Foo Kee Fatt and Yeoh Jin Beng, who are standing for re-election at the Nineteenth AGM which will be held on 28 June 2023 using the Directors' Evaluation Form as well as the Independent Director's Self-Assessment Checklist, where applicable, to assess each of their caliber and ability to understand the requirements, risk and management of the Group's business; contribution and performance; character, integrity and professional conduct in dealing with conflict of interest situations; ability to critically challenge and ask the right questions; commitment and due diligence, confidence to stand up for a point of view; interaction at meetings and training records for the FYE 2022 and, where relevant, his independence. Based on the evaluation results, both Directors, Foo Kee Fatt and Yeoh Jin Beng met the performance criteria required of an effective member of the Board.</p> <p>The recommendation for re-election of newly-appointed Directors, viz., Rajaretnam Soloman Daniel and Kee E-Lene were based on the prior assessments of the Board, before their appointment as Director. During the Directors' selection process, they were assessed of their attributes in competency, time commitment and potential contribution.</p> <p>The profile of each of the abovementioned Directors is set out on Pages 7 to 9 in the Annual Report 2022 as well as the Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest with Can-One.</p> <p>The Board has provided a statement to support the re-election of the abovementioned Directors in the Explanatory Notes to the Notice of the Nineteenth AGM dated 28 April 2023.</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 NC is chaired by Rajaretnam Soloman Daniel, the 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 | : | <p>The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board.</p> <p>The Board had, on 25 November 2021 approved and adopted the revised Board Diversity Policy to set the target and timeframe for the Company to achieve at least 30% woman participation on the Board by 2023. The Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p> <p>Towards this aim, the number of women directors on the Board will be increased from 10% to 30% by 2023.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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 5.10

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Board has disclosed the Gender Diversity Policy on Page 62 in the Annual Report 2022. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |
| | | | |

Intended Outcome

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 | : On 24 November 2022, the NC undertook an evaluation of the Board, Board Committees and each individual Directors. The evaluation was conducted using the Independent Director Self-Assessment Checklist, Directors' Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet. The NC, after having conducted the above evaluation, concluded that: (i) all the 5 Independent Directors of the Company viz., Dato' Seri Subahan Bin Kamal, Foo Kee Fatt, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Rajaretnam Soloman Daniel and Kee E-Lene continued to demonstrate conduct and behaviour that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities. (ii) each Director of the Company has the requisite competence and caliber to serve on the Board and the Board Committees and had continued to demonstrate his commitment to the Company in terms of time, participation and dialogue during the FYE 2022. (iii) the Board and the Board Committees' respective responsibilities were well-defined and set out in the Board Charter of the Company. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is also met. The Board members unanimously concurred with the above conclusions of the NC. |

| | | |
|--|--|--|
| 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 | : | The Company has in place a Remuneration Policy for Directors and Senior Management aimed to create a strong performance-oriented environment, and to attract, develop and retain talent. The Remuneration Policy for Directors and Senior Management is available on the Company's website at www.canone.com.my . |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.2

