

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9466
COMPANY NAME : KKB ENGINEERING 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>KKB Engineering Berhad ("KKB") has its Vision and Mission to achieve and guide in the day-to-day business operation.</p> <p>Vision:</p> <ul style="list-style-type: none">• A Successful and Diversified Steel Related International Business Enterprise <p>Mission:</p> <ul style="list-style-type: none">• To be "Supplier of First Choice" of Customers.• To have consistent "Fair and Equitable Return of Investment" for Shareholders.• To progress through continuous advancement on Technology, Innovation and Training.• To be "A Preferred Place of Work" of employees.• To be a good Corporate Citizen, who is committed to a high standard of protection of Health, Safety and Environment (HSE) at all times. <p>Value Creation: - <u>Our Objectives</u></p> <ul style="list-style-type: none">• To assist clients, nationwide by providing solutions with our engineering expertise.• To expand our business by offering the best in quality, cost and programme.• To provide our employees with the opportunity to develop their full potential within a safe and congenial environment.• To seek a competitive advantage by developing partnership with clients, suppliers and subcontractors.• To be a good neighbour and to contribute actively to the communities in which we operate.

Our Culture & Values

- Teamwork for Progress and Prosperity.
- Quality and Safety Beyond Customer's Satisfaction.
- Providing Backup for Industrial and Infrastructure Development.
- Healthier Environment and Developed Infrastructure.
- Safety at Work Place.

Our Goals

- Sustainable growth and value creation for our shareholders in a fair, transparent and responsible manner and consistent with the values of the Group.
- Producing sustainable growth in the future with continued and further excellence in people leadership, strategy, commercial agility, governance and investment in technology.

Our Plan & Strategy

- Continuing to grow and strengthen our core business.
- Widening our activities in the oil and gas sector.
- Managing operating costs and business risks to stay competitive.
- Adding value for our customers, employees, shareholders and stakeholders.
- Increase collaboration with external partners to leverage each other's expertise.

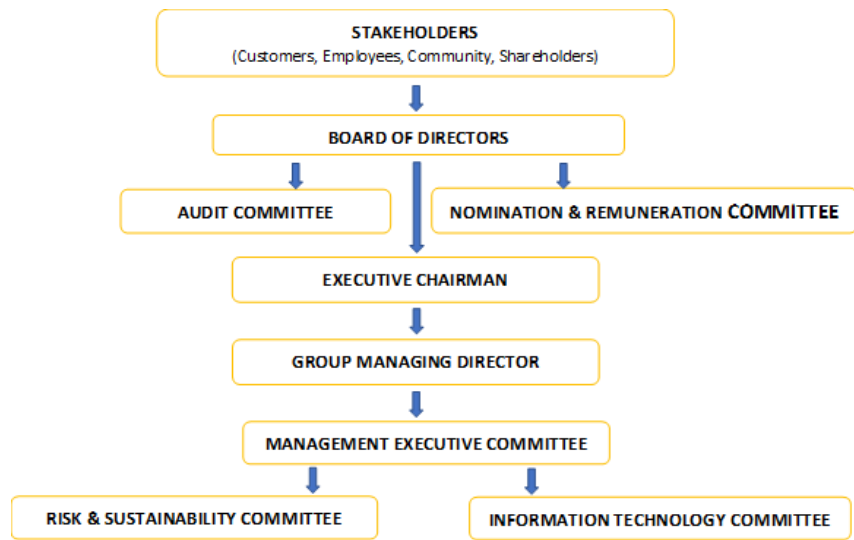
During the year under review, the Board focused on the following areas to ensure good corporate governance culture is practised within the group in tandem with the Company's Mission, Objectives and Goals for sustainability business activities and development of the Group of Companies.

- Sustainability Matters;
- Restructuring of Board Composition, Board Committees and Management Committees; and
- Anti-Bribery & Corruption.

Corporate governance provides a framework of control mechanisms that support the Company in achieving its goals, while preventing unwanted conflicts. The pillars of corporate governance such as ethical behavior, accountability, transparency and sustainability are important to the governance of KKB Group and stewardship of investors' capital to produce long-term value.

The Board is committed to maintaining a strong corporate governance framework that underpins KKB's vision to be a successful and diversified steel related international business enterprise focusing on its core business of steel fabrication including fabrication for the Oil & Gas sector and manufacturing businesses. KKB Group's Corporate Governance Framework dictates how KKB and its subsidiaries are governed so as to ensure effective board, transparency on roles, responsibilities and accountability to, and engagement with stakeholders. It not only improves the overall performance, but also promotes trust among the shareholders and other stakeholders.

Corporate Governance Framework



Although the Board is guided by the principles and best practices in the Malaysian Code on Corporate Governance (MCCG), the Corporate Governance Framework is supplemented by the Board Charter, Directors’ Fit and Proper Policy, Terms of Reference of the respective Board Committees and respective Management Committees. The Corporate Governance Framework identifies the distribution of rights and responsibilities among different participants in the Company and outlines among others the rules and procedures for decision-making, internal control and risk management.

It is not only concerned with shareholder interests but requires balancing the needs of other stakeholders such as employees, customers, suppliers, society and communities in day-to-day business operations. Overall, it is responsible for providing oversight and stewardship to KKB Group in executing the Company’s objectives and exercises good governance guided by the principles and best practices in the MCCG.

The Board and Senior Management are committed to discharging their responsibilities in meeting the goals and objectives of the Company, to protect and enhance shareholders value and performance of the Group. The Board sets strategic goals and directions with a framework where the specific powers are delegated to Board Committees and Management.

The Board recognizes its duties and has adopted this Board Charter as a general statement of its expectations as to how it will discharge its duties and as assistance to the Board in its ongoing assessment of its own performance and that of individual Directors. The Board Charter sets out the Board’s clear functions and outlines the roles and powers that the Board specifically reserves for itself, and those which it delegates to

	Management and in so doing, also sets the tone of various Board Committees in order to attain efficiency in Board performance.	
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 Executive Chairman reports to the Board. The primary functions of the Executive Chairman are to provide leadership and direction to the Board. He continuously facilitates the operations and deliberations of the Board's functions and responsibilities. Executive Chairman is responsible in the development and implementation of strategic initiatives and business development. He should not be a member of any Board Committees such as Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC").</p> <p>Dato Sri Kho Kak Beng was re-designated as Executive Chairman from Group Managing Director with effect from 1 March 2023. His vast experience in steel works and other related engineering and construction activities coupled with his technical and managerial skills have strongly positioned him as Executive Chairman. Dato Sri is responsible to lead the Management by guiding the Group Managing Director in devising and implementing the Group strategies and ensure the smooth functioning of day-to-day Group operations. He does not chair nor sit on any of the Board Committees in the interest of good corporate governance.</p> <p>Dato Sri Kho Kak Beng has always upheld the principles of transparency and accountability. He is committed to meeting the highest standards of Corporate Governance ("CG") and it is his responsibility to and not limited to the followings: -</p> <ul style="list-style-type: none">i) Provides leadership for the Board so that the Board can perform its responsibilities effectively.ii) Works with the Board and Group Managing Director to develop the strategy for the Group's future growth.iii) Works with the Group Managing Director to identify opportunities for value-enhancing strategic initiatives including acquisitions, joint ventures and strategically important relationships as well as the disposition from time to time of non-core assets and communicating regularly with the Group Managing Director regarding the pursuit of such strategic initiatives.iv) Ensures that the Board plays a full and constructive part in the determination of the Company's strategies and policies and that Board decisions taken are in the Company's best interests and fairly Board's consensus.

	<p>v) Ensures that procedures are in place to govern the Board's operations.</p> <p>vi) Leads the Board in the adoption and implementation of good corporate governance practices in the Company.</p> <p>vii) Sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner –</p> <ul style="list-style-type: none"> • Plans the Board meeting agenda in advance alongside the Company Secretary and the Group Managing Director. Other Directors and key members of management may also be consulted. <p>viii) Leads Board meetings and discussions.</p> <p>ix) Ensures appropriate steps are taken to provide effective communication with stakeholders and that views are communicated to the Board as a whole.</p> <p>x) Acts as principal liaison between the directors and the Group Managing Director and taking all reasonable steps to ensure that the expectations of the Board towards management are clearly expressed, understood and respected.</p> <p>xi) Works with Group Managing Director to ensure Group's operations are conducted in a best-in-class manner and management strategies, plans and performance are appropriately represented to the Board.</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>	<table border="1" style="width: 100%; height: 100%;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although Dato Sri Kho Kak Beng is the Executive Chairman, its chairman's independency is still maintained and Dato Sri is committed to leading the Board to meeting the objectives and goals of the Company.	
		The Board is satisfied with the composition and good mix of Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Directors to carry out the Board's priorities objectively and impartially and to grow the Group effectively. Delegation of power to the Board Committees and Management Committees ensure that objectives and goals of the Company are achieved.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will give careful consideration and take necessary measure to restructure and realign the whole Board progressively. It will carefully formulate a step-by-step framework to apply all applicable practices. In accordance with the three (3) years Board's Succession Plan, this is an ongoing review.	
Timeframe	:	Others	10 years

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 :	As the Executive Chairman and head of the Board, Dato Sri Kho Kak Beng does not sit on any Board Committees and Management Committees of the Company. The Company's Board Charter sets out clear functions and responsibilities reserved that Chairman of the Board should not be a member of the Audit Committee and Nomination & Remuneration 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 Company Secretary, Ms Voon Jan Moi is a person qualified to act as a Company Secretary under Section 235(2) of the Companies Act 2016. She is qualified, experienced and capable of carrying out duties attached to the post.</p> <p>Prior to the Board meetings, the Company Secretary will furnish a notice together with an agenda to the Directors to allow them to have adequate preparation time to ensure effectiveness at the proceedings of the meeting. The Company Secretary will ensure Board's proceedings are followed regularly and reviewed and will also provide guidance to the Board on Director's obligation arising from the rules and regulations including the Malaysia Code on Corporate Governance (MCCG) and the Main Market Listing Requirements (MMLR).</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	:	Directors are supplied with relevant information and reports on financial, operations, corporate and other business development, by way of Board Meeting Papers and including Minutes of Past Meetings, report on Recurrent Related Party Transactions, updates by Regulatory Authorities, Internal and External Audit Reports. In order to ensure the Board has sufficient time to review the board papers, the Company will circulate at least seven (7) days before the date of Board meetings.
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 is reviewed and approved annually by the Board of Directors and it will continuously revise and amend to be in tandem with the Malaysia Code on Corporate Governance whenever necessary.. Further information on the Board roles and responsibilities can be reached at https://kkbeb.com.my/about-us/corporate-governance/ for Company's Board Charter. The respective roles and responsibilities of the Board, Board Committees, Individual Directors and Management are clearly identified in the Board Charter as follows:</p> <p><u>The Board</u></p> <p>The Board recognizes its duties and has adopted this Charter as a general statement of its expectations as to how it will discharge its duties. The Board also believes that this Charter will be of assistance to the Board in its ongoing assessment of its own performance and that of individual Directors.</p> <p>The Board's principal functions and responsibilities include the followings:</p> <ul style="list-style-type: none">(a) setting and reviewing strategic plans for the Group;(b) identifying principal risks and implementing appropriate system to manage such risks;(c) oversee the performance of Group businesses;(d) review the adequacy of the Group's system of internal controls;(e) promote good corporate governance culture within the company which reinforces ethical, prudent and professional behavior together with senior management;(f) review, challenge and decide on management's proposals for the company, and monitor its implementation by management;(g) ensure that the strategic plan of the company supports long-term value creation and includes strategic economic, environmental and social considerations underpinning sustainability;(h) address material environmental, social and governance (ESG) risks and opportunities relevant to the Group;

- (i) supervise and assess management performance to determine whether the business is being properly managed;
- (j) ensure there is a sound framework for internal controls and risk management;
- (k) understand the principal risks of the company's business and recognize that business decisions involve the taking of appropriate risks;
- (l) set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- (m) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and management;
- (n) ensure that the company has in place procedures to enable effective communication with stakeholders; and
- (o) ensure the integrity of the company's financial and non-financial reporting.

