

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9466
COMPANY NAME : KKB ENGINEERING BERHAD
FINANCIAL YEAR : December 31, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

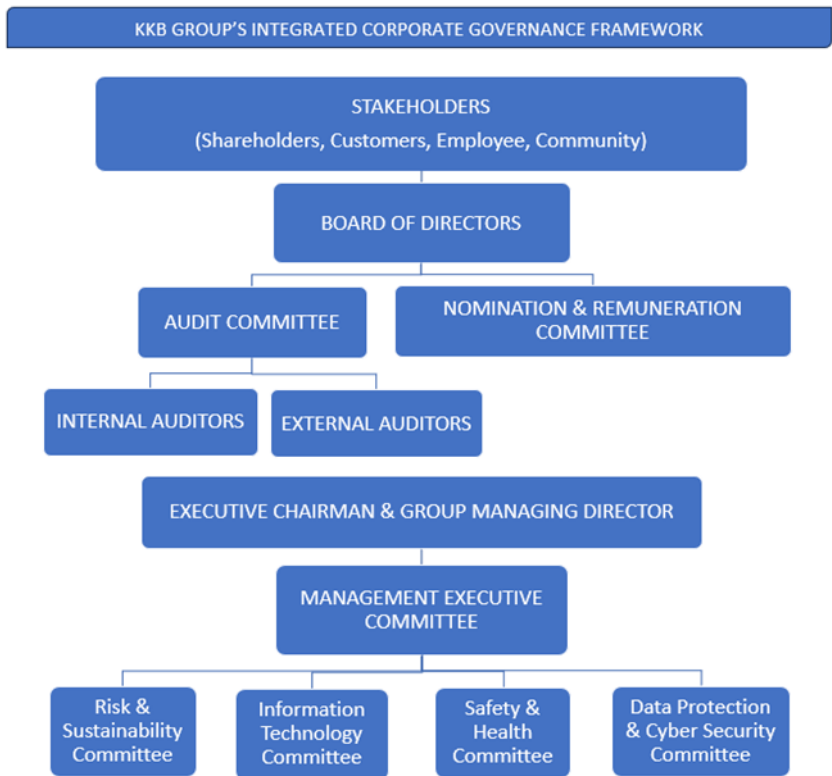
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders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

Application	: Applied
Explanation on application of the practice	<p>The Board provides leadership and sets the strategic direction of the Group in line with its Vision, Mission and long-term objectives. The Board ensures that adequate resources are in place to support business operations and sustainability, and reviews management performance through regular reporting and oversight mechanisms. The Board establishes the Group's values and standards to promote ethical conduct, accountability and transparency, and ensures that the interests of shareholders and other stakeholders are recognised and addressed.</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: -</p> <p><u>Our Goals</u></p> <ul style="list-style-type: none"> • 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.

The Board ensures that adequate resources, including financial, human and operational resources, are available to support the achievement of the Group's objectives. This includes oversight of capital allocation, investment in technology, human capital development, and implementation of an integrated risk management framework to safeguard the Group's assets and business continuity.



The Board is committed to discharge its responsibilities responsibly to meet the goals and objectives of the Company, as well as 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 the Board Committees and the Management.

The Board Charter sets out the Board's clear functions and outlines the powers that the Board specifically reserves for itself, and those which it delegates to the Management and in so doing, also sets the tone of various Board Committees in order to attain efficiency in Board performance.

	<p>Further details on the Board’s roles and responsibilities are set out in the Board Charter, which is available on the Company’s website at https://kkbeb.com.my/about-us/corporate-governance/.</p> <p>A formal and clear division of responsibilities is maintained between the Board and Management to ensure effective oversight, accountability and balanced authority, with the Board focusing on strategic leadership and governance, while Management is responsible for the execution of the Group’s strategies and day-to-day operations.</p> <p>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 across the Group.</p> <ul style="list-style-type: none"> • Climate-Change Related; • Corporate Governance; • Technology and Artificial Intelligence (AI); and • Integrated Risk Management Framework. <p>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.</p> <p>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.</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

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>Appointed by the Board of Directors, the Executive Chairman reports directly to the Board, providing leadership, strategic direction, and guidance to ensure the Board fulfils its oversight responsibilities effectively. He also drives strategic initiatives and business development, while not serving on any Board Committees, including the Audit Committee and Nomination & Remuneration Committee, in line with good corporate governance practices.</p> <p>Dato Sri Kho Kak Beng, the Executive Chairman of the Group, brings extensive experience in steel works, engineering, and construction, coupled with strong technical and managerial expertise. He guides the Group Managing Director in implementing the Group's strategies and ensures the smooth operation of daily business activities, while maintaining independence from Board Committees to uphold governance standards.</p> <p>The Executive Chairman's roles and responsibilities are but 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.v) Ensures that procedures are in place to govern the Board's operations.