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

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Company has a RC and the RC's Terms of Reference is set out in the Board Charter of the Company which is available on the Company's website at www.canone.com.my . | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 8.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Detailed disclosures of the remuneration breakdown of each Director on a named basis for FYE 2022 are provided in the following page, and the footnotes thereto are set out herein below:</p> <p>Notes:</p> <ul style="list-style-type: none">(1) Razmi Bin Alias resigned as Independent Non-Executive Director of the Company on 1 January 2022.(2) Chua Put Moy resigned as Independent Non-Executive Director of the Company on 11 April 2022.(3) Goh Teck Hong appointed as Executive Director of the Company on 1 March 2022.(4) Chong Sook Leng retired at the conclusion of the Eighteenth AGM of the Company held on 29 June 2022(5) Salary comprised basic salary, EIS, EPF and SOCSO.(6) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance and phone bill. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|--|----------------|-----------|--------|-------|------------------|------------------|--------------|--------------|-----------|---------|---------|------------------|------------------|----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato' Seri Subahan Bin Kamal | Independent Director | 80.4 | 7.5 | - | - | - | - | 87.9 | 80.4 | 7.5 | - | - | - | - | 87.9 |
| 2 | Yeoh Jin Hoe | Non-Executive Non-Independent Director | 71.2 | 7.5 | - | - | - | - | 78.7 | 187.2 | 16.5 | 4,926.4 | 2,054.0 | 15.5 | - | 7,199.6 |
| 3 | Yeoh Jin Beng | Non-Executive Non-Independent Director | 67.2 | 7.5 | - | - | - | - | 74.7 | 117.2 | 7.5 | - | - | - | - | 124.7 |
| 4 | Foo Kee Fatt | Independent Director | 100.2 | 7.5 | - | - | - | - | 107.7 | 143.0 | 10.5 | - | - | - | - | 153.5 |
| 5 | Razmi Bin Alias | Independent Director | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Datuk Dr. Syed Hussain Bin Syed Husman, J.P. | Independent Director | 106.8 | 7.5 | - | - | - | - | 114.3 | 106.8 | 7.5 | - | - | - | - | 114.3 |
| 7 | Chua Put Moy | Independent Director | 29.6 | 1.5 | - | - | - | - | 31.1 | 46.2 | 3.0 | - | - | - | - | 49.2 |
| 8 | Chong Sook Leng | Independent Director | 36.4 | 4.5 | - | - | - | - | 40.9 | 36.4 | 4.5 | - | - | - | - | 40.9 |
| 9 | Rajaretnam Soloman Daniel | Independent Director | 51.1 | 3.0 | - | - | - | - | 54.1 | 51.1 | 3.0 | - | - | - | - | 54.1 |
| 10 | Kee E-Lene | Independent Director | 37.6 | 3.0 | - | - | - | - | 40.6 | 37.6 | 3.0 | - | - | - | - | 40.6 |
| 11 | Marc Francis Yeoh Min Chang | Executive Director | 67.2 | 7.5 | 419.5 | 120.0 | 7.2 | - | 621.4 | 117.2 | 7.5 | 2,107.4 | 614.0 | 48.6 | - | 2,894.7 |
| 12 | Chee Khay Leong | Executive Director | 67.2 | 7.5 | 253.7 | 80.0 | - | - | 408.4 | 152.2 | 16.5 | 3,333.3 | 1,132.4 | 22.7 | - | 4,657.1 |
| 13 | Goh Teck Hong | Executive Director | 56.3 | 6.0 | 410.4 | 140.0 | 20.0 | - | 632.7 | 56.3 | 6.0 | 877.1 | 200.0 | 24.0 | - | 1,163.4 |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

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

Practice 8.2

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board considered the information of the remuneration of the top 5 Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and such confidentiality supports the Company's efforts to attract and retain executive talent.</p> <p>The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the disclosures of their remuneration in categories and bands of RM50,000 as disclosed in Page 58 of the Annual Report 2022 under the CG Overview Statement.</p> <p>The Board ensures that the remuneration of the Senior Management commensurate with the overall performance of the Group and the general economic situation, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.</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. |

| 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 | : | The Chairman of the ARMC is Foo Kee Fatt while the Chairman of the Board is Dato' Seri Subahan Bin Kamal. | |
| 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 policy that requires a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the Audit Committee is stipulated in the existing Terms of Reference of the ARMC. | |
| 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 Company has in place the External Auditors' Assessment Policy and had carried out an annual assessment on the performance, suitability and independence of the external auditors based on the following 6 keys areas:</p> <ul style="list-style-type: none"> (a) competence and quality of service; (b) sufficiency of resources; (c) ability to meet deadlines and responding to issues in a timely manner; (d) communication and interaction with the Management; (e) independence, objectivity and professionalism; and (f) whether there are any reprimand or sanction imposed by Audit Oversight Board. <p>The External Auditors' Assessment Policy is available on the Company's website at www.canone.com.my.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The ARMC of the Company consists entirely of Independent Directors. They are:</p> <ol style="list-style-type: none">1. Foo Kee Fatt (Chairman)2. Datuk Dr. Syed Hussain Bin Syed Husman, J.P. (Member)3. Rajaretnam Soloman Daniel (Member - appointed on 29 June 2022)4. Chua Put Moy (Member - appointed on 1 January 2022 and ceased to hold office on 11 April 2022)5. Razmi Bin Alias (Member - resigned on 1 January 2022) |

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 members of the ARMC possess the necessary skills to discharge their duties and are financially literate. The profile of the ARMC Chairman, Foo Kee Fatt and ARMC member, Dato' Dr. Syed Hussain Bin Syed Husman, J.P. are provided in Page 8 of the Annual Report 2022. Another ARMC member Rajaretnam Soloman Daniel's profile is set out in Page 9 of the Annual Report 2022.</p> <p>Details of webinars, conferences and dialogues attended/participated by each of them during FYE 2022 are disclosed in Pages 64 and 65 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

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 | : | The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks. The details of the framework are disclosed in the Statement on Risk Management and Internal Control in Pages 73 to 77 of the Annual Report 2022. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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 key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control on Pages 73 to 75 of the Annual Report 2022.</p> <p>(A) <u>Identifying risks</u></p> <p>Risk is defined as an event which will cause the Group to suffer financial or non-financial losses in the short-term or long-term. From another perspective, a risk may also be in the form of a missed opportunity to earn more profit.</p> <p>In the risk identification process, all potential events that could adversely impact the achievement of business objectives are identified by the Risk Management and Sustainability Working Group (“RMSWG”).</p> <p>The risks can typically be categorised into the following Group's objectives:</p> <ul style="list-style-type: none">• Strategic – high level goals, aligned with and supporting the Group's mission• Operation – effective and efficient use of resources• Reporting – reliability of financial reporting• Compliance – compliance with applicable laws and regulations <p>(B) <u>Quantify risks</u></p> <p>The risks which are identified are quantified for their impact on the Group.</p> <p>The potential impact of a risk event is the combination of the likelihood (probability) which the risk will happen and the impact (gravity) which it will cause if the risk does happen.</p> |

A score of (1) to (5) will be assigned for likelihood and impact.