The Individual Directors

- (i) The appointment and re-election of Directors on the Board of KKB Engineering Berhad and its subsidiaries must fulfil the "Directors' Fit and Proper Policy" of the Company.
- (ii) In discharging his/her duties, each Director must:
 - (a) exercise care and diligence;
 - (b) act in good faith in the best interest of KKB;
 - (c) not improperly use his/her position or misuse information of KKB;
 - (d) commit the time necessary to discharge effectively his/her role as a Director.
- (iii) The Directors are expected to discharge their duties in a professional, honest and ethical manner at all times and to avoid any conflict or potential conflict between their personal interests and the Group's interest. All Directors are required to make a declaration twice a year or as and when the conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries situation arises at the earliest opportunity.
- (iv) Independent Directors and External Auditors should confer at least twice a year without the presence of the Executive Directors.
- (v) The tenure of an Independent Director shall not exceed a term of twelve years.
- (vi) Senior Independent Director (SID)
The roles of the SID are as follows:
 - (a) a sounding board (eyes, ears, hands; anchor-person) for the Executive Chairman
 - (b) an intermediary for other directors when necessary; and
 - (c) the point of contact for shareholders and other stakeholders.

The Board Committees

The Board has established various Board Committees to assist in the discharge of duties and responsibilities. The Chairman of respective Committees will report to the Board on matters considered and submit recommendations to the Board for approval as appropriate.

1. Audit Committee

Terms of Reference:

(a) Objective

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

(b) Composition

- The Audit Committee must comprise not less than three (3) members and all members must be Non-Executive Directors, with majority as Independent Directors being directors independent of management free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment on Audit Committee Members.
- The Chairman of the Audit Committee shall be an Independent Director and is not the Chairman of the Board. In the absence of the Chairman, other members shall amongst themselves elect a Chairman who is also an independent director.
- At least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- Alternate Director is not allowed to become a member of the Audit Committee.
- Any former key audit partner must have observed a cooling-off period of at least three (3) years before one is eligible for appointment as Audit Committee member.
- If the number of members is reduced to below three (3) by reason of resignation, death or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to fulfill the minimum requirement.

	<p>(c) Attendance At the request of the Chairman, Directors and employees will be in attendance at the Audit Committee Meetings or for selected agenda items and representatives of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity may also be invited.</p> <p>(d) Meetings</p> <ul style="list-style-type: none"> • The Audit Committee shall meet at least four (4) times a year and the quorum shall be two (2) provided always that majority of the members present must be independent directors. • At least twice a year the Audit Committee shall meet with the External Auditors without Executive Board members present. • At least once a year the Audit Committee shall meet with the Internal Auditors or person(s) carrying out the internal audit function or activity without the presence of Management or whenever it deems necessary. • The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it and supported by explanatory documentation to committee members prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meeting of the Audit Committee and circulating them to committee members and to the other members of the Board. • Unless otherwise determined by the Audit Committee members from time to time, notice of all Audit Committee meetings shall be given and circulated to all Audit Committee members and their alternates by facsimile, electronic mail or other communication modes/equipment. Except in the case of an emergency, reasonable notice of every Audit Committee meeting shall be given in writing. The majority of the Audit Committee members may waive notice of any meeting and any such waiver may be retroactive. • Audit Committee members may participate in the Audit Committee meeting by means of conference telephone, conference videophone or any similar or other communications by electronic means. • A person in communication by electronic means with the Chairman and with all other parties to the Audit Committee meeting shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote but only for so long he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means. • A meeting at which one or more of the Audit Committee members attends by electronic means is deemed to be held at such place as the Audit Committee members shall at the said
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	<p>meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Audit Committee members attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present.</p> <ul style="list-style-type: none"> • All business transacted in the manner provided above by electronic means shall be deemed to be validly and effectively transacted at the Audit Committee meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting. • The minutes of the proceeding shall be sufficient evidence and of the observance of all necessary formalities of the Audit Committee if certified and signed as correct record by the Chairman. • Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of vote, the Chairman of the Audit Committee shall have a second or casting vote. • A resolution in writing signed or approved by all of the Audit Committee shall be valid and effectual as a resolution passed at a meeting of the Audit Committee. <p>(e) Authority The Audit Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. The Audit Committee shall have unrestricted access to both Internal Auditors or person(s) carrying out the internal audit function or activity and External Auditors and is authorized by the Board to obtain outside legal or other independent professional advice if it considers necessary.</p> <p>(f) Duties and Responsibilities The duties and responsibilities of the Audit Committee are as follows:</p> <ul style="list-style-type: none"> • To review the quarterly results and year-end financial statements prior to the approval by the Board focusing particularly on: <ul style="list-style-type: none"> - the going concern assumption; - compliance with applicable financial reporting standards and other legal requirements; - any changes in accounting policies and practices; and - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed. • To review the followings with External Auditors and report the same to the Board: <ul style="list-style-type: none"> - the audit plan and report;
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	<ul style="list-style-type: none"> - evaluation of system of internal controls; and - problems and reservation arising from interim and financial audits. <ul style="list-style-type: none"> • The Audit Committee’s responsibilities in respect of the Internal Audit Function include: <ul style="list-style-type: none"> - approving the appointment and removal of Internal Audit Function service provider; - assessing the performance and approving the fees of the Internal Audit Function; - reviewing and approving the Internal Audit Charter. The Internal Audit Charter may also be presented to the Board for approval; - reviewing and approving the risk-based internal audit plan and the progress of the audit plan and resource plan; - ensuring the adequacy of the scope of audit; - deliberating on internal audit reports and recommendations raised, and ensuring that Management implements the recommendations; - communicating reports of investigations to the Board, where appropriate; - ensuring the Internal Audit Function is sufficiently resourced, qualified, competent, and experienced; and - ensuring the Internal Audit Function has direct and unrestricted access to information, records, physical properties, and personnel that enables it to effectively carry out its role and responsibilities. • To review and report to the Board on any related party transactions and any conflict-of-interest situations that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts within the Company or Group and as well as disclose them in the Audit Committee report annually. • To review any letter of resignation from External Auditors, and/or Internal Auditors or person(s) carrying out the internal audit function or activity of the Company or Group, whether there is reason to believe that the Company or group’s External Auditors and/or internal Auditors or person(s) carrying out the internal audit function or activity are not suitable for re-appointment. • To review any recommendations on the nomination of a person or persons as External Auditors or Internal Auditors or person(s) carrying out the internal audit function or activity. • To annually assess or evaluate the suitability, objectivity and independence of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity. • To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and Group by reviewing External Auditors’ management letter and Management’s response.
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	<ul style="list-style-type: none"> • To undertake such other responsibilities as may be agreed by the Audit Committee and the Board. • To obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. • To receive and review the report from Risk Management & Sustainability Committee (“RSC”) and to meet and sit with the RSC whenever the Audit Committee deems necessary. <p>(g) Review of Composition of Audit Committee The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Nomination & Remuneration Committee (“NRC”) annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.</p> <p>2. Nomination & Remuneration Committee (NRC)</p> <p><u>Terms of Reference</u></p> <p>(a) Composition</p> <ul style="list-style-type: none"> • The NRC shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent. • The Committee shall consist of not less than three (3) members. <p>(b) Quorum Two (2) members shall form a quorum for meetings.</p> <p>(c) Chairman The Chairman of the NRC shall be appointed by the Board, who shall be an Independent Director. In the absence of the Chairman of the NRC, the remaining members present shall elect one of their members as Chairman of the meeting.</p> <p>(d) Secretary The Secretary to the NRC shall be the Company Secretary.</p> <p>(e) Meeting and Minutes</p> <ul style="list-style-type: none"> • The NRC shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary. • Minutes of each meeting shall be distributed to each member of the Board. • Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members
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	<p>are competent to vote on the question at issue, shall not have a casting vote.</p> <ul style="list-style-type: none"> • Unless otherwise determined by the NRC members from time to time, notice of all NRC meetings shall be given and circulated to all NRC members by facsimile, electronic mail or other communication modes/equipment. Except in the case of an emergency, reasonable notice of every NRC meeting shall be given in writing. The majority of the NRC members may waive notice of any meeting and any such waiver may be retroactive. • NRC members may participate in a NRC meeting by means of conference telephone, conference videophone or any similar or other communications by electronic means. • A person in communication by electronic means with the Chairman and with all other parties to a NRC meeting shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote but only for so long he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means. • A meeting at which one or more of the NRC members attends by electronic means is deemed to be held at such place as the NRC members shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the NRC members attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present. • All business transacted in the manner provided above by electronic means shall be deemed to be validly and effectively transacted at a NRC meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting. • The minutes of the proceeding shall be sufficient evidence and of the observance of all necessary formalities of the NRC if certified and signed as correct record by the Chairman. • A resolution in writing signed or approved by all of the NRC shall be valid and effectual as a resolution passed at a meeting of the NRC. <p>(f) Functions</p> <ul style="list-style-type: none"> • To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary. • To identify, propose and recommend new nominees as necessary for appointment to the Board of Directors as per “Directors’ Fit and Proper Policy” of the Company. • To assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director in discharging their duties in a professional, honest and
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	<p>ethical manner at all times and to avoid any conflict or potential conflict between their personal interest and the Group's interest. All assessments and evaluations carried out by the NRC in the discharge of its functions should be properly documented.</p> <ul style="list-style-type: none"> • The NRC must review the term of office and performance of the audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference. • To recommend to the Board, Directors to fill the seats on various Board Committees. • To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation. • To consider and deliberate new candidates for directorships. • The NRC or Management as authorized by NRC, will orientate and educate new Directors on the nature of the business, its Vision and Mission, current issues within the Company and its corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors. • To recommend to the Board the appointment of Group Chief Financial Officer and to evaluate the performance of Group Chief Financial Officer as the case may be. • To establish and review the succession plan including appointment of board members. • To review and assist with leadership transfer and development, where necessary training programmes for the Board. • To review gender diversity on the Board and Senior Management level. • To recommend to the Board the framework of the remuneration and the remuneration package for Executive Chairman, Group Managing Director and Executive Director, drawing from outside advice as necessary. • To review Executive Directors' scope of service contract. • To review the Group Chief Financial Officer's scope of service contract. • To review, approve and recommend to the Board the Senior Management's remuneration package as evaluated and recommended by Group Managing Director. • To recommend to the Board the appointment of advisers or consultants as it deems necessary to fulfil its functions. <p>(g) Reporting Procedure</p> <ul style="list-style-type: none"> • The NRC should recommend to the Board, candidates for directorships to the Board including Group Chief Financial Officer. In making its recommendations, the NRC should among other qualities, consider the candidates':
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	<ul style="list-style-type: none"> - skills, knowledge, areas of expertise and experience; - professionalism; - integrity; and - in the case of candidates for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. <ul style="list-style-type: none"> • All assessments and evaluations carried out by the NRC in the discharge of all its functions should be properly documented. • The final decision as to who shall be appointed to the Board and various Board Committees shall be the responsibility of the full Board. • The NRC will not have the delegated power from the Board for final decision of its recommendations but it has the obligation to make its recommendations to the Board for consideration and decision. • NRC membership and NRC's activities are to be disclosed in the Annual Report. • The remuneration of Executive Chairman, Group Managing Director, Executive Director and Group Chief Financial Officer shall be the responsibility of the full Board after considering the recommendation of the NRC. • The Executive Chairman, Group Managing Director and Executive Director do not participate in discussion on their own remuneration. • The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole. • The determination of Directors' fees shall be a matter for the Board as a whole subject to shareholders' approval at the annual general meeting. • The level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Chairman, Group Managing Director and Executive Director. The level of remuneration should reflect the experience and responsibilities undertaken by the particular non-executive concerned. • Remuneration Policy and Procedures are to be disclosed in the Company's Website. <p>(h) Review by the Board The Terms of Reference of the NRC is reviewed by the Board annually and updated as appropriate.</p>
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	Key matters reserved for the Board’s approval include the annual and quarterly financial result, annual business plan and budget, and also remuneration of the Directors and Senior Management.	
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 3.1

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>KKB Engineering Berhad and its Group of Companies has in place a Code of Business Conduct and Ethics for directors and employees to follow.</p> <p>The Code is one of the Group's goals to sustainable growth and value creation for our shareholders in a fair, transparent and responsible manner and consistent with the values of the Group.</p> <p>Code of Business Conduct and Ethics</p> <p><u>Introduction</u> KKB Engineering Berhad ("the Company") and its Group of Companies ("KKB Group") employees shall comply with the Code of Business Conduct & Ethics as set out below ("Code").</p> <p>This Code sets out the rules and policies that all employees in the KKB Group must follow.</p> <p>The word "Employees" in this Code include directors, officers, and permanent employees of the KKB Group including temporary staff. Contractors, vendors, suppliers, secondees, trainers and those on work experience are also included for purpose of this Code.</p> <p>KKB Group is committed to maintain honesty and integrity. All employees, contractors, vendors and supplier will be briefed on the Code and the contents of the Code. Employees who do not comply with the Code may be subject to disciplinary action including termination of employment and/or criminal prosecution. This Code is not comprehensive and employees should seek guidance from their Superior or Head of Human Resource Department.</p> <p><u>Whistleblowing</u> KKB Group has put in place a Whistleblowing Policy to uphold the highest standards of professionalism, integrity and ethical behaviour in the conduct of its business and operations. The policy sets out</p>

procedures which enables employees and members of the public to raise genuine concerns regarding actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct and also sets out the process for actions to prevent, intimidation or harassment against a whistle-blower.

