

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5105
COMPANY NAME : Can-One Berhad
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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 2023.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman holds a Senior 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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board, Tun Arifin Bin Zakaria is a Senior 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	:		
<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 :	Applied
Explanation on application of the practice :	The Chairman of the Board, Tun Arifin Bin Zakaria 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.

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 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).</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 and a Chartered Governance Professional under the Chartered Governance Institute.</p> <p>The Company Secretaries' responsibilities 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 1.6

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>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.

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 of the Company is subject to periodic review and updates by the Board whenever deemed necessary. The Board Charter was reviewed and updated on 30 November 2023 in line with the MMLR of Bursa Securities. It was 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	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by the Code of Ethics established by the Companies Commission of Malaysia for Company 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"), Anti-Corruption Policy as well as Standard Operating Procedure for Anti-Corruption, which are 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 said Policy, standard operating procedure and the Code are all available on the Company's website at www.canone.com.my.</p>
Explanation for departure	:	
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Measure	:	
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Intended Outcome

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

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

Practice 3.2

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

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.

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 data-bbox="630 1003 1321 1384" data-label="Diagram"> <pre> graph TD A[Board of Directors] --- B[Audit and Risk Management Committee] B --- C[Sustainability Reporting Executive Committee] C --- D[Sustainability Working Groups] </pre> </div> <p>The Board is ultimately responsible for the Group’s sustainability. It assumes overall responsibility for and oversight of the Group’s sustainability agenda.</p> <p>The ARMC takes on the additional role and responsibility of Sustainability Executive Committee. The ARMC and Sustainability Reporting Executive Committee supports the Board’s oversight of the Group’s sustainability related topics; evaluates and advise the Board on sustainability strategies, policies relating to sustainability practices and initiatives and priorities; aligns sustainability strategy to long term business growth and goals; and receives updates and advise Board on sustainability matter half yearly.</p>

	Sustainability Working Groups comprise cross functional representatives from senior and middle management across the Group's operating entities. It involves day-to-day implementation of the strategies, policies, initiatives, and plans; maintain data records, monitor and report on progress to Sustainability Reporting Executive Committee and provide guide and support the companies within the Group on sustainability related matters.	
Explanation for departure	:	
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Intended Outcome