	<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>Through these responsibilities, the Executive Chairman ensures that the Board remains effective, accountable, and aligned with the Group’s long-term sustainable growth objectives.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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 Board's Succession Plan, this is an ongoing review.	
Timeframe	:	Others	9 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. Further details on the Executive Chairman's roles and responsibilities are set out in the Board Charter, which is available on the Company's website 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

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 Board is supported by the Company Secretary, Ms. Voon Jan Moi, who is duly qualified under Section 235(2) of the Companies Act 2016 ("the Act"). Ms. Voon possesses the necessary qualifications, experience, and expertise to effectively discharge her duties in supporting the Board and ensuring sound corporate governance across the Group.</p> <p>Prior to Board meetings, the Company Secretary circulates the meeting notice and agenda to all Directors, allowing sufficient time for preparation and ensuring that proceedings are conducted efficiently.</p> <p>The key responsibilities of the Company Secretary include:</p> <ul style="list-style-type: none"> • Advising the Board on all corporate governance matters; • Ensuring that Board proceedings are conducted in accordance with established procedures; and • Reviewing and providing guidance to the Board on Directors' duties and obligations under applicable rules and regulations, including the Malaysian Code on Corporate Governance (MCCG) and the Main Market Listing Requirements (MMLR). <p>To promote consistency in Board conduct and effective boardroom practices across the Group, the Company Secretary also oversees the Group's corporate secretarial functions. The appointment and removal of the Company Secretary is determined by the Board. Through these functions, the Company Secretary enables the Board to discharge its responsibilities effectively, uphold high standards of corporate governance, and safeguard the interests of shareholders and stakeholders.</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

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supplied with complete, accurate and timely information to enable informed decision-making and effective discharge of its duties. Directors receive comprehensive Board Meeting Papers covering, inter alia, financial performance, operational matters, corporate developments and other key business updates. These include Minutes of past Board meetings, reports on Recurrent Related Party Transactions, updates from regulatory authorities, as well as Internal and External Audit reports, where applicable.</p> <p>To ensure sufficient time for review and consideration, Board papers are circulated to all Directors at least seven (7) days prior to each Board meeting.</p> <p>All Directors have full and unrestricted access to information necessary for the performance of their duties. Directors are entitled to seek advice and services from the Company Secretary at all times. In addition, the Directors, whether individually or collectively as a Board, may obtain independent professional advice, as and when required, at the Company's expense, in accordance with established procedures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>In recognising that robust and well-designed corporate governance practices are fundamental to safeguarding the interests of the Group's stakeholders, the Board of Directors of KKB is guided by a Board Charter that clearly defines the Board's roles, powers, duties and responsibilities.</p> <p>The Board Charter reflects current best practices in corporate governance as well as compliance with applicable laws, regulations and guidelines, including the Malaysian Code on Corporate Governance and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In addition, the Charter outlines the processes and procedures that support the effective and efficient functioning of the Board and its Committees, thereby promoting accountability, transparency and sound decision-making.</p> <p>The Board Charter is a dynamic and living document, which is reviewed annually and updated as and when necessary to reflect changes in the Group's policies, procedures and operational requirements, as well as amendments to relevant regulatory and governance frameworks. The Charter comprises, among others, clearly defined terms of reference, authority limits for the Board and its Committees, and key internal governance policies.</p> <p>Further details on the Board's roles and responsibilities are set out in the Board Charter, which is available on the Company's website at https://kkbeb.com.my/about-us/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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>Code of Business Conduct and Ethics</p> <p>KKB Engineering Berhad and its Group of Companies has in place a Code of Business Conduct and Ethics ("the Code") which is the reflection of the Group's Vision and Mission, and is used to create, and to protect sustainable value to our stakeholders in a fair, transparent and responsible manner.</p> <p>The Code applies not only to directors and employees but also extends to any third party with whom the Company engages in commercial dealings.</p> <p>In essence, the Code advocates ethical business practices, and denounces any act or conduct in contravention to the legal or moral principles such as abuse of power, corruption, insider trading and money laundering.</p> <p>The Company is fully aware that a single code may not be sufficient to address the need on good corporate governance. Therefore, various policies and procedures have been crafted by the Company, all of which form the Company's ecosystem on corporate governance.</p> <p>Anti-Bribery & Corruption Policy</p> <p>Guided by the Malaysian Anti-Corruption Commission Act 2009, the Company's Anti-Bribery and Corruption Policy ("ABC Policy") is designed specifically to combat any act of bribery and corruption both within the Company and in its supply chain.</p> <p>Internally, trainings aiming at fostering awareness on bribery and corruption have been provided to our employees. This is complemented by a yearly integrity pledge by our employees, underscoring our continuous commitment in promoting ethical business practices.</p>