Consequently, a risk event may have a combined score of (1) up to (25) depending on its likelihood and impact scores. A risk with a high rating poses more serious threat to the organisation than a low rating risk. The risk will be mapped into the following risk heat-chart:

| | | | | | | |
|------------|---|--------|---|---|---|---|
| LIKELIHOOD | 5 | M | M | H | H | H |
| | 4 | M | M | M | H | H |
| | 3 | L | M | M | M | H |
| | 2 | L | L | M | M | M |
| | 1 | L | L | L | M | M |
| | | 1 | 2 | 3 | 4 | 5 |
| | | IMPACT | | | | |

(C) Responses to risks

For each risk identified, the Management will have 1 or more of the following response options:

- Avoid the risk by not proceeding with an activity which generates the risk.
- Treat the risk by applying controls to minimise the likelihood or impact of the risk.
- Transfer the risk by sharing the impact of the risk with outside parties such as insurance or joint-venture.
- Tolerate the residue (balance) risk if it is within the Group’s risk appetite.

(D) Risk control strategies

For each of the type of risk response chosen, the relevant control strategies are identified.

If an existing control falls short of its effectiveness or if there is no existing control in managing a significant risk, then new control strategies must be developed to manage the risk so that the residue risk is reduced to an acceptable level.

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| | <p>(E) <u>Monitoring of risks and controls</u></p> <p>Ongoing risk monitoring is conducted to review the effectiveness of the control strategies in respect of the risks identified and corrective actions are taken, where necessary. In this respect, Key Risk Indicators are set for each risk to help the RMSWG in the risk monitoring process.</p> <p>(F) <u>Periodic review</u></p> <p>Risk profile of the Group changes with the internal and external organisational developments. An event regarded as low risk today may become high risk in future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process which forms part of the operation of the Group. In this regard, the risk profile and control processes will be continually updated on a regular basis, at least quarterly.</p> <p>The RMSWG of each entity reports to the Risk Management Executive Committee (“RMEC”) and the RMEC will then meet to discuss and evaluate the RMSWGs’ reports for adoption. Thereafter, the RMEC will report to the ARMC twice a year about key risks and risk management activities carried out during that period.</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.

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

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.

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|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Group utilises the in-house Internal Audit Department as well as the services of an external independent consulting firm (collectively, “Internal Auditors”) to undertake independent regular and systematic review of the system of internal controls within the Group based on the approved Internal Audit Plan so as to provide reasonable assurance on the adequacy and effectiveness of governance, risk management and the internal control processes. The Internal Auditors provide the Committee with independent and objective reports on the state of internal control of the Group’s operations, the extent of the branches’ compliance with the Group’s policies, procedures and relevant statutory requirements and made recommendations, where necessary. The Committee then deliberates on the internal audit reports to ensure recommendations made are duly acted upon by the Management.</p> <p>Details of the Internal Audit function are set out in Page 72 and also Pages 76 and 77 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

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.

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|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function for the Group [excluding Kian Joo Can Factory Berhad group of companies (“KJCFB Group”) and Box-Pak (Malaysia) Bhd group of companies] in FYE 2022 was outsourced to an external independent consulting firm, Tan Yen Yeow & Company (“TYY & Co.”) The Internal Audit (“IA”) team of TYY & Co. is headed by the Director, Tan Yen Yeow. He is a Chartered Accountant registered with the Malaysian Institute of Accountants. He is also a member of The Institute of Internal Auditors Malaysia and a Certified Internal Auditor. The IA team of TYY & Co. is free from any relationships or conflicts of interest, which could impair the objectivity and independence of the team. The IA adopts a risk-based approach in developing its audit plan and addresses core auditable areas of the Group based on their risk profile.</p> <p>The IA department of KJCFB Group governs itself by adhering to the Institute of Internal Auditors’ International Professional Practices Framework (“IPPF”). In addition, the IA department maintains a quality assurance and improvement program that covers all of the IA activity (including ongoing internal assessments and external assessments) in order to meet the IPPF standard requirements. The total number of auditors in the IA department during the FYE 2022 was 8. None of the IA department staff has family relationship with any Director and/or major shareholder of the Company. The IA Manager, Chandran A/L Kottamuthu holds a Degree in Business Admin (Hons) from Universiti Utara Malaysia, Diploma in Planning and Strategic Management and is a Certified System Investigator (“CSI”). He has many years of IA experience working in the manufacturing and retail industries. The IA function adopts a risk-based approach in developing its audit plan and addresses key audit areas of KJCFB Group based on their risk profile. Ad-hoc investigations and special reviews are also carried out when requested.</p> <p>During FYE 2022, the Group engaged RSM Vietnam Auditing and Consulting Company Limited to independently verify and confirm the adequacy and effectiveness of the internal control systems in the</p> |