Conflict of Interest

The KKB Group expects all employees to perform their duties conscientiously, honestly and in the best interest of the Company at all times. Employees shall not use their position or knowledge gained directly or indirectly in the course of their duties and responsibilities or employment for personal advantage.

Example of conflict of interests are:

- i) Outside employment involving competitor, supplier or customer.
- ii) Family or personal relationship where there's a direct or indirect reporting line.

If employees feel that there may be a conflict of interest, they must disclose the conflict promptly to the Company's Head of Human Resources Department.

Bribery and Corruption

It is unacceptable for KKB Group of companies, employees, or their business partners to be involved in corrupt practices. Employee must not offer, give solicit or accept any bribes in order to achieve a business advantage or personal advantage for themselves or others. They shall not engage in any transactions that contravenes any anti-bribery and corruption money laundry laws. Please refer to KKB's Anti-Bribery & Corruption Policy for more details.

Entertainment and Gifts

As a general rule, employees are discouraged from accepting or giving gifts, entertainment or other benefits to or from business partners. Notwithstanding, it is acceptable when what is given is modest, reasonable, appropriate and lawful.

When offering or accepting, employees must consider:

- i) Intent: The intent of the gift is only to build or maintain a business relationship or offer normal courtesy, or is it to influence the recipient's objectivity in making a specific business decision.
- ii) Materiality: Must be of a modest value and infrequent and consistent with reasonable business practice.
- iii) Legality: Must not be against the country's laws and regulation.
- iv) Transparency: Must be fully transparent (that an employee would not be embarrassed if him/her manager or colleagues or anyone outside the KKB Group became aware of the entertainment or gift)

Occasional drinks and meals, attendance at sports, theatre or cultural events, and modest gifts are usually acceptable.

Keeping a formal record. KKB Group of Companies are expected to maintain a register of all notified entertainment and gifts. Refer to KKB's Anti-Bribery & Corruption Policy at <https://kkbeb.com.my/about-us/corporate-governance/> for more details.

Workplace, Culture and Environment

Employees must treat all their colleagues and business partners with dignity, and with respect.

Promoting equality and diversity. Equal opportunity and non-discrimination in KKB Group upholds the principle of workforce diversity, equal opportunity, non-discrimination and fair treatment and must not allow race, colour, gender, age, disability, sexual orientation, class, religion, politics, smoking habits, or any other characteristic protected by law to influence its judgement when it comes to recruitment, development, advancement or retirement of any employee.

Preventing harassment and violence. All aspects of harassment and violence are completely unacceptable. KKB Group is committed to removing such actions or attitudes from the workplace. All complaints or grievances will be investigated and appropriate action will be taken.

Workplace Health and Safety. Group safety is everyone's responsibility. KKB places a high value on the well-being of its employees and is committed to providing a safe working environment to prevent accidents and injury, and to minimise workplace health risks. Safety support and training is provided so everyone is aware of the health, safety and security issues and requirements relevant to their work.

Drugs, Alcohol and Prohibited Substance. Employees must not be under the influence of drugs or alcohol or any prohibited substance and Company's prohibits working under the influence of drugs, alcohol or prohibited substance in the work place.

Charitable Contributions

As a good corporate citizen KKB Group is encouraged to support local community and charitable projects provided that the charitable contributions are not made to secure any improper business or other advantage.

Any charitable contribution or other corporate social investment provided by a Group must be fully documented in the company's book.

Accurate Accounting and Record-Keeping

Honest, accurate and objective recording and reporting of information, both financial and non-financial, is essential to KKB Group's credibility and reputation. All employees play an important role in this whether relating to payments, claims, bills, invoices etc. There is never any justification for falsifying records or misrepresenting facts. Such conduct may amount to fraud and result in civil or criminal liability.

Protection of Corporate Assets

All employees are responsible for protecting the Group's assets and should immediately report any suspected theft, damage, misuse, fraud or improper usage.

KKB Group's assets include physical and intellectual property, funds, proprietary information, equipment and facilities. In view of the Personal Data Protection Act ("PDPA") 2010, all privacy of the personal data on the Company's database must be safeguarded and protected.

Fraud or theft by employees could result in their dismissal and prosecution.

Improper use of Company's equipment includes:

- i) communication which is sexist, racist, obscene or offensive;
- ii) disseminating confidential materials or other proprietary materials;
or
- iii) visiting inappropriate internet sites.

Employees must always maintain the security of any information used to access company property and networks, including IDs, passwords and pass codes. The KKB Group has a IT Policy to which all employees shall abide by the contents particularly on Cyber risks and security.

Confidentiality and Information Security

All employees must maintain the confidentiality of all sensitive information and other confidential information relating to KKB Group and its business and must not disclose without authorisation from higher Management.

Employees must not use confidential information relating to KKB Group or its business for their own financial advantage or for that of a friend or relative.

Insider Dealing

KKB Group is committed to supporting fair and open securities markets. Employees must not improperly disclose inside information, deal in securities on the basis of inside information, misuse inside information or engage in market manipulation. Insider dealing constitutes a criminal offence under the Capital Markets and Services Act 2007 ("CMSA"). If employees are uncertain whether they possess inside information or other information of a price-sensitive nature, they should contact the Corporate & Legal Affairs Department.

Fair Competition and Anti-Trust

KKB Group is committed to vigorous competition and to complying with applicable competition laws in order to protect the interest of all its customer. The Company shall not gain illegal benefits by unfair means or violate anti-trust law.

	This Code of Business Conduct and Ethics of the KKB Group of Companies can also be viewed at https://kkbeb.com.my/about-us/corporate-governance/ .	
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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Whistle Blowing Policy and Procedures fosters an environment that engenders integrity, transparency and fairness to all employees and is encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way.</p> <p>The Policy is to support the Group's value, to ensure employees can raise concerns without fear of reprisals and provide a transparent and confidential process for dealing with concerns.</p> <p>If any employee believes reasonably and in good faith that malpractice exists in the work place, the employee should report this immediately to the Head of Human Resource and Business Services. However, if for any reason the employee is reluctant to do so, then the employee should report the concerns to the Senior Independent Director through telephone or email.</p> <p>The Group's Whistle Blowing Policy and Procedures is as follows:</p> <p>Whistle Blowing Policy and Procedures</p> <p>Introduction</p> <p>All employees are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, and in an appropriate way.</p> <p>This policy is designed to:</p> <ul style="list-style-type: none">• Support the Group's value;• Ensure employees can raise concerns without fear of reprisals; and• Provide a transparent and confidential process for dealing with concerns. <p>This policy not only covers possible improprieties in matters of financial reporting, but also:</p> <ul style="list-style-type: none">• Fraud;• Corruption, bribery or blackmail;• Criminal offences;

	<ul style="list-style-type: none"> • Failure to comply with a legal or regulatory obligation; • Miscarriage of justice; • Endangerment of an individual’s health and safety; and • Concealment of any or a combination of the above. <p>Principles</p> <p>The principles underpinning the policy are as follows:</p> <ul style="list-style-type: none"> • All concerns raised will be treated fairly and properly; • The Group will not tolerate harassment or victimization of anyone raising a genuine concern; • Any individual making a disclosure will retain anonymity unless the individual agrees otherwise; • The Group will ensure that any individual raising a concern is aware of who is handling the matter; and • The Group will ensure no one will be at risk of suffering some form of reprisal as a result of raising a concern even if the individual is mistaken. The Group, however, does not extend this assurance to someone who maliciously raises a matter he/she knows is untrue. <p>Grievance Procedure</p> <p>If any employee believes reasonably and in good faith that malpractice exists in the work place, the employee should report this immediately to the Head of Human Resource and Business Services. However, if for any reason the employee is reluctant to do so, then the employee should report the concerns to the Senior Independent Director through telephone or email.</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

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><u>Management Executive Committee</u> The Management Executive Committee ("MANCO") is responsible to oversee and ensure all Board decisions and instructions to the Management are implemented smoothly, to ensure compliance to relevant laws, regulations and best practices of Corporate Governance and to evaluate and make recommendations for Board's approval. The MANCO comprises Executive Directors and Top Management personnel. The Chairman shall be the Group Managing Director. In his absence, other members shall amongst themselves elect a Chairman. They sit at least three (3) times a year and as often as is necessary to discuss day-to-day operations and the conduct of the Company's businesses and plans.</p> <p><u>Risk & Sustainability Committee</u> As sustainability matters disclosures are becoming more important as required under the relevant regulations such as Listing Requirements, Security Commissions and other regulatory authority, it is prudent and timely that a committee be formed to address all sustainability matters and disclosures.</p> <p>The Company has on 19 August 2004 established a Risk Management Committee ("RMC") to assist in identifying and managing risks within the Group. RMC to assume responsibility for the Group's risk oversight and internal control framework. provides oversight, direction and counsel to the Group risk management process and considers any matter relating to the identification, assessment, monitoring and management of any risk associated with the Group that it deems appropriate. Through the Audit Committee, therefore, 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.</p>

On 18 August 2023, the Board of the Company had resolved on the formation of a Risk & Sustainability Committee (“RSC”) to replace RMC. The formation is timely and necessary to comply with Listing Requirements and Bursa’s Enhanced Sustainability Disclosures. Accordingly, the RMC has been merged to be within the RSC to include sustainability matters. The RSC supports the Board in fulfilling its oversight responsibilities in relation to the KKB Group’s sustainability strategies and initiatives covering Environmental, Social and Governance (“ESG”) and integrating such policies and practices into the Group’s business and decision-making process. RSC submits a yearly report to the Audit Committee on the overall Risk Management and Sustainability processes and effectiveness of the Group’s Risk Management and Sustainability through MANCO. RSC takes instructions from and reports to the MANCO who will in turn report to the Audit Committee and the Board thereafter.

KKB Group is mindful on the way it works and operates as it has an impact on the marketplace, environment and the community. In order to ensure sustainability, KKB Group pays attention to how its businesses impact the economy, environment and society (“EES”) and takes a holistic approach in sustainability-related risks and opportunity. KKB will continue to identify and strengthen its sustainability initiatives into every level of its organization through its Sustainability Policy.

KKB Engineering Berhad and its subsidiary companies’ Sustainability encompasses all aspects of business practices addressing relevant applicable economic, environment, social and governance issues responsibly and beneficially.

Objectives

This policy aims to:

- ✓ Integrate the principles of sustainability into the Group’s businesses for value creation;
- ✓ Identify and prioritise material sustainability matters to reduce risks and take advantage of business opportunities;
- ✓ Create a culture of sustainability within the Group and the community with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

Sustainability Strategies

- (a) Economic Sustainability focuses on the Group’s impacts on the economic conditions of its stakeholders rather than the financial conditions.
- Develop innovation and technology to create value added and long-term growth.
 - Promote and support business partners, suppliers and stakeholders along the supply chain to run business.