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

Practice 4.2

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

Application	:	Applied												
Explanation on application of the practice	:	<p>The Group's approach to sustainability is underpinned by a robust governance structure where the Board together with the ARMC evaluate and approve the strategies and initiatives to instil a sustainability culture and practices throughout the Group.</p> <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>The Group current materiality assessment is based on a stakeholder survey conducted in Fourth Quarter of financial year ended 31 December ("FYE") 2020. The Group aim to carry out a comprehensive materiality assessment once every 3 years.</p> <p>The following were the Group's key targets and progress to-date:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Material Matters</th> <th style="width: 35%;">Targets</th> <th style="width: 40%;">Current progress against targets</th> </tr> </thead> <tbody> <tr> <td>Product Innovation</td> <td>➤ Zero product recall from packaging material defects</td> <td> <ul style="list-style-type: none"> • No product recall cases reported or received for the FYE 2023 </td> </tr> <tr> <td>Governance and Ethics</td> <td> <ul style="list-style-type: none"> ➤ Zero bribery and corruption cases reported ➤ Procure from ethically compliant suppliers </td> <td> <ul style="list-style-type: none"> • No corruption, bribery, or unethical business conduct cases in FYE 2023 • In FYE 2023, 111 suppliers in the Group went through the Group's self-assessment questionnaire on ethical business practices • No complaints received on human rights violations </td> </tr> <tr> <td>Responsible Waste Management</td> <td>➤ Minimise waste generation. Scheduled waste management compliant with regulatory framework</td> <td> <ul style="list-style-type: none"> • Scheduled waste management at all the Group's plants complied with the respective country's regulatory framework in FYE 2023 • No violations or summons received in FYE 2023 • 92% of waste was recyclable </td> </tr> </tbody> </table>	Material Matters	Targets	Current progress against targets	Product Innovation	➤ Zero product recall from packaging material defects	<ul style="list-style-type: none"> • No product recall cases reported or received for the FYE 2023 	Governance and Ethics	<ul style="list-style-type: none"> ➤ Zero bribery and corruption cases reported ➤ Procure from ethically compliant suppliers 	<ul style="list-style-type: none"> • No corruption, bribery, or unethical business conduct cases in FYE 2023 • In FYE 2023, 111 suppliers in the Group went through the Group's self-assessment questionnaire on ethical business practices • No complaints received on human rights violations 	Responsible Waste Management	➤ Minimise waste generation. Scheduled waste management compliant with regulatory framework	<ul style="list-style-type: none"> • Scheduled waste management at all the Group's plants complied with the respective country's regulatory framework in FYE 2023 • No violations or summons received in FYE 2023 • 92% of waste was recyclable
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	Material Matters	Targets	Current progress against targets
	Climate Change	<ul style="list-style-type: none"> ➤ Air emissions consistently meet Department of Environment guidelines ➤ Adoption of solar energy as a renewable source for greenfield sites. For the Vietnam plant, the substitution of coal energy to a greener source ➤ Energy efficiency will be given high consideration for future machinery and equipment investment ➤ Net zero by year 2050 	<ul style="list-style-type: none"> • All the Group's plant's chimneys stack emission monitoring was within the limit set by the respective country's Environmental Quality Act • Carton segment plants in Vietnam completed their transition from coal to biomass energy in FYE 2023. At the two plants, Scope 1 emissions reduced by 72%^ while in terms of intensity, it reduced by 69%^ • Subscription to Green Electricity Tariff by 4 plants in Malaysia reduced those plants Scope 2 emission by 19.6% in FYE 2023 • The 3,013 Kilowatt peak (kWp) rooftop solar system at the Group's two plants in Nilai is near completion. Expected online by second quarter of FYE 2024 <p>^ Coal and biomass emission source</p>
	Occupational Health and Safety	<ul style="list-style-type: none"> ➤ Zero employees and contractor fatality 	<ul style="list-style-type: none"> • No fatalities were recorded for employees and contractors in FYE 2023
	Diversity and Fair Treatment	<ul style="list-style-type: none"> ➤ Increase female representation by 10% by 2025 	<ul style="list-style-type: none"> • Overall female representation in the workforce: 26%. At management level: 46%
	Employee Engagement	<ul style="list-style-type: none"> ➤ Increase staff retention rate by 3% by 2025 ➤ Improve staff satisfaction rate by 5% by 2025 	<ul style="list-style-type: none"> • FYE 2023 staff turnover rate: 3.14% • The last staff satisfaction survey (September 2021) scored 74%. The next survey will be carried out in the first quarter of financial year ending 2024
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

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

Practice 4.3

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

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	:		
<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.

Application	:	Applied	
Explanation on application of the practice	:	<p>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 2023 using the 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.

<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, International Society of Sustainability Professionals and is a Certified Sustainability Practitioner. He is also a member of Malaysian Institute of Accountants (“ MIA ”). During the FYE 2023 he attended the following: <ul style="list-style-type: none">• Bursa PLCT#digital4ESG Forum.• HSBC Sustainability in Action: How environmental, social, and governance (“ESG”) Ratings and Green Supply Chain are driving change.• CIMB: The Cooler Earth. Sustainability in Action. Opportunities for a better tomorrow.• Selangor Human Resource Development Centre: ESG for Sustainable Manufacturing Training and Assessment.• KPMG Tax and Business Summit.