	<p>The risk of corruption may be from the outside of the Company. As such, we adopted due diligence process in assessing our customers and suppliers. This process consists of the Anti-Bribery and Corruption Questionnaires for Third Party which is to be completed by our customers and suppliers, and the Internal Due Diligence Questionnaires is to be conducted internally.</p> <p>Anti-Competition Policy</p> <p>At KKB Group, we uphold the principles of fair trade and fair competition knowing that these principles are crucial to the healthy growth of the economy. This is evidenced by the launch of the Company’s Anti-Competition Policy (“AC Policy”).</p> <p>The AC Policy identifies the circumstances under which anti-competition practices could be affirmed or inferred. With knowledge on what constitutes anti-competition practices, the Company is better equipped to remain competitive without compromising the fundamental principles on fair trade and competition.</p> <p>Anti-Money Laundering & Anti-Terrorism Financing Policy</p> <p>Our answer to money laundering and terrorism financing is the Anti-Money Laundering & Anti-Terrorism Financing Policy. Our approach is to detect red flags, prevent red flags, and mitigate the risk of red flags.</p> <p>Red flags refer to circumstances signalling the actual or potential commission of the money laundering and terrorism financing activities.</p> <p>Conflict of Interest Policy & Procedures</p> <p>The directors and the employees of the Company are obligated to disclose any personal or private interest which has or might be in conflict with that of the Company, including any circumstances under which the impartiality of the director or employee concerned may potentially be affected.</p> <p>Whistle Blowing Policy and Procedures</p> <p>Whistle blowing is a pillar towards good corporate governance. By virtue of the Whistle Blowing Policy and Procedures, the Company provides a proper channel to its employees or any other person or party to raise genuine concern on any matters involving the Company.</p> <p>All of the above policies are published and can also be viewed at https://kkbeb.com.my/about-us/corporate-governance/.</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 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 Group's Whistle Blowing Policy and Procedures is designed to 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> <p>Whistleblower may raise concern not only covers possible improprieties in matters of financial reporting, but also on the fraud, corruption, bribery or blackmail, criminal offences, 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> <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>The Board together with management takes responsibility for the governance of sustainability.</p> <p>The Board has oversight of the governance of sustainability of KKB Group and is collectively responsible for setting the Group's sustainability direction. In discharging its duties, the Board ensures that sustainability considerations are integrated into the Group's strategies, business plans, major plans of action and risk management framework, with the objective of supporting long-term value creation and sustainable growth.</p> <p>The Board approves the Group's sustainability policies, strategies, priorities and targets, and oversees the management of material sustainability-related risks and opportunities. The Board is assisted by the Audit Committee, which supports the Board in reviewing the adequacy and effectiveness of sustainability-related governance processes, disclosures and risk management, as well as ensuring compliance with applicable regulatory requirements and guidelines.</p> <p>At the management level, the Management Executive Committee ("MANCO"), led by the Group Managing Director, is responsible for the implementation of the sustainability strategies and initiatives approved by the Board. MANCO provides leadership in driving sustainability integration across the Group's operations, monitors sustainability performance and reports to the Board on material sustainability matters, where appropriate.</p> <p>MANCO is supported by the Risk and Sustainability Committee ("RSC"), which is tasked with formulating and implementing sustainability strategies, frameworks and action plans. The RSC is responsible for identifying and assessing material sustainability matters, recommending sustainability-related targets and key performance</p>