	<p>(b) Environmental Sustainability focuses on commitment to identify, manage and minimise the environmental impact of business operations such as: -</p> <ul style="list-style-type: none"> ➤ Reduce consumption of non-renewable and non-recyclable materials; ➤ Encourage the use of renewable resources; ➤ Minimise the level of pollutants entering into the air and water from daily business operations i.e., emissions carbon dust, dark smoke, waste effluent; ➤ Using local climate as a transition to a lower carbon economy e.g., resource efficiency, cost savings and utilize low-emission energy sources; and ➤ Comply with environmental regulatory and legal requirements. <p>(c) Social Sustainability focuses on the development of programs and processes that promote social interaction and cultural enrichment. It emphasizes on protecting the vulnerable and respecting social diversity.</p> <ul style="list-style-type: none"> ➤ Maintain a safe and healthy workforce. Take care and protect safety of employees, workers and Company’s assets by taking into account the others’ right and safety with concern over personal right, confidentiality and information disclosure. ➤ Promote racial harmony and prevent racial discrimination. Treat all employees and workers in a fair and equal manner without discrimination. ➤ Prevent sexual harassment and other forms of violence against women. ➤ Community investment to enhance socio-economic benefits. <p>(d) The Group recognises the importance of Governance Sustainability to gain the confidence of investors, stakeholders and the public incorporating into it all functions and processes which such as strategic planning, accountability, sustainable planning and development in compliance with the law, regulations, requirements and standards specified by regulatory bodies.</p> <p><u>Reports and Disclosures</u> KKB will compile reports on sustainability performance on a periodic basis. This policy will be reviewed annually by the Board of Directors.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

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

Application :	Applied			
Explanation on application of the practice	KKB Group acknowledge the importance of engagement with stakeholders which is important towards sustaining growth.			
	STAKEHOLDERS	AREA OF INTEREST	OUR COMMITMENT	METHOD OF ENGAGEMENT
	Investors/ Shareholders	<ul style="list-style-type: none"> Group financial performance Sustainable incomes Business strategies and operational efficiency Governance stability and sustainability Risk management 	KKB Group strives to achieve responsible commercial success by meeting our customers' needs, rewarding shareholders with consistent long-term growth in volume and profitability, caring for the society and the environment in which we operate, and contributing towards the progress of our nation.	<ul style="list-style-type: none"> Meetings Annual General Meeting (AGM) Financial reports and announcements Press release and advertisements Company website Annual Report
	Customers	<ul style="list-style-type: none"> Product affordability and quality Support services Engagement opportunities and experience Product price and completion time Company's reputation 	KKB Group delivers a brand promise of products and services with superior quality and added value for years to come. Customer experience and feedback are paramount to continuous enhancement of our products and services responsibility and excellence.	<ul style="list-style-type: none"> Public engagement events Site visit Digital community engagement platform Customer feedback channels and service hotline
Employees	<ul style="list-style-type: none"> Personal and professional capacity building Career advancement Competitive remuneration benefits Employee health and safety Ethic and integrity 	KKB Group aims to provide rewarding careers to employees by promoting a safe and healthy work environment, encouraging career and personal development as well as maintaining an open and inclusive spirit in work culture.	<ul style="list-style-type: none"> Periodic management meetings Ongoing workshops and trainings Employee appraisal KKB Group internal engagement platforms Employee engagement activities Daily morning briefing Safety meeting 	

	Business Associates/ Vendors	<ul style="list-style-type: none"> • Supply chain management • Cost reduction/savings • Procurement practices • Key platforms for sharing knowledge and know-how • Facilitate information flows • Promote co-operation in order to resolve problems within the industry 	KKB Group maintains strong and lasting relationship that are mutually beneficial with suppliers, service providers, and business partners. Our business partners are expected to adhere to our standards of business principles and conduct.	<ul style="list-style-type: none"> • Formal or informal meetings • Workshops and trainings • Performance appraisals • Site/ Plant visits • Participate and support the development of the manufacturing and welding industry • Involved with business association such FOMFEIA, i-CATS University and etc.
	Authorities/ Regulators/ Government Agencies	<ul style="list-style-type: none"> • Industry regulatory development and compliance • Environmental management and compliance • Security and safety management 	KKB Group strictly complies with regulations related to our business and is supportive of government initiatives. This principle is extended to our suppliers and business partners.	<ul style="list-style-type: none"> • Meetings/ Dialogues • Emails and letters • Inspections • Briefing/ Consultations
	Community	<ul style="list-style-type: none"> • Economic investments for local welfare • Infrastructure enhancements • Community programmes and events for social development 	KKB Group continues to be a trusted and responsible corporate citizen to the communities in which we operate. We invest in education and welfare to improve community well-being as part of the development of sustainable communities.	<ul style="list-style-type: none"> • Public events i.e., PERKATA, Malaysian Red Crescent Society etc. • Blood Donation Program by Sarawak General Hospital
	Media	<ul style="list-style-type: none"> • Market presence • Reputation • Corporate responsibility 	KKB Group strives to maintain a healthy relationship with the media as a communicator to the local community. We ensure content validity by providing the right information as we uphold our corporate responsibility.	<ul style="list-style-type: none"> • Media Invites • Meetings • Public events
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 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.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice</p>	<p>Sustainability Risks & Opportunities</p> <p>KKB has in place a sustainability governance structure to manage the economic, environmental and social risks and opportunities within KKB Group of Companies. This is made viable through its corporate governance framework to direct and manage the businesses and affairs of the Company.</p> <div data-bbox="662 884 1225 1422" data-label="Diagram"> <p style="text-align: center;">Main Pillars of Sustainability for KKB Group</p> <p>The diagram illustrates the 'Main Pillars of Sustainability for KKB Group'. It features a central green rounded rectangle labeled 'SUSTAINABILITY'. A blue curved line connects this central box to four distinct icons, each representing a pillar: 'Environmental' (represented by a tree icon), 'Economic' (represented by a bar chart icon), 'Social' (represented by three human figures icon), and 'Governance' (represented by a handshake icon). The labels for each pillar are placed to the right of their respective icons.</p> </div> <p>The Board sets the strategic direction of the Group and ensure that sustainability is embedded in the Group with adequate resources, systems and processes in place for managing sustainability issues.</p> <p>During the year, the Management Executives Committee (MANCO) and Risk & Sustainability Committee (RSC) conducted a materiality meeting and discussion session to identify and assess the risks materiality of sustainability matters which are relevant and important to KKB Group. The process of materiality assessment made reference to the SDGs and GRI standards whereby the impact to both KKB Group and impact to our stakeholders were measured against an established impact parameters and materiality matrix.</p>

	<p style="text-align: center;"><i>KKB Group's Sustainability Governance Structure</i></p> <pre> graph TD A[BOARD OF DIRECTORS] --> B[AUDIT COMMITTEE] B --> C[MANAGEMENT EXECUTIVE COMMITTEE] C --> D[RISK & SUSTAINABILITY COMMITTEE] D --> E[HEAD OF DEPARTMENTS/DIVISIONS] E --> F[Finance] E --> G[Business Development] E --> H[HR & BS] E --> I[Information Technology] G --> J[Corporate & Legal Affairs] G --> K[Commercial / Project / Engineering / Planning / Manufacturing] </pre> <p>We conducted a thorough materiality assessment exercise in 2023 to develop a deeper understanding of the sustainability issues that matter most in our current operating environment. Based on these engagements, a refreshed materiality matrix was generated, whereby each sustainability matter was categorised into one of three levels of importance. This enables us to prioritise our sustainability initiatives and actions moving forward in order to maximise shared value for our business and our stakeholders.</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 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>The Board carries out performance evaluation of its members and senior management through assessment and evaluation practiced annually by the Nomination & Remuneration Committee (NRC).</p> <p>In executing its duties, the NRC is guided by the Directors' Fit & Proper Policy. It is responsible for the structure, size and composition of the Board, the Board Committees, and the contribution of each individual Director including Independent Non-Executive Director. The NRC also evaluated the performance of Group Chief Financial Officer and make recommendation to the Board.</p> <p>The Directors' Fit and Proper Policy serves as a guide to the NRC and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election. This Policy sets out the fit and proper criteria for the appointment and re-election of Directors and to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of KKB Engineering Berhad and its subsidiaries. Although internally facilitated, a detailed assessment using evaluation form is carried out. Such evaluation forms are continuously enhanced to keep pace with changing business environment.</p> <p>The step-by-step assessment process of the Board, Board Committees, Individual Director and Group Chief Financial Officer for the year ended 31 December 2023 is stated as follows:</p> <ul style="list-style-type: none">i) The Evaluation Form of Board, Individual Director, Group Chief Financial Officer and Self Evaluation, Audit Committee, and NRC are sent to all NRC members for their action.ii) Members of NRC will evaluate, recommend and complete all the evaluation forms and thereafter return to Management office for compiling.iii) Thereafter, the NRC members will discuss during the meeting and make recommendation to the Board at the Board of Directors' Meeting.iv) Chairman of NRC is required to report outcome of assessment and tabled to the Board during the Board of Directors' Meeting.

	During the year under review, Ir. Haji Othman bin Abdul Kadir appointed on to the Board with effect from 1 June 2023. Assessment and evaluation have been conducted prior of his appointment. Besides, the annual assessment and evaluation of all directors and re-election of directors also have been made.	
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.

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is established to regularly assess the independence of independent directors and the overall composition of the Board. During the financial year under review, NRC members met on 23 February 2023. The meeting was attended by all members to deliberate, inter alia, on the followings: -</p> <ul style="list-style-type: none">• Deliberated on Directors retirement by rotation at the Annual General Meeting (“AGM”) in accordance with Clause 22.2 of the Company’s Constitution and recommended for re-election at the AGM.• Evaluated the Board’s required mix of skills and experience and other qualities including core competencies.• Evaluated the performance of the Board including Directors’ commitment and contributions at meetings and Committees’ performance.• Evaluated and assessed the independence of independent directors and make recommendations as appropriate.• Evaluated the Group Chief Financial Officer’s character, experience, integrity, competence and time to discharge her role and make recommendation as appropriate.• Reviewed and made recommendations to the Term of References of the Board Committees.• Reviewed the term of office and evaluated the performance of the Audit Committee and each of the members to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.• Reviewed and recommended Directors’ training needs and programmes.• Reviewed the three (3) years Company’s Succession Plan for Board of Directors, Board Committees and Senior Management.• Reviewed the Company’s Succession Planning Policy. <p>NRC also made recommendations to the Board the following matter:</p> <ul style="list-style-type: none">• retaining Dr Arjunan, Mr Lau Nai Pek and Datin Mary Sa’diah binti Zainuddin as Independent Director for Shareholders approval at the Annual General Meeting pursuant to Principle A, Practice 5.3 of the Malaysia Code on Corporate Governance 2021.