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| | Procurement to Pay, Order to Cash and Inventory Control and Management cycles in Box-Pak (Vietnam) Co., Ltd. and Box-Pak (Hanoi) Co., Ltd.. Another independent firm, KMF Auditing Company Limited was also engaged to verify and confirm the adequacy and effectiveness of the internal control systems in the Sales and Receivable cycles in Kian Joo Can (Vietnam) Co., Ltd.. | |
| 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.

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|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Group's latest financial performance and material business/ corporate matters affecting the Company are made available to shareholders and investors through the Company's Annual Reports, the various disclosures and announcements made by the Company to Bursa Securities and the Company's website at www.canone.com.my.</p> <p>The AGM provides the principal platform for dialogue and interactions with the shareholders on an annual basis.</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 12.2

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

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| 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>At least 28 days' notice period was given in respect of the Company's Eighteenth AGM which was held on 29 June 2022. The notice convening the said AGM was dated 28 April 2022.</p> <p>Likewise, at least 28 days' notice period will be given for the Company's forthcoming Nineteenth AGM which will be held on 28 June 2023.</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 13.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>At the Company's Eighteenth AGM which was held on 29 June 2022, all the Directors of the Company attended the said AGM virtually.</p> <p>Barring unforeseen circumstances, all the Directors have confirmed their attendance and participation for the forthcoming AGM which will be conducted virtually and live-streamed from the broadcast venue on 28 June 2023.</p> <p>The Board members who are also Chairman of the Board Committees have always been present at the AGM to respond to questions raised by the shareholders if addressed to them.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company held its Eighteenth AGM on 29 June 2022 fully virtual and live-streamed from the broadcast venue. This had allowed shareholders to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely (collectively, “participate”) via the Remote Participation and Voting (“RPV”) facilities provided by our poll administrator, Agmo Digital Solutions Sdn. Bhd. (“Agmo”) through its Vote2U Online website at https://web.vote2u.my.</p> <p>The Company will again conduct its forthcoming Nineteenth AGM on 28 June 2023 virtually and live-streamed from the broadcast venue.</p> <p>The virtual AGM is in compliance with the Company’s Constitution, CA 2016 and other legal requirements.</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 13.4

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.

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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.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : Shareholders of the Company were given sufficient opportunity to pose their questions commencing 28 April 2022 before the Company's Eighteenth AGM on 29 June 2022 and during the said AGM. The Company had made available the Administrative Details for the Eighteenth AGM in the Annual Report 2021 and/or Circular to shareholders as well as on its website, which includes the steps to submit questions for the Board before the AGM and during the AGM via Vote2U Online website. During the Eighteenth AGM, the Chairman of the Board had also informed the shareholders that they could raise questions in real time by transmitting their questions via the RPV facilities provided by Agmo via Vote2U Online website at https://web.vote2u.my . All the questions from shareholders were addressed by the Chairman of the Board, Group Managing Director and Group Finance Director after the conclusion of the agendas of the AGM. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 13.5

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>In view of the COVID-19 pandemic and having regard for the well-being and safety of the shareholders, the Eighteenth AGM was conducted fully virtual on the Online Meeting Platform provided by our Poll Administrator, Agmo.</p> <p>The Poll Administrator, Agmo had verified the eligibility of shareholders/corporate representatives/proxies to attend the Eighteenth AGM based on the General Meeting Record of Depositors as at 21 June 2022 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the RPV at the Eighteenth AGM.</p> <p>Each questions received from shareholders before and during the AGM were broadcasted to all meeting participants during the Question and Answer Session, as and when the Chairman of the Board, Group Managing Director and the Group Finance Director provided their responses to the respective questions accordingly in an orderly manner. Additional questions from shareholders received during the 20 minutes Polling Session were addressed before the announcement of results.</p> <p>The poll results of the Eighteenth AGM were verified by the Scrutineers, Aegis Communication Sdn Bhd and the results of the poll were displayed on the screen when the Chairman of the Board declared that all the resolutions were duly carried.</p> |
| Explanation for departure | : |

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

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| 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.

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| <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 Eighteenth AGM which was held on 29 June 2022 was posted on the Company's website on 21 July 2022. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

**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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