	<p>indicators, and monitoring the Group’s sustainability performance, including climate-related matters, for management review.</p> <p>Heads of departments and divisions, supported by senior management, are responsible for the execution of sustainability initiatives within their respective areas of responsibility and for ensuring that sustainability considerations are embedded into day-to-day operations and decision-making processes.</p> <p>The Group has in place a structured process to identify, assess and manage sustainability-related risks and opportunities, which is integrated into the Group’s overall risk management framework. Material sustainability matters are identified through a formal materiality assessment process, taking into account stakeholder engagement, regulatory developments and internal risk assessments. The outcome of the materiality assessment is reviewed by management and subsequently endorsed by the Audit Committee and the Board.</p> <p>Through this governance framework, the Board and management collectively ensure that sustainability risks and opportunities are addressed in an integrated and strategic manner in support of the Group’s long-term strategy and business sustainability.</p> <p>Please refer to the Sustainability Statement in the Annual Report 2025, pages 28 to 77, for further information.</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 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Communication of Sustainability Strategies, Priorities and Performance</p> <p>The Board of Directors (“the Board”) ensures that the Group’s sustainability strategies, priorities, targets and performance are effectively communicated to both internal and external stakeholders. KKB Group engages with various stakeholders, including investors and shareholders, employees, customers, business associates, regulatory authorities, communities and the media.</p> <p>Communication is carried out through multiple channels, among others, the Annual Report, Company website, internal meetings and emails, conferences, financial performance briefings, general meetings, and public engagement events. The Board, through its Risk & Sustainability Committee, has established a Sustainability Policy to govern the Group’s overall approach to sustainability.</p> <p>Further information on the Group’s stakeholder engagement and sustainability communication initiatives is disclosed in the Sustainability Statement and Corporate Governance Overview Statement in the Annual Report 2025, accessible at https://kkbeb.listedcompany.com/agm.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

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

Application	: Applied
Explanation on application of the practice	<p>Board Highlights and Priorities during FYE 2025</p> <p>The Board of Directors and Management set the strategic direction of KKB Group and ensure that sustainability is embedded across the Group, with adequate resources, systems, and processes to manage sustainability issues. During the financial year under review, the Board focused on key strategic priorities across sustainability, corporate governance, technology, risk, and anti-bribery and corruption initiatives.</p> <p>Key Strategic Focus Areas</p> <p>Sustainability and Climate-Related Matters</p> <ul style="list-style-type: none">• Endorsed KKB Group’s roadmap for sustainability reporting in line with IFRS S1 and S2.• Reviewed and enhanced the Enhanced Sustainability Reporting Requirements Manual.• Enhancements to Bursa Malaysia’s Centralized Sustainability Intelligence (CSI) platform. <p>Corporate Governance and Board Composition</p> <ul style="list-style-type: none">• Monitored Board composition, including the resignation and retirement of a Non-Independent Director.• Reviewed and updated relevant policies.• Promoted awareness on AI Governance, data protection, cybersecurity, and anti-bribery and corruption.• Establishment of the Data Protection & Cybersecurity Committee and related officer appointments. <p>Technology and Risk Management</p> <ul style="list-style-type: none">• Championed the adoption of emerging technologies, including AI-enabled systems, to strengthen operational safety and risk management. Notably, integrated the Drone Technology Procedure into the ISO 45001 AI Management System for site inspections, effectively minimizing worker risks.• Reviewed major enterprise risks and sustainability risk management for 2025.