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	:	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>On 25 May 2023, the NC recommended to the Board, the appointment of Tun Arifin Bin Zakaria as Senior Independent Non-Executive Directors and as Chairman of the Board with effect after the conclusion of Nineteenth Annual General Meeting (“AGM”) of the Company on 28 June 2023, in place of Dato’ Subahan Bin Kamal, who vacated office at the conclusion of the aforesaid AGM.</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’/Key Officers’ Evaluation Form, Board & Board Committee Evaluation Form, Audit & Risk Management Committee Evaluation Form and Performance Evaluation Sheet - Board Committees. NC also conducted the Conflict of Interest assessment of each individual Director.</p> <p>The NC, after having conducted the abovementioned evaluation and assessment on 30 November 2023, concluded that each Director has the requisite competence, calibre to serve on the Board and Board Committees and had demonstrated his/her commitment to the Group in terms of time, participation and dialogue during the current year under review.</p> <p>Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang are due to retire by rotation at the conclusion of the forthcoming Twentieth AGM of the Company on 26 June 2024 pursuant to Clause 82 of the Company’s Constitution.</p> <p>The newly appointed Director of the Company, Tun Arifin Bin Zakaria is due to retire at the conclusion of the Twentieth AGM of the Company on 26 June 2024 pursuant to Clause 86 of the Company’s Constitution.</p> <p>The NC had endorsed the re-election of Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe, Marc Francis Yeoh Min Chang and Tun Arifin Bin Zakaria who are due to retire by rotation at the conclusion of the Twentieth AGM of the Company to be held on 26 June 2024 pursuant to Clauses 82 and 86 of the Company’s Constitution.</p>

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

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2023, the number of Independent Directors on the Board were 5 (55.6%). The composition of the Board were henceforth as:</p> <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 ➤ 1 Executive Director <p>The Directors with their differing backgrounds and specialisations collectively bring with them a wide range of experience and expertise in areas such as economic, finance, investment, accounting and audit, marketing, risk management, legal, manufacturing, trading, property development and investment. The profiles of the Directors are disclosed on Pages 5 to 10 of the Annual Report 2023.</p> <p>More than half of the Board comprises Independent Directors which reflects a good measure of objectivity and impartiality. Collectively, they ensure that plans and strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of all shareholders and stakeholders of the Company including employees, customers, suppliers and the local community in which the Group conducts its businesses.</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 5.3

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	:	Not applicable - Step Up 5.4 adopted	
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

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.

<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.

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>All the Directors were able to devote the required time to serve the Board in FYE 2023, as shown in the details of the Directors' attendance at the Board meetings set out in Page 77 of the Annual Report 2023 and the attendance by members at the respective Board Committees meetings as disclosed in Pages 69, 73 and 84 of the Annual Report 2023.</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	:	
<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	:	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 new candidate, Tun Arifin Bin Zakaria who was appointed after conclusion of Nineteenth AGM of the Company was selected from an adequate pool of qualified candidates which the Management and Board members have. The persons who recommended him were not involved in the conduct of the screening interview nor the appointment process. The NC screened him using the Due Diligence Checklist which comprises a set of questions on his background information, qualifications, job experience, and his declaration.</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

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, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang, who are standing for re-election at the Twentieth AGM of the Company which will be held on 26 June 2024 using Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, Performance Evaluation Sheet - Board Committees, Conflict of Interest Assessment Form as well as the Independent Director's Self-Assessment Checklist, where applicable, to assess each of their calibre 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 2023 and, where relevant, his independence ("Assessment by the NC"). Based on the evaluation results, the abovementioned retiring Directors, Datuk Dr. Syed Hussain Bin Syed Husman, J.P., Yeoh Jin Hoe and Marc Francis Yeoh Min Chang, met the performance criteria required of an effective member of the Board. Datuk Dr. Syed Hussain Bin Syed Husman, J.P., who is an Independent Director continue to demonstrate objectivity and independence in his judgement.</p> <p>The recommendation for re-election of newly-appointed Director, Tun Arifin Bin Zakaria was based on the prior evaluation of the NC and the Board before his appointment as Directors and the Assessment by the NC. During the Directors' selection and Assessment by the NC processes, the aforesaid Director's qualifications, skills, experience, knowledge, character, integrity, other attributes, time commitment and potential contribution was assessed.</p> <p>The profile of each of the abovementioned Directors is set out on Pages 5, 6, 7 and 9 in the Annual Report 2023 as well as the Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict</p>

	<p>of interest or potential conflict of interest, including interest in any competing business with Can-One or its subsidiaries.</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 Twentieth AGM of the Company dated 30 April 2024.</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 5.8