	<p>Bursa Malaysia Berhad has on 19 January 2022 made amendments to the MMLR in relation to directors' appointment and independence as well as other miscellaneous changes. In compliance with the new amendments, NRC has recommended to the Board to have in place the "Directors' Fit and Proper Policy" to address the board quality and integrity for the appointment and re-election of Directors across the KKB Group. The Board has agreed on the recommendation and the Policy was published on the Company's website on 1 July 2022. (Please refer to the Company's website at www.kkbeb.com.my)</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

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	: Departure																		
Explanation on application of the practice	<p>: The right board composition influences the ability of the board to fulfil its oversight responsibilities. An effective board includes the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the company’s objectives and strategic goals.</p> <p>The current Board composition of KKB comprises the following directors:</p> <table border="1" data-bbox="571 913 1369 1211"> <thead> <tr> <th>Category</th> <th>No. of Directors</th> </tr> </thead> <tbody> <tr> <td>Executive Director (“ED”)</td> <td>3</td> </tr> <tr> <td>Independent Non-Executive Director (“INED”)</td> <td>3</td> </tr> <tr> <td>Non-Independent Non-Executive Director (“NINED”)</td> <td>3</td> </tr> <tr> <td>Total</td> <td>9</td> </tr> </tbody> </table> <div data-bbox="651 1249 1278 1630" data-label="Figure"> <table border="1" data-bbox="651 1249 1278 1630"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>NINED</td> <td>33.3%</td> </tr> <tr> <td>INED</td> <td>33.3%</td> </tr> <tr> <td>ED</td> <td>33.3%</td> </tr> </tbody> </table> </div> <p>During the year under review, the Board has taken a step-further to be in compliance with MMLR and MCCG practices restructuring and re-aligning of the whole Board progressively throughout and in accordance with its Succession Plan. All long service Independent Directors who have served more than twelve (12) years were redesignated as Non-Independent Director or resigned. At the same time, one (1) new Independent Director was appointed to fulfill one-third (1/3) Independent Director on the Board and in compliance with Paragraph 15.02 of Listing Requirements.</p>	Category	No. of Directors	Executive Director (“ED”)	3	Independent Non-Executive Director (“INED”)	3	Non-Independent Non-Executive Director (“NINED”)	3	Total	9	Category	Percentage	NINED	33.3%	INED	33.3%	ED	33.3%
Category	No. of Directors																		
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Total	9																		
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ED	33.3%																		

	<p>Therefore, there is a total of nine (9) Directors on the Board. It comprises three (3) Executive Directors, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Board through the NRC also considers woman candidates as part of recruitment exercise to ensure gender diversity. Out of nine (9) Directors, two (2) Directors are female. It will review yearly its Succession Plan to ensure an effective and suitable composition, including the right Board size.</p> <p>The Board is satisfied with the composition and good mix of Executive Directors, Independent Non-Executive Directors and Non-Independent Non-Executive Director to carry out the Board's priorities objectively and impartially and to grow the Group effectively. The Board will give careful consideration and take necessary actions to align the whole Board progressively. It will ensure an effective and suitable Board composition, including the right Board size in the best interest of the Company.</p>
<p>Explanation for departure :</p>	<p>The Board is satisfied with the composition and good mix of Executive Directors and Independent Non-Executive Directors to carry out the Board's priorities objectively and impartially and to grow the Group effectively. The Board will give careful consideration and take necessary action to comply including any restructuring and re-alignment of the whole Board progressively through its Succession Plan. It will review yearly its Succession Plan to ensure an effective and suitable composition, including the right Board size.</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

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes cognisance of Practice 5.3 of the MCCG that the tenure of an independent director should not exceed a term limit of nine (9) years. Although a longer tenure of directorship may be perceived to have an effect on a director's independence, the Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age.</p> <p>The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability to the Board. Furthermore, the Company benefits from such directors who have, over time, gained valuable insights into the Group, its market and the industry.</p> <p>The Board continues to retain the Independent Director beyond nine (9) years and will seek shareholders' approval through a two-tier voting process at the forthcoming Annual General Meeting ("AGM").</p> <p>In justifying the decision, the NRC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and to disclose the reasons for retaining him/her as Independent Director in the Notice of AGM.</p> <p>Although Datin Mary Sa'diah binti Zainuddin have served beyond nine (9) years on the Board as Independent Non-Executive Director, their long tenure has not impaired their Independent Director's background and can continue to bring independence and objective judgment to the Board's decision with their vast experience and background qualification.</p> <p>Datin Mary Sa'diah binti Zainuddin was appointed as Independent Non-Executive Director on 3 September 2012. The NRC has assessed the independency of Datin Mary Sa'diah and she has met the criteria as</p>

	<p>Independent Non-Executive Director pursuant to MMLR. Although having served for a cumulative term of more than nine (9) years, Datin Mary Sa'diah is subject to yearly assessment and review by the Board through a transparent criteria evaluation. Datin's valuable advice on oil and gas industry matters and wide knowledge will continue to add credence to the Company and will not have any adverse effect on his independency as Independent Non-Executive Director.</p> <p>Further, her genuine commitment to serve in the best interest of the Company coupled with her high intellect and integrity puts her in right position as Independent Non-Executive Director. She has no conflict of interest or undue influence from interested parties. Datin Mary is able to challenge ideas and can provide strong independent leadership to the Company. She attended all scheduled Board meetings, NRC meeting and Annual General Meeting without fail during the year under review.</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 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application :	Applied																																																																																																					
Explanation on application of the practice :	<p>The Board take into consideration diversity in the skills, experience, age, cultural background and gender in seeking potential candidate as Director and Senior Management.</p> <p>The Board comprises three (3) Executive Directors, four (3) Independent Non-Executive Directors and one (3) Non-Independent Non-Executive Director which are comes from different academic background, diversity in skills, experience, age, cultural background and gender. Out of nine (9) directors, two (2) directors are female.</p> <p>In compliance with Paragraph 15.06 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”), the Directors of KKB do not hold more than five (5) directorships in Listed Issuers and the listing of directorships held by Directors is confirmed by each Director twice a year. Therefore, Directors are able to devote the required time to serve the Board effectively.</p> <p>The Board diversity in gender, age, ethnic, skills and experience could be summarized as follows:</p>																																																																																																					
	<table border="1"> <thead> <tr> <th rowspan="2">Directors</th> <th colspan="6">Experience & Skills</th> <th colspan="3">Ethnic</th> <th colspan="2">Gender</th> <th colspan="3">Age</th> </tr> <tr> <th>Audit/Accounting</th> <th>Construction/Engineering</th> <th>Energy/Oil & Gas</th> <th>Tax</th> <th>Laws/Legal</th> <th>Finance/Banking</th> <th>Others</th> <th>Bumiputera</th> <th>Non-Bumiputera</th> <th>Female</th> <th>Male</th> <th>Above 50-59</th> <th>Above 60-69</th> <th>Above 70</th> </tr> </thead> <tbody> <tr> <td>Dato Sri Kho Kak Beng</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> </tr> <tr> <td>Mr. Kho Pok Tong</td> <td></td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Ms. Kho Poh Lin</td> <td></td> <td></td> <td></td> <td></td> <td>√</td> <td></td> <td></td> <td></td> <td>√</td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Dr Arjunan Subramaniam</td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td>√</td> </tr> </tbody> </table>													Directors	Experience & Skills						Ethnic			Gender		Age			Audit/Accounting	Construction/Engineering	Energy/Oil & Gas	Tax	Laws/Legal	Finance/Banking	Others	Bumiputera	Non-Bumiputera	Female	Male	Above 50-59	Above 60-69	Above 70	Dato Sri Kho Kak Beng		√	√			√			√		√			√	Mr. Kho Pok Tong		√	√		√	√			√		√	√			Ms. Kho Poh Lin					√				√	√		√			Dr Arjunan Subramaniam	√			√	√	√			√		√			√
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	Datin Mary Sa'diah binti Zainuddin			√					√		√			√	
	Mr. Lau Nai Pek	√		√	√		√			√		√		√	
	Mr. Yong Voon Kar	√			√		√			√		√		√	
	Mr. Chai Woon Chew					√				√		√		√	
	Ir. Haji Othman bin Abdul Kadir		√	√					√					√	
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 NRC is responsible for considering and proposing new nominees to the Board, assessing and evaluating the relevant expertise and contribution of existing Board as a whole, Board Committees and of Individual Director. The NRC is guided by “Directors’ Fit and Proper Policy” when recruiting new director or new candidates. All criteria for recruitment will be reviewed by the Board annually.</p> <p>The NRC will as an ongoing process continue to select new potential director and/or with view of filling vacancy and to review the profile of the potential candidates from various sources as and when the need arises.</p> <p>The Board will also utilise independent sources to identify suitably qualified candidates through independent third party, body corporate or association.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensure that Shareholders can refer the information on the appointment and reappointment of a director at the Notice of Annual General Meeting under the Explanatory Notes. The Board provided a statement to support on the appointment or reappointment of the candidates or directors and also the reasons. Kindly reach the link at https://kkbeb.listedcompany.com/agm.html for further information.</p> <p>Besides, shareholders also can get information of the above matters in Company's Announcement at Bursa's website.</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	:	<p>The NRC is established to regularly assess the independence of independent directors and the overall composition of the Board. NRC comprises exclusively Non-Executive Directors and two of them are Independent.</p> <p>The current Chairman of the NRC is Mr. Yong Voon Kar who is nominated amongst the Independent Non-Executive Directors. He was appointed as Chairman of NRC on 31 May 2023.</p> <p>He leads the Company's Succession Plan, appointment and reappointment of Board members, including the Chairman and Group Managing Director. Mr. Yong Voon Kar also lead the annual review of the Board effectiveness through yearly assessment to ensure that the performance of each individual director is independently assessed.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at financial year end 31 December 2023, there are nine (9) Directors on the Board. Out of nine (9) Directors, two (2) Directors are women equal to 22.2% only.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will give careful consideration and take necessary measure to comply including any restructuring and re-alignment of the whole Board progressively through its three (3) years Succession Plan.	
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	: Applied
Explanation on application of the practice	<p>The Board has established its "Gender Diversity Policy" in the Annual Report year 2023. The Policy is to pursue its gender diversity agenda for the Board and Senior Management as follows:</p> <p style="text-align: center;">Gender Diversity Policy</p> <ol style="list-style-type: none">1. Introduction KKB Group is committed to and recognizes the benefit of gender diversity. To the extent practicable, the Group will address the recommendations and commentary provided in the Malaysian Code on Corporate Governance ("MCCG") which was issued in 2021.2. Objective The Gender Diversity Policy provides a framework for the Group to achieve improved employment and career development opportunities for woman.3. Responsibilities<ol style="list-style-type: none">(i) The Board's commitment The Board is committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of Board of the Company. The Board, assisted by management, is responsible for developing strategies to meet the objectives of the Diversity Policy, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms as listed in section 4 and 5. The Board, through Nomination & Remuneration Committee ("NRC"), will conduct all Board appointment process in a manner that promotes gender diversity.(ii) Strategies The Group's diversity strategies include:<ol style="list-style-type: none">(a) recruiting from a diverse pool of candidates for female positions;(b) reviewing succession plans to ensure an appropriate focus on gender diversity;

	<p>(c) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity; and</p> <p>(d) any other strategies the Board develops from time to time.</p> <p>4. Evaluation The Board, through NRC, will monitor the scope and applicability of this policy, from time to time.</p> <p>5. Reporting In accordance with the Listing Requirements of Bursa Malaysia Securities Berhad on the disclosure of Corporate Governance Statements based on the MCCG 2021, the Company will disclose in the Annual Report, the proportion of woman participation at Board and Senior Management level.</p> <p>The board discloses in its annual report the Company's policy on gender diversity for the board and senior management.</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

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	: <u>Assessment and Evaluation</u> The Directors' Fit and Proper Policy serves as a guide to the NRC and the Board in their review and assessment of candidates that are to be appointed on to the Board as well as Directors who are seeking for re-election. This Policy sets out the fit and proper criteria for the appointment and re-election of Directors and to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of KKB Engineering Berhad and its subsidiaries. Although internally facilitated, a detailed assessment using evaluation form is carried out. Such evaluation forms are continuously enhanced to keep pace with changing business environment. The step-by-step assessment and evaluation process of the Board, Board Committees, Individual Director and Group Chief Financial Officer for the year ended 31 December 2023 is stated as follows: i) The Evaluation Form of the Board, Individual Director, Group Chief Financial Officer and Self Evaluation, AC and NRC are sent to all NRC members for their action. ii) Members of NRC will evaluate, recommend and complete all the evaluation forms and thereafter return to Management office for compiling. iii) Thereafter, the NRC members will discuss during the meeting and make recommendation to the Board at the Board of Directors' Meeting. iv) Chairman of NRC is required to report outcome of assessment and tabled to the Board during the Board of Directors' Meeting.