	Board Professional Development The Board continued to enhance its knowledge and skills through targeted training, briefings, and lifelong learning to sustain effective participation in deliberations and oversight of sustainability, governance, and risk 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 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>Board and Senior Management Performance Evaluation</p> <p>The Board, through the Nomination & Remuneration Committee (“NRC”), conducts annual evaluations of the Board, Board Committees, individual Directors and Senior Management, including the Group Chief Financial Officer. The evaluation is guided by the Directors’ Fit & Proper Policy, which sets out the criteria on integrity, competence, experience and commitment required to effectively discharge their roles.</p> <p>The evaluation framework includes an assessment of the effectiveness of the Board and Senior Management in addressing the Group’s material sustainability risks and opportunities, as well as their contributions to governance, strategic direction and risk oversight. This includes consideration of how sustainability factors are integrated into the Group’s strategy, risk management and operational practices.</p> <p>The evaluations are carried out using structured assessment tools and are reviewed by the NRC, with its recommendations subsequently tabled to the Board for deliberation and decision.</p> <p>During the financial year under review, the Board also undertook assessments in relation to Directors’ re-election and succession planning. In line with the Listing Requirements, changes to the Board composition were affected, including the resignation of an Independent Director and the appointment of a new Independent Director, following the completion of the NRC’s evaluation process.</p> <p>The outcomes of these evaluations are utilised to enhance Board effectiveness, strengthen Senior Management accountability, and support continuous improvement in the Group’s governance and sustainability oversight.</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 4.5- Step Up

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: <p>The Board has established the Risk & Sustainability Committee (RSC) chaired by Ms. Kho Poh Lin – Executive Director, a management-level committee, to provide dedicated focus on sustainability and risk management across the Group. The RSC ensures that sustainability considerations, including material ESG risks and opportunities, are effectively integrated into the Group’s strategies, operations, and decision-making processes.</p> <p>The RSC reports to the Board through the Management Executive Committee (MANCO) and the Audit Committee, ensuring clear reporting lines, accountability, and effective oversight. The Committee comprises senior management from key functions across the Group, reflecting a cross-functional approach to sustainability governance.</p> <p>The roles and responsibilities of the RSC include:</p> <ul style="list-style-type: none">• Overseeing the implementation and effectiveness of the Group’s risk management framework, including ESG-related risks.• Initiating, implementing, and monitoring sustainability strategies, policies, priorities, and targets.• Ensuring alignment of sustainability initiatives with stakeholder interests and business objectives.• Supporting transparent reporting of sustainability performance, including disclosures in the Annual Integrated Report. <p>The RSC convenes regularly and meets at least three times annually, or more frequently as required, to review and guide sustainability and risk-related matters.</p>

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>Nomination & Remuneration Committee (NRC)</p> <p>The NRC is responsible for ensuring the effectiveness, independence, and overall composition of the Board. It comprises exclusively Non-Executive Directors, two of whom are Independent:</p> <table border="1"><thead><tr><th>Name</th><th>Position</th><th>Category</th></tr></thead><tbody><tr><td>Yong Voon Kar</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Ir. Haji Othman bin Abdul Kadir</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Chai Woon Chew</td><td>Member</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table> <p>Guided by the Directors' Fit & Proper Policy, the NRC oversees Board structure, size, composition, and performance of individual Directors and the Group Chief Financial Officer. It also recommends remuneration frameworks for Executive Directors, the Group CFO, and Senior Management.</p> <p>Further details on the NRC's roles and responsibilities are available in the Committee's Terms of Reference on the Company's website. https://www.kkbeb.com.my/system/assets/1562/TORs%20NRC.pdf</p> <p>Board Evaluation and Director Re-election</p> <ul style="list-style-type: none">• The NRC conducts an annual performance evaluation of the Board, Board Committees, individual Directors, and the Group CFO using structured evaluation forms.• Evaluations assess performance, contribution, commitment, independence, and competence.• Results are discussed in NRC meetings and recommendations are submitted to the Board. <p>Protocols for New Directors and Re-election:</p> <ul style="list-style-type: none">• Newly appointed Directors undergo induction and orientation and are subject to Fit & Proper assessment.• One-third of Directors retire by rotation annually, and re-election is contingent on satisfactory performance evaluation.	Name	Position	Category	Yong Voon Kar	Chairman	Independent Non-Executive Director	Ir. Haji Othman bin Abdul Kadir	Member	Independent Non-Executive Director	Chai Woon Chew	Member	Non-Independent Non-Executive Director
Name	Position	Category											
Yong Voon Kar	Chairman	Independent Non-Executive Director											
Ir. Haji Othman bin Abdul Kadir	Member	Independent Non-Executive Director											
Chai Woon Chew	Member	Non-Independent Non-Executive Director											