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>The Company will put greater effort into looking for suitable candidates for appointment to the Board to achieve its target and will work towards having the appropriate age and ethnic diversity on the Board.</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 76 in the Annual Report 2023.	
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 30 November 2023, the NC undertook an evaluation of the Board, Board Committees and each individual Directors. The evaluation was conducted using the Independent Directors' Self-Assessment Checklist, Directors'/Key Officers' Evaluation Form, Board & Board Committee Evaluation Form, ARMC Evaluation Form, Performance Evaluation Sheet - Board Committees and Conflict of Interest Assessment Form. The NC, after having conducted the above evaluation and assessment, concluded that: (i) all the 5 Independent Directors of the Company viz, Tun Arifin Bin Zakaria, 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 2023. (iii) none of the Directors of the Company have improperly used his or her position in the Company to gain a benefit or advantage for himself or herself or any other person, or to cause detriment to the Company and/or the Group.

	<p>(iv) 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 MIA or a person approved under the MMLR of Bursa Securities is also met.</p> <p>The Board members unanimously concurred with the above conclusions of the NC.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 disclosure of the remuneration breakdown of each Director on a named basis for FYE 2023 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">* Appointed as Director after the conclusion of the Nineteenth AGM of the Company on 28 June 2023.** Vacated office as Director at the conclusion of the Nineteenth AGM on 28 June 2023.# Retired as Executive Director on 6 November 2023. <p>(1) Salary comprised basic salary, EIS, EPF and SOCSO. (2) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance and phone bill.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tun Arifin Bin Zakaria *	Independent Director	41.2	3.0	-	-	-	-	44.2	41.2	3.0	-	-	-	-	44.2
2	Yeoh Jin Hoe	Non-Executive Non-Independent Director	73.8	7.5	-	-	-	-	81.3	189.8	16.5	4,906.7	2,068.0	15.5	-	7,196.5
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	184.2	16.5	-	-	-	200.7	
5	Datuk Dr. Syed Hussain Bin Syed Husman, J.P.	Independent Director	106.8	6.0	-	-	-	-	112.8	106.8	6.0	-	-	-	112.8	
6	Rajaretnam Soloman Daniel	Independent Director	100.2	7.5	-	-	-	-	107.7	100.2	7.5	-	-	-	107.7	
7	Kee E-Lene	Independent Director	73.8	6.0	-	-	-	-	79.8	73.8	6.0	-	-	-	79.8	
8	Dato' Seri Subahan Bin Kamal **	Independent Director	39.4	4.5	-	-	-	-	43.9	39.4	4.5	-	-	-	43.9	
9	Marc Francis Yeoh Min Chang	Executive Director	67.2	7.5	419.7	120.0	7.2	-	621.6	117.2	7.5	2,225.8	608.0	48.6	3,007.1	
10	Goh Teck Hong	Executive Director	67.2	7.5	514.9	148.0	24.0	-	761.6	67.2	7.5	963.5	181.0	24.0	1,243.2	
11	Chee Khay Leong #	Executive Director	57.1	6.0	237.4	67.9	-	-	368.4	129.3	13.5	3,207.8	908.8	42.6	4,302.0	
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	
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	

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 71 of the Annual Report 2023 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 Tun Arifin Bin Zakaria.	
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	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC of the Company consists entirely of Independent Directors. They are: <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)

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	:	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 is provided in Page 8 while ARMC members, Datuk Dr. Syed Hussain Bin Syed Husman, J.P. and Rajaretnam Solomon Daniel's profiles are provided in Pages 9 and 10 of the Annual Report 2023. Details of webinars, conferences and dialogues attended/participated by each of them during FYE 2023 are disclosed in Pages 78 and 79 of the Annual Report 2023.	
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 86 to 91 of the Annual Report 2023.	
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 86 to 88 of the Annual Report 2023.</p> <p>(A) <u>Identifying risks</u></p> <p>Risk is defined as an event that could cause the Group to suffer short-term or long-term financial or non-financial losses. Alternatively, a risk could also be 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>Typically, the risks can be categorised according to 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>Identified risks are quantified based on their potential 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.