	<p>During the year under review, there is no new director being appointed on to the Board. However, the annual assessment and evaluation of all directors and re-election of directors have been made.</p> <p>NRC having considered and based on the information made available at the meeting and the summary of evaluation, agreed that:</p> <ul style="list-style-type: none"> • all the Independent Directors are not officers or employees of the Company in the last 2 years; • they are not a family member of any executive director, officer or major shareholder nor a substantial shareholder of affiliate with a substantial shareholder of the Company; • all the Independent Directors have no other material business relationship nor have any significant links with other Directors, and have demonstrated independent judgment and character; • they demonstrate time commitment and thoroughness in improving the confidence to stand up for an independent point of view and professional skepticism; and • they are not afraid to express an unpopular stance on issue or express disagreement on matters and actively pursue them with the rest of the Board and with the Management team. • Dr Arjunan Subramaniam, Mr Lau Nai Pek and Datin Mary Sa’diah binti Zainuddin be retained as Independent Directors for Shareholders’ approval at the Annual General Meeting pursuant to Principle A, Practice 5.3 of the Malaysia Code on Corporate Governance 2021. 	
<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	:	<p>The Board has in place a Remuneration Policy and Procedures to determine the remuneration of Directors and Senior Management and is being reviewed annually. Please refer to KKB's website link at https://kkbeb.com.my/about-us/corporate-governance/ for Remuneration Policy and Procedures. The packages take into consideration the demands, complexity and performance of the Company as well as skills and experience requirements.</p> <p>The Board through its NRC will determine the remuneration of Executive Chairman, Group Managing Director, Executive Director and Group Chief Financial Officer and Senior Management (as assisted and recommended by Group Managing Director and/or Group Executive Director) reflecting the level of responsibility, experience and commitment. The fees paid to Non-Executive Directors are the responsibilities of the entire Board. No director is involved in determining his/her own remuneration.</p> <p>The NRC also recommends to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary. As part of its ongoing corporate governance exercise, the NRC will also review, approve and recommend to the Board the Senior Management's remuneration package as evaluated and recommended by Executive Chairman and/or Group Managing Director.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The board has NRC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management. NRC comprises exclusively Non-Executive Directors and two of them are Independent Directors.</p> <p>NRC operates within defined terms of reference or procedures. The Chairman of the NRC will report to the Board on matters considered and submit recommendations to the Board for approval as appropriate.</p> <p>Terms of Reference</p> <p>(i) Composition</p> <ul style="list-style-type: none">• The NRC shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.• The Committee shall consist of not less than three (3) members. <p>(j) Quorum Two (2) members shall form a quorum for meetings.</p> <p>(k) Chairman The Chairman of the NRC shall be appointed by the Board, who shall be an Independent Director. In the absence of the Chairman of the NRC, the remaining members present shall elect one of their members as Chairman of the meeting.</p> <p>(l) Secretary The Secretary to the NRC shall be the Company Secretary.</p>

(m) Meeting and Minutes

- The NRC shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- Minutes of each meeting shall be distributed to each member of the Board.
- Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.
- Unless otherwise determined by the NRC members from time to time, notice of all NRC meetings shall be given and circulated to all NRC members by facsimile, electronic mail or other communication modes/equipment. Except in the case of an emergency, reasonable notice of every NRC meeting shall be given in writing. The majority of the NRC members may waive notice of any meeting and any such waiver may be retroactive.
- NRC members may participate in a NRC meeting by means of conference telephone, conference videophone or any similar or other communications by electronic means.
- A person in communication by electronic means with the Chairman and with all other parties to a NRC meeting shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote but only for so long he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means.
- A meeting at which one or more of the NRC members attends by electronic means is deemed to be held at such place as the NRC members shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the NRC members attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present.
- All business transacted in the manner provided above by electronic means shall be deemed to be validly and effectively transacted at a NRC meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.
- The minutes of the proceeding shall be sufficient evidence and of the observance of all necessary formalities of the NRC if certified and signed as correct record by the Chairman.
- A resolution in writing signed or approved by all of the NRC shall be valid and effectual as a resolution passed at a meeting of the NRC.

	<p>(n) Functions</p> <ul style="list-style-type: none"> • To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary. • To identify, propose and recommend new nominees as necessary for appointment to the Board of Directors as per “Directors’ Fit and Proper Policy” of the Company. • To assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director in discharging their duties in a professional, honest and ethical manner at all times and to avoid any conflict or potential conflict between their personal interest and the Group’s interest. All assessments and evaluations carried out by the NRC in the discharge of its functions should be properly documented. • The NRC must review the term of office and performance of the audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference. • To recommend to the Board, Directors to fill the seats on various Board Committees. • To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation. • To consider and deliberate new candidates for directorships. • The NRC or Management as authorized by NRC, will orientate and educate new Directors on the nature of the business, its Vision and Mission, current issues within the Company and its corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors. • To recommend to the Board the appointment of Group Chief Financial Officer and to evaluate the performance of Group Chief Financial Officer as the case may be. • To establish and review the succession plan including appointment of board members. • To review and assist with leadership transfer and development, where necessary training programmes for the Board. • To review gender diversity on the Board and Senior Management level. • To recommend to the Board the framework of the remuneration and the remuneration package for Executive Chairman, Group Managing Director and Executive Director, drawing from outside advice as necessary. • To review Executive Directors’ scope of service contract. • To review the Group Chief Financial Officer’s scope of service contract.
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	<ul style="list-style-type: none"> • To review, approve and recommend to the Board the Senior Management’s remuneration package as evaluated and recommended by Group Managing Director. • To recommend to the Board the appointment of advisers or consultants as it deems necessary to fulfil its functions. <p>(o) Reporting Procedure</p> <ul style="list-style-type: none"> • The NRC should recommend to the Board, candidates for directorships to the Board including Group Chief Financial Officer. In making its recommendations, the NRC should among other qualities, consider the candidates’: <ul style="list-style-type: none"> - skills, knowledge, areas of expertise and experience; - professionalism; - integrity; and - in the case of candidates for the position of Independent Non-Executive Directors, the NRC should also evaluate the candidates’ ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. • All assessments and evaluations carried out by the NRC in the discharge of all its functions should be properly documented. • The final decision as to who shall be appointed to the Board and various Board Committees shall be the responsibility of the full Board. • The NRC will not have the delegated power from the Board for final decision of its recommendations but it has the obligation to make its recommendations to the Board for consideration and decision. • NRC membership and NRC’s activities are to be disclosed in the Annual Report. • The remuneration of Executive Chairman, Group Managing Director, Executive Director and Group Chief Financial Officer shall be the responsibility of the full Board after considering the recommendation of the NRC. • The Executive Chairman, Group Managing Director and Executive Director do not participate in discussion on their own remuneration. • The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole. • The determination of Directors’ fees shall be a matter for the Board as a whole subject to shareholders’ approval at the annual general meeting. • The level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Chairman, Group Managing Director and Executive Director. The level of remuneration should reflect the
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	<p>experience and responsibilities undertaken by the particular non-executive concerned.</p> <ul style="list-style-type: none"> • Remuneration Policy and Procedures are to be disclosed in the Company's Website. <p>(p) Review by the Board The Terms of Reference of the NRC is reviewed by the Board annually and updated as appropriate.</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

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>The Board has in place a Remuneration Policy and Procedures to determine the remuneration of Directors and Senior Management and being reviewed annually. The packages take into consideration the demands, complexity and performance of the Company as well as skills and experience requirements.</p> <p>The Board through its NRC will determine the remuneration of each Executive Director, Group Executive Director and Group Managing Director reflecting the level of responsibility, experience and commitment. The fees paid to Non-Executive Directors are the responsibilities of the entire Board. No director is involved in determining his/her own remuneration.</p> <p>The details of remuneration paid to Executive Directors and Non-Executive Directors for the financial year ended 31 December 2023 are disclosed as follows:</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	Dato Sri Kho Kak Beng	Executive Director	-	-	2,431.10	-	49.37	1,621.27	4,101.74	-	240.00	2,431.10	-	49.37	1,635.67	4,356.14
2	Mr. Kho Pok Tong	Executive Director	-	-	793.60	-	29.21	348.07	1,170.88	-	120.00	793.60	-	29.21	365.87	1,308.68
3	Ms. Kho Poh Lin	Executive Director	-	-	490.10	-	37.20	284.40	811.69	-	24.00	490.10	-	37.20	287.93	839.22
4	Dr. Arjunan Subramaniam	Non-Executive Non-Independent Director	66.78	9.50	-	-	-	-	76.28	66.78	9.50	-	-	-	-	76.28
5	Datin Mary Sa'diah binti Zainuddin	Independent Director	66.78	15.00	-	-	-	-	81.78	66.78	15.00	-	-	-	-	81.78
6	Mr. Lau Nai Pek	Non-Executive Non-Independent Director	66.78	14.00	-	-	-	-	80.78	66.78	14.00	-	-	-	-	80.78
7	Mr. Yong Voon Kar	Independent Director	66.78	17.50	-	-	-	-	84.28	66.78	17.50	-	-	-	-	84.28
8	Mr. Chai Woon Chew	Non-Executive Non-Independent Director	66.78	13.00	-	-	-	-	79.78	66.78	13.00	-	-	-	-	79.78
9	Ir. Haji Othman bin Abdul Kadir	Independent Director	38.96	1.00	-	-	-	-	39.96	38.96	1.00	-	-	-	-	39.96
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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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 is of the opinion that the disclosure on a named basis of the top five Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 would not be beneficial to the Company and to the individual Senior Management's interest due to the following reasons:</p> <ul style="list-style-type: none">a) Confidentiality and sensitivity of personal information of Senior Management;b) Will give rise to breach of personal data protection;c) Security concerns for the staff including their family members;d) Could potentially create friction among the Senior Management staff;e) Encourage staff pinching or poaching of executives in the industry; andf) Detrimental to the Company's continuous effort to attract and retain its scarce human assets/ talents. <p>The Board ensures that the remuneration of Senior Management commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully.</p> <p>The Company noted that the non-disclosure of the remuneration of the top five Senior Management is a departure from Practice 8.2 of the MCCG but nevertheless will consider the application of Practice 8.2 when the Company is satisfied that there are adequate rules and regulations set in place by the authorities to protect the Company from losing its invaluable human assets/talents.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

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 Audit Committee comprises entirely non-executive directors with majority of them being independent directors in compliance with Paragraph 15.09(1)(a) and (b) of Bursa Securities Listing Requirements. Mr. Yong Voon Kar becomes Chairman of Audit Committee in place of Dr. Arjunan Subramaniam with effect from 31 May 2023. As Chairman, he is an independent director and not the Chairman of the Board in compliance with Paragraph 15.10 of Bursa Securities Listing Requirements and Practice 1.4 of MCGG.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Audit Committee ('AC') has their Terms of Reference as a guide on any decisions make. Requirement for a former key audit partner to observe a cooling-off period at least three years before being appointed as a member of the Audit Committee is one of the AC terms of reference. Please visit KKB website at https://kkbeb.com.my/about-us/corporate-governance/ for further information.</p> <p>Terms of Reference</p> <p>1. Objective</p> <p>The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.</p> <p>2. Composition</p> <p>(a) The Audit Committee must comprise of not less than three (3) members and all members must be Non-Executive Directors, with majority as independent directors being directors independent of management free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment on Audit Committee Members.</p> <p>(b) The Chairman of the Audit Committee shall be an Independent Director and is not the Chairman of the Board. In the absence of the Chairman, other members shall amongst themselves elect a Chairman who is also an independent director.</p> <p>(c) At least one (1) member of the Audit Committee: -</p> <p>(i) must be a member of the Malaysian Institute of Accountants; or</p> <p>(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:</p>

	<p>(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or</p> <p>(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or</p> <p>(iii) fulfils such other requirements as prescribed or approved by the Exchange.</p> <p>(d) Alternate Director is not allowed to become a member of the Audit Committee.</p> <p>(e) Any former key audit partner must have observed a cooling-off period of at least three (3) years before one is eligible for appointment as Audit Committee member.</p> <p>(f) If the number of members is reduced to below three (3) by reason of resignation, death or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to fulfil the minimum requirement.</p> <p>3. Attendance At the request of the Chairman, Directors and employees will be in attendance at the Audit Committee Meeting or for selected agenda items and representatives of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity may also be invited.</p> <p>4. Meetings</p> <p>(a) The Audit Committee shall meet at least four (4) times a year and the quorum shall be two (2) provided always that majority of the members present must be independent directors.</p> <p>(b) At least twice a year the Audit Committee shall meet with the External Auditors without Executive Board members present.</p> <p>(c) At least once a year the Audit Committee shall meet with the Internal Auditors or person(s) carrying out the internal audit function or activity without the presence of Management or whenever it deems necessary.</p> <p>(d) The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible for drawing up the agenda and circulating it and supported by explanatory documentation to committee members prior to each</p>
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meeting. The Secretary shall also be responsible for keeping the minutes of meeting of the Audit Committee and circulating them to Audit Committee members and to the other members of the Board.

- (e) Unless otherwise determined by the Audit Committee members from time to time, notice of all Audit Committee meetings shall be given and circulated to all Audit Committee members and their alternates by facsimile, electronic mail or other communication modes. Except in the case of an emergency, reasonable notice of every Audit Committee meeting shall be given in writing. The majority of the Audit Committee members may waive notice of any meeting and any such waiver may be retroactive.
- (f) Audit Committee members may participate in the Audit Committee meeting by means of conference telephone, conference videophone or any similar or other communications by electronic means.
- (g) A person in communication by electronic means with the Chairman and with all other parties to the Audit Committee meeting shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote but only for so long he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means.
- (h) A meeting at which one or more of the Audit Committee members attends by electronic means is deemed to be held at such place as the Audit Committee members shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Audit Committee members attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present.
- (i) All businesses transacted in the manner provided above by electronic means shall be deemed to be validly and effectively transacted at the Audit Committee meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.
- (j) The minutes of the proceedings shall be sufficient evidence and of the observance of all necessary formalities of the Audit Committee if certified and signed as correct record by the Chairman.

	<p>(k) Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.</p> <p>(l) A resolution in writing signed or approved by all of the Audit Committee shall be valid and effectual as a resolution passed at a meeting of the Audit Committee.</p> <p>5. Authority The Audit Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. The Audit Committee shall have unrestricted access to both Internal Auditors or person(s) carrying out the internal audit function or activity and External Auditors and is authorized by the Board to obtain outside legal or other independent professional advice if it considers necessary.</p> <p>6. Duties and Responsibilities The duties and responsibilities of the Audit Committee are as follows: -</p> <p>(a) To review the quarterly results and year-end financial statement prior to the approval by the Board focusing particularly on:</p> <ul style="list-style-type: none"> • the going concern assumption; • compliance with applicable financial reporting standards and other legal requirements; • any changes in accounting policies and practices; and • significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed. <p>(b) To review the followings with External Auditors and report the same to the Board: -</p> <ul style="list-style-type: none"> • the audit plan and report; • evaluation of system of internal controls; and • problems and reservation arising from interim and financial audits. <p>(c) The Audit Committee’s responsibilities in respect of the Internal Audit Function include: -</p> <ul style="list-style-type: none"> • approving the appointment and removal of Internal Audit Function service provider; • assessing the performance and approving the fees of the Internal Audit Function;
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	<ul style="list-style-type: none"> • reviewing and approving the Internal Audit Charter. The Internal Audit Charter may also be presented to the Board for approval; • reviewing and approving the risk-based internal audit plan and the progress of the audit plan and resource plan; • ensuring the adequacy of the scope of audit; • deliberating on internal audit reports and recommendations raised, and ensuring that Management implements the recommendations; • communicating reports of investigations to the Board, where appropriate; • ensuring the Internal Audit Function is sufficiently resourced, qualified, competent, and experienced; and • ensuring the Internal Audit Function has direct and unrestricted access to information, records, physical properties, and personnel that enables it to effectively carry out its role and responsibilities. <p>(d) To review and report to the Board on any related party transactions and any conflict-of-interest situations that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts within the Company or Group and as well as disclose them in the Audit Committee report annually.</p> <p>(e) To review any letter of resignation from External Auditors, and/or Internal Auditors or person(s) carrying out the internal audit function or activity of the Company or Group, whether there is reason to believe that the Company or Group's External Auditors and/or Internal Auditors or person(s) carrying out the internal audit function or activity are not suitable for re-appointment.</p> <p>(f) To review any recommendations on the nomination of a person or persons as External Auditors or Internal Auditors or person(s) carrying out the internal audit function or activity.</p> <p>(g) To annually assess or evaluate the suitability, objectivity and independence of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity.</p> <p>(h) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and Group by reviewing External Auditor's management letter and Management's response.</p>
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	<ul style="list-style-type: none"> (i) To undertake such other responsibilities as may be agreed by the Audit Committee and the Board. (j) To obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. (k) To receive and review the report from Risk & Sustainability Committee (“RSC”) and to meet and sit with the RSC where necessary. <p>7. Review of Composition of Audit Committee The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Nomination & Remuneration Committee (NRC) annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.</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

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 Audit Committee has its Terms of Reference to assess the suitability, objectivity and independence of the External Auditor to safeguard the quality and reliability of audited financial statements.</p> <p>During the 3Q22 the External Auditor, Messrs Ernst & Young PLT presented the Audit Committee its Audit Plan outlining its engagement team, audit timeline, areas of audit emphasis, focus on key audit matters etc. The Audit Committee assesses the external auditor based on this and reports to the Board and makes recommendation for shareholder approval at the forthcoming AGM.</p> <p>The Audit Committee reviews the performance of the External Auditor once a year through their Evaluation Assessment yearly to assess the suitability, objectivity and independence of the External Auditor.</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 :	Not Adopted
Explanation on adoption of the practice :	

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 Board appoints the AC members according to the Terms of Reference ("TOR") laid down. The Board through its NRC reviews the terms of office of the AC members and assess the performance of the AC and its member through an evaluation form. The Chairman and the members are financially literate and have carried out their duties in according with the TOR of the AC which is available on KKB Engineering website at www.kkbeb.com.my/about-us/corporate-governance/</p> <p>All members of the AC undertake continuous professional development through attending courses, trainings and seminars to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Below is the list of course, training and seminars attended by the AC members for the financial year end 2023.</p> <p>1) Mr Yong Voon Kar</p> <ul style="list-style-type: none">• 2023 ESG & Climate trends to watch – The APAC View• 2023 Budget & Tax Conference• Is Diversification Living Up to The Promise?• 2024 Budget & Tax Conference• Securities Commission's Audit Oversight Board Conversation with Audit Committees• Mandatory Accreditation Programme Part II: Leading for impact (LIP) on Sustainability <p>2) Datin Mary Sa'diah binti Zainuddin</p> <ul style="list-style-type: none">• A Delicate Balance – Board & Management Relationship <p>3) Mr Lau Nai Pek</p> <ul style="list-style-type: none">• Financial Reporting on Impact of Climate Change Effects• Mandatory Accreditation Programme Part II: Leading for Impact (LIP) on Sustainability

	<ul style="list-style-type: none"> • Khazanah Megatrends Forum 2023 • Anti-Bribery and Anti-Corruption Training 	
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	:	<p>The Board recognizes the importance of maintaining a sound risk management practices and internal control system to safeguard shareholder’s investment and Group’s assets.</p> <p>It is responsible for reviewing the adequacy and integrity of the Group’s risk management and internal control system and management information system in compliance with applicable laws, regulations, rules, directives and guidelines.</p> <p>The Group’s risk management and internal control framework is adequate and effective with a structured approach to implement, monitor, review and improve in tandem with changing business environment.</p> <p>The Group’s risk management is an ongoing process and the Board recognizes its responsibility for identifying principal risks and ensuring the implementation of appropriate systems to manage the risks.</p> <p>The Board together with the assistance of the Audit Committee, the Risk Management Committee and professionals and advisers such as the External Auditors and Internal Auditors, identify risks as an ongoing process and ensure continuous risk management arising therefrom.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has on 19 August 2004 established a Risk Management Committee ("RMC") to assist in identifying and managing risks within the Group. RMC to assume responsibility for the Group's risk oversight and internal control framework. provides oversight, direction and counsel to the Group risk management process and considers any matter relating to the identification, assessment, monitoring and management of any risk associated with the Group that it deems appropriate. Through the Audit Committee, therefore, 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.</p> <p>On 18 August 2023, the Board of the Company had resolved on the formation of a Risk & Sustainability Committee ("RSC") to replace RMC. The formation is timely and necessary to comply with Listing Requirements and Bursa's Enhanced Sustainability Disclosures. Accordingly, the RMC has been merged to be within the RSC to include sustainability matters. The RSC supports the Board in fulfilling its oversight responsibilities in relation to the KKB Group's sustainability strategies and initiatives covering Environmental, Social and Governance ("ESG") and integrating such policies and practices into the Group's business and decision-making process. RSC submits a yearly report to the Audit Committee on the overall Risk Management and Sustainability processes and effectiveness of the Group's Risk Management and Sustainability through MANCO. RSC takes instructions from and reports to the MANCO who will in turn report to the Audit Committee and the Board thereafter.</p> <p>Terms of Reference</p> <p>1. Objective</p> <p>a) To ensure effectiveness of the Group's internal risk management system and control by identifying, quantifying and mitigating any risk to an acceptable level that affects the Group's business and business strategy.</p> <p>b) To initiate and implement the Group's sustainability strategies, policies, related framework, priorities, targets</p>

and practices as approved by the Board so as to ensure they align with the interest of stakeholders including customers, employees, shareholder and communities.

2. Composition

The RSC consists of Top Management and Management personnel from various Divisions/Departments including Subsidiary Companies who are responsible for the day-to-day operation of the Group's businesses.

3. Meetings

The RSC shall meet at least three (3) times a year and shall sit on regular basis and as frequent as required.

4. Duties & Responsibilities

The duties and responsibilities of the RSC shall include but are not limited to the followings:

4.1 Risk Management

- (a) To develop Group Risk Policy and Guidelines.
- (b) To develop framework and policies for risk governance and overall risk management, covering all major risks such as credit risk, market risk, operational risk and compliance risk, IT, Cyber, strategic and reputational risks and etc.
- (c) To conduct risk identification and evaluation, monitor and formulate mitigation strategies and/or action plans.
- (d) To implement the agreed mitigation strategies and/or action plans.
- (e) To periodically review overall risk management processes and policies to ensure they remain relevant and effective.

4.2 Sustainability

- (a) To develop Group Sustainability Policy.
- (b) To conduct materiality assessment by identifying and assessing the material sustainability matters which are relevant and important to the Group.
- (c) To develop relevant activities and programs as part of embedding sustainability within the Group.
- (d) To organize activities to be socially responsible as a Corporate Citizen.
- (e) To identify sustainability initiatives that will have business impact on economy, environment, society and governance.

	<p>(f) To strengthen and disclose Sustainability Statement in the Annual Report to be performed in accordance with recognized assurance standards where applicable.</p> <p>4.3 To submit a yearly report to the Audit Committee on the overall Risk Management and Sustainability processes and effectiveness of the Group’s Risk Management and Sustainability through MANCO.</p> <p>4.4 To take instructions from and report to the MANCO who shall report to the Audit Committee and Board of Directors thereafter.</p> <p>As an ongoing process the RSC carries out risks identification, evaluate, monitor and formulate mitigation strategies on risks identified. The RMC executes its duty based on the Group’s operational activities and manages risks as directed by the Audit Committee who in turn reports to the Board.</p> <p>The RSC periodically reviews risk management processes and policies to ensure relevancy and effectiveness. It will then submit an annual report on the overall risk management processes to the Audit Committee.</p> <p>During the financial year under review, the RSC held four (4) meetings and worked within the adopted risk management framework. This process is monitored and reviewed by the Audit Committee who shall report and recommend to the Board in ensuring the adequacy and integrity of the system of risk management and internal control and to ensure that an appropriate mix of techniques are used to obtain level of assurance required by the Board.</p> <p>The risk responses and internal controls that the management have implemented and/or are implementing are documented in the minutes of meeting of the RSC. For each of the risks identified, the management is assigned to ensure appropriate risk response actions are carried out.</p> <p>The Group Managing Director and Group Chief Financial Officer, have given their assurance through the Audit Committee that the Company’s risk management and internal control system is operating adequately and effectively.</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>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	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 outsourced its Internal Audit function to external party which assists the Audit Committee in the discharge of its duties and responsibilities. All internal audit functions during the financial year were conducted by Crowe Corporate Services Sdn. Bhd. and has resumed its internal audit services effective 1 January 2023 in place of Core Business Success Sdn. Bhd. Its role is to provide independent and objective reports on the Group's management, records, accounting policies and controls to the Board.</p> <p>Once a year, the Audit Committee meets with the Internal Auditors without the presence of other Directors and Management of KKB Group. The independent meeting held on 23 February 2023 was to ensure that the internal audit function is effective and able to function independently. The Internal Auditors reports directly to the Audit Committee and his findings and recommendations are communicated to the Board via the Audit Committee.</p> <p>The Internal Audit Function's activities are outsourced to an independent service provider, who is adequately resourced to ensure the audit activities are carried out professionally with independence, objectivity and impartiality without interference.</p> <p>The Internal Auditors' role is separate (although may overlap) from that of the RSC as it regularly evaluates on an independent basis the effectiveness and appropriateness of the entire risk management and internal control structure as directed by the AC. In addition, the Internal Auditors may also provide such assurance and advice covering specialized areas. With the report presented to the AC, the AC in turn reports to the Board for review on the adequacy and effectiveness of the risk management and internal control system.</p> <p>The Internal Auditors carried out detailed risk audits on each identified area as per directed and approved by the AC and Internal Audit Charter as a guideline.</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