As a result, a risk event may have a combined score ranging from (1) to (25), depending on its likelihood and impact scores. A risk with a high rating poses a more serious threat to the organisation than a risk with a low rating. The risks are then mapped into the following risk heat-map:

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				

In this heat-map, "L" stands for Low risk, "M" stands for Medium risk, and "H" for High risk.

(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 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 not effective enough, or if there is no existing control for managing a significant risk, then new control strategies must be developed. The goal is to manage the risk so that the residue risk is reduced to an acceptable level.

	<p>(E) <u>Monitoring of risks and controls</u></p> <p>Ongoing risk monitoring is conducted to evaluate the effectiveness of the control strategies for the identified risks, and corrective actions are taken as necessary. In this context, Key Risk Indicators are established for each risk to assist 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 considered as low risk today may become high risk in the future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process that forms part of the operations 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>Each entity's RMSWG reports to the Risk Management Executive Committee ("RMEC"). The RMEC then meets to discuss and evaluate the RMSWGs' reports for adoption. Subsequently, the RMEC reports 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.

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group utilises the in-house Internal Audit Department as well as the services of external independent consulting firms (collectively, “Internal Auditors”) to undertake independent, regular and systematic review of the system of internal controls within the Group based on the approved Group 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 entities’ 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 85 and also Page 90 of the Annual Report 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

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 for the Group [excluding Kian Joo Can Factory Berhad group of companies (“KJCFB Group”) and Box-Pak (Malaysia) Bhd. group of companies (“BPMB Group”)] in FYE 2023 was outsourced to an external independent consulting firm, Tan Yen Yeow & Company (“TY & 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 MIA. 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 2023 was 7. 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 and BPMB Group based on their risk profile. Ad-hoc investigations and special reviews are also carried out when requested.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>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.

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>At least 28 days' notice period was given in respect of the Company's Nineteenth AGM which was held on 28 June 2023. The notice convening the said AGM was dated 28 April 2023.</p> <p>Likewise, at least 28 days' notice period will be given for the Company's forthcoming Twentieth AGM which will be held on 26 June 2024.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>At the Company's Nineteenth AGM which was held on 28 June 2023, the Directors of the Company participated at the said AGM virtually and live-streamed from the broadcast venue.</p> <p>Barring any unforeseen circumstances, all the Directors have confirmed their attendance and participation for the forthcoming Twentieth AGM of the Company which will be conducted virtually and live-streamed from the broadcast venue on 26 June 2024.</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 Nineteenth AGM on 28 June 2023 virtually and live-streamed from the broadcast venue. This had allowed shareholders to attend, ask questions to the Board via real time submission of typed texts and vote remotely (collectively, “participate”) via the Remote Participation and Electronic Voting (“RPEV”) facilities provided by the Company’s poll administrator, KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG MRC”) via its ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023.</p> <p>The Company will again conduct its forthcoming Twentieth AGM on 26 June 2024 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	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: Shareholders of the Company were given sufficient opportunity to pose their questions commencing 28 April 2023 before the Company's Nineteenth AGM on 28 June 2023 and during the said AGM. The Company had made available the Administrative Details for the Nineteenth AGM in the Annual Report 2023 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 KPMG MRC's ConveneAGM Meeting Platform. During the Nineteenth AGM, the Chairman of the Board had also informed the shareholders that they could raise questions in real time by transmitting their questions their questions via the RPEV facilities provided by KPMG MRC via ConveneAGM Meeting Platform at https://conveneagm.my/canoneagm2023 . 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	:		
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Intended Outcome

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

Practice 13.5

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

<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 Poll Administrator, KPMG MRC had verified the eligibility of shareholders/corporate representatives/proxies to attend the Nineteenth AGM of the Company based on the General Meeting Record of Depositors as at 20 June 2023 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 RPEV at the Nineteenth AGM of the Company.</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 10 minutes Polling Session were addressed before the announcement of results.</p> <p>The poll results of the Nineteenth AGM of the Company were verified by the Scrutineers, Quantegic Services 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	:
<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

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Minutes of Nineteenth AGM of the Company which was held on 28 June 2023 was posted on the Company's website on 27 July 2023.
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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