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 of the Company is outsourced to an independent professional firm whose personnel are free from any relationships in ensuring an independent, objective assurance and to add value to and improve the Group's operations.</p> <p>For impartiality and independency, the Internal Auditors ("IA") report directly to the AC on its findings and recommendations. Any necessary corrective action after reporting to the Board by the AC will be monitored by the management.</p> <p>During the financial year under review, the IA carried out its audit assignments as approved by the AC. The audit subjects were selected based on a risk assessment exercise reviewed by the AC. The AC received and reviewed the Internal Audit Reports highlighting audit issues, recommendations and management response and directed actions to be taken by management to rectify and improve the system of risk management and internal control.</p> <p>The Group outsourced its Internal Audit function to external party which assists the Audit Committee in the discharge of its duties and responsibilities. All internal audit functions during the financial year were conducted by Crowe Corporate Services Sdn. Bhd. and has resumed its internal audit services effective 1 January 2023 in placed of Core Business Success Sdn. Bhd. Its role is to provide independent and objective reports on the Group's management, records, accounting policies and controls to the Board.</p> <p>Once a year, the Audit Committee meets with the Internal Auditors without the presence of other Directors and Management of KKB Group. The independent meeting held on 23 February 2023 was to ensure that the internal audit function is effective and able to function independently. The Internal Auditors reports directly to the Audit Committee and his findings and recommendations are communicated to the Board via the Audit Committee.</p>

	<p>During the FYE 2023, the total cost incurred for the internal audit function was in the region of RM32,000.00 (FYE 2022: RM28,000).</p> <p>The AC meets with the IA at least once a year without the presence of other Directors and Management or whenever deemed necessary to ensure that the IA function is effective and able to function independently. The IA reports directly to the AC and his findings and recommendations are communicated to the Board via the AC.</p> <p>The AC has assessed the performance of the IA and was satisfied that the IA function continue to deliver value-added assurance to KKB.</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>	<p>:</p>

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognizes the importance of communication and proper dissemination of information to its shareholders and investors. Through disclosure of relevant information such as announcements, quarterly reports and financial results, Annual Reports and Circulars, the Company aims to provide transparency to shareholders.</p> <p>In that connection the Company has set out the internal Corporate Disclosure Policy and Dividend Policy which are practical and in compliance with the disclosure requirements by Bursa Malaysia Listing Requirements. The policies can be accessed from on our website.</p> <p>The Company practises two-way communication with stakeholders through various means. This includes:</p> <ul style="list-style-type: none">• Annual General Meeting ("AGM") is a platform to allow shareholders dialogues and allows shareholders to pose questions for the Board of Directors, Senior Management team, External Auditors and Internal Auditors to response and clarification. Notice of AGM and Notice of Dividend Entitlement and Payment which specify the place, day and hour of the meeting and date of dividend payment is sent out to all shareholders at least twenty-eight (28) days before the meeting.• Company's Annual Report is a corporate report which includes information such as a Company's financial and operational result, risk, corporate governance, sustainability, strategy and objectives. In tandem with the demand from stakeholders for improved disclosures, there has been an increased focus on the way businesses are run, businesses impact the economy, environment and society.• Company's Website is a major platform for communication with the stakeholders. All information about the Company such as 'Corporate Profile', 'Core Activities', 'Investor Relations', 'Company's Achievement' and others information and event can be found in the website.

	<ul style="list-style-type: none"> • The Company encourages stakeholder to use email for ease communication today. It increases the speed of communication, saves time and reduces printing and distribution costs and its impact on the environment. • Not every stakeholder has an easy access on the IT facilities. Therefore, communication through mail also has been practised. Stakeholders may write to us should they have any questions and Management will reply them. E.g., Minority Shareholders Watch Group. • Telephone and Facsimile. Stakeholders also can make a call or fax over if they have any question or queries to ask. • Stakeholders may request for printed Corporate Profile and Flyers so they know more information on the Company businesses and products. 	
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>Annual General Meeting (“AGM”) is a platform to allow shareholders dialogues and allows shareholders to pose questions for the Board of Directors, Senior Management team, External Auditors and Internal Auditors to response and clarification. Notice of AGM and Notice of Dividend Entitlement and Payment which specify the place, day and hour of the meeting and date of dividend payment is sent out to all shareholders at least twenty-eight (28) days before the meeting.</p> <p>The Company’s Forty-Seventh (47th) AGM for year end 2022 was held on 25 May 2023. The physical meeting is conducted at Abell Hotel, No. 22, 4th Floor, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. Notice of the said AGM was issued to all members and published in “The Star” newspaper on 19 April 2023, in accordance with Company’s Constitution.</p> <p>The said notice has been issued to all members within the prescribed period by electronic means via KKB’s website. Members would have received the written notification which contains the link at https://kkbeb.listedcompany.com/agm.html to access the Annual Report 2022 Circular to Shareholders, Notice of AGM and Proxy Form.</p> <p>During the AGM, members are allowed to inspect all minutes of AGM, Statutory Register Book and Company’s Constitution. There is the Questions and Answers session where shareholders and proxies can exercise their rights to speak or communicate. All questions in relation to the agenda items of the AGM. The questions were then answered by either the Chairman, Directors, Auditors, Group Chief Financial Officer or Company Secretary.</p> <p>A shareholder, namely the Minority Shareholders Watch Group (“MSWG”) had raised some points and queries relating to the strategy and financial matters of the Company and corporate governance matters. A written reply has been forwarded to MSWG on 11 May 2023, a copy of which was given to all the members upon registration.</p> <p>Pursuant to the Paragraph 8.29A(1) of Bursa Securities Listing Requirements, “a listed issuer must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll”. In this connection, Tengis Corporate Services</p>

	Sdn. Bhd. was appointed as Poll Administrator to conduct the polling procedure while Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to validate the votes cast at 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 13.2

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	Attendance of the Directors who held office during the financial year ended 31 December 2023 is shown below:				
	Name of Directors	Board Meeting	Board Committees Meeting		47th AGM
			AC	NRC	
	Executive Chairman Dato Sri Kho Kak Beng	4/4	N/A	N/A	√
	Group Managing Director Kho Pok Tong	4/4	4/4	N/A	√
	Executive Director Kho Poh Lin	4/4	4/4	N/A	√
	Independent Non-Executive Directors Yong Voon Kar	4/4	2/2	N/A	√
	Datin Mary Sa'diah binti Zainuddin	4/4	2/2	1/1	√
	Ir. Haji Othman bin Abdul Kadir *	2/2	N/A	N/A	N/A
	Non-Independent Non-Executive Director Dr Arjunan Subramaniam	4/4	2/2	1/1	√
Lau Nai Pek	4/4	4/4	N/A	√	
Chai Woon Chew	4/4	2/2	1/1	√	
	All directors attend the Company's 47 th AGM. The Chair of the Board Committees and Group Chief Financial Officer also present to provide meaningful response to questions addressed to them (if any).				
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company's Forty-Seventh (47th) AGM for year end 2022 was held on 25 May 2023. The physical meeting is conducted at Abell Hotel, No. 22, 4th Floor, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. Notice of the said AGM was issued to all members and published in the "New Straits Times" newspaper on 19 April 2023, in accordance with Company's Constitution.</p> <p>Beginning 1 April 2022, Malaysia entered into the Transition to Endemic Phase. Thus, the Company has taken precautions to ensure the safety of attendees at the AGM. The Company reserves the right that everyone strictly follows the standard operating procedures issued by the Government and the advice of the Ministry of Health throughout the AGM.</p> <p>Physical meeting or in-person meetings offer the unique advantage of real, physical presence. Participants can shake hands, make eye contact, and interpret body language, which enhances the quality of communication. These personal touches foster connections that transcend the limitations of digital communication. Its encourages more personal relation and easier engagement and interaction.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Chairman of the Board ensure that the AGM is interactive and shareholders are provided with sufficient opportunity to pose questions and the questions are responded accordingly.</p> <p>During the AGM, members are allowed to inspect all minutes of AGM, Statutory Register Book and Company's Constitution. There is the Questions and Answers session where shareholders and proxies can exercise their rights to speak or communicate. All questions in relation to the agenda items of the AGM. The questions were then answered by either the Chairman, Directors, Auditors, Group Chief Financial Officer or Company Secretary.</p> <p>A shareholder, namely the Minority Shareholders Watch Group ("MSWG") had raised some points and queries relating to the strategy and financial matters of the Company and corporate governance matters. A written reply has been forwarded to MSWG on 11 May 2023, a copy of which was given to all the members upon registration.</p> <p>Pursuant to the Paragraph 8.29A(1) of Bursa Securities Listing Requirements, "a listed issuer must ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll". In this connection, Tengis Corporate Services Sdn. Bhd. was appointed as Poll Administrator to conduct the polling procedure while Commercial Quest Sdn. Bhd. was appointed as the Independent Scrutineer to validate the votes cast at the AGM.</p> <p>At the AGM, Tengis Corporate Services Sdn. Bhd. briefed attendees on the Company's voting procedures before the meeting started. Polling procedures as follows is conducted:</p> <ol style="list-style-type: none">1) Poll Administrator distributed the Polling Slip to all members, proxies and corporate representatives during registration.

- 2) Members to indicate their vote on the resolution concerned as you deem fit.
- 3) Poll Administrator have filled up the Polling Slip according to the voting instructions as stated in the proxy form for proxies. If there are no voting instructions given in the proxy form, proxies have to vote as proxies deem fit or proxies may abstain from voting on any one (1) of the resolutions.
- 4) Members who are also a proxy or corporate representative need to complete the Polling Slip separately.
- 5) Members to indicate their vote with an "X" in the column provided for votes "for" and "against" in respect of resolutions and sign the Polling Slip. Please do not mark both columns. If you choose to abstain from voting on any one (1) of the resolutions, please leave the "for" and "against" boxes blank in respect of that particular resolution.
- 6) When done, please sign off the Polling Slip, fold it into 4 and deposit it into the balloting box. Please take note that votes will be treated as spoilt when:
 - (i) the Polling Slip is not signed by the members or proxies or corporate representative; or
 - (ii) voting is not clearly indicated. For example, when both columns provided for votes "for" and "against" in respected resolution have been marked; or
 - (iii) the Polling Slip that has alteration on it but has not been initialed by the members, proxies or corporate representatives; or
 - (iv) the Polling Slip is torn, defaced, smudged or crushed.
- 7) Poll Administrator will be handling the polling process and Scrutineers will be overseeing the conduct of the poll and scrutinizing the votes cast.
- 8) Once the completed Polling Slip is dropped into the balloting box, the balloting box would be taken to the counting room for purposes of counting and scrutinizing, the Scrutineers shall read out the results of the poll and hand the results slip to the Chairman.
- 9) After that, the Chairman will declare whether the resolutions are carried or not carried.

Based on the polling results confirmed by the scrutineers, all resolutions as set out in the notice of the 47th AGM dated 19 April 2023 were duly accepted and carried. The key matters and minutes of the 47th AGM is announced on Bursa website and published in the Company's website for shareholders accessible.

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

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
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 13.6

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 Company's Forty-Seventh (47th) AGM for year end 2022 was held on 25 May 2023. The physical meeting is conducted at Riverside Majestic Hotel Astana Wing, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. Notice of the said AGM was issued to all members and published in the "New Straits Times" newspaper on 19 April 2023, in accordance with Company's Constitution. Based on the polling results confirmed by the scrutineers, all resolutions as set out in the notice of the 47 th AGM dated 19 April 2023 were duly accepted and carried. The key matters and minutes of the 47 th AGM is announced on Bursa website and published in the Company's website for shareholders accessible.
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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