	<ul style="list-style-type: none"> • Directorship limits comply with MMLR (max five listed company directorships). <p>Board Composition and Succession As at 31 December 2025, the Board comprises eight Directors:</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td>3</td> </tr> <tr> <td>Independent Non-Executive Directors</td> <td>3</td> </tr> <tr> <td>Non-Independent Non-Executive Directors</td> <td>2</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • All Independent Directors have served less than 12 years, ensuring compliance with MMLR. • Board succession planning is guided by a three-year succession plan (2025–2027). • Resignations and new appointments reflect the Board’s commitment to renewal and diversity. <p>Board Diversity</p> <ul style="list-style-type: none"> • Gender: 25% female representation in FY2025, up from 22.2% in prior years. • Age: Balanced distribution across 50–79 years to ensure experience and continuity. • Ethnicity, Skills & Experience: Directors have diverse professional backgrounds in audit, accounting, construction, engineering, energy, law, finance, and banking, enhancing effective decision-making. <p>Gender Diversity Policy KKB Group is committed to gender diversity at Board and Senior Management levels. Key strategies include:</p> <ol style="list-style-type: none"> 1. Recruiting from a diverse pool of female candidates. 2. Reviewing succession plans to ensure gender diversity. 3. Incorporating gender diversity considerations into Board appointment and selection processes. <p>Monitoring and Reporting:</p> <ul style="list-style-type: none"> • The Board, through NRC, monitors the Policy’s effectiveness and discloses progress in the Annual Report. <p>Training and Development</p> <ul style="list-style-type: none"> • All Directors completed MAP Part I and II by 1 August 2025. • Continuous training ensures Directors maintain current sustainability, regulatory, and industry knowledge to support effective oversight and decision-making. 	Category	Number	Executive Directors	3	Independent Non-Executive Directors	3	Non-Independent Non-Executive Directors	2
Category	Number								
Executive Directors	3								
Independent Non-Executive Directors	3								
Non-Independent Non-Executive Directors	2								
<p>Explanation for departure :</p>									

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.2

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	:											
Explanation for departure	:	<p>An appropriate Board composition is fundamental to the Board's ability to effectively discharge its oversight and fiduciary responsibilities. KKB ensures that its Board comprises individuals with a balanced mix of skills, knowledge, experience, independence, and diversity that align with the Company's objectives and strategic direction.</p> <p>As at the end of the financial year, the Board consists of eight (8) Directors, structured as follows:</p> <table><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>2</td></tr><tr><td>Total</td><td>8</td></tr></tbody></table> <p>During the financial year under review, the Board's composition remained fully compliant with the Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance (MCCG). The restructuring and realignment of the Board undertaken in the preceding year have resulted in a well-balanced Board that is progressively aligned with the Group's three-year Succession Plan for 2025 to 2027.</p> <p>The resignation of Dr. Arjunan Subramaniam, Non-Independent Non-Executive Director, on 22 May 2025 after over 20 years of service, reflects the Board's commitment to Board renewal as part of good corporate governance practices, while ensuring continuity of knowledge and experience.</p> <p>All Independent Non-Executive Directors have served less than twelve (12) years and collectively comprise one-third (1/3) of the Board, in accordance with Paragraph 15.02 of the MMLR.</p>	Category	No. of Directors	Executive Director ("ED")	3	Independent Non-Executive Director ("INED")	3	Non-Independent Non-Executive Director ("NINED")	2	Total	8
Category	No. of Directors											
Executive Director ("ED")	3											
Independent Non-Executive Director ("INED")	3											
Non-Independent Non-Executive Director ("NINED")	2											
Total	8											

	<p>The Board, through the Nomination and Remuneration Committee (NRC), continues to prioritise diversity, including gender diversity, in its recruitment and succession planning. As at the end of the financial year, two (2) of the eight (8) Directors are female.</p> <p>The Board reviews its Succession Plan annually to ensure the continued effectiveness, suitability, and balance of its composition. The Board is satisfied that the current structure provides an appropriate mix of Executive Directors, Independent Non-Executive Directors, and Non-Independent Non-Executive Directors, enabling objective and independent decision-making that supports the Group’s sustainable growth and upholds high standards of corporate governance.</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><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>KKB Group observes the tenure guideline for Independent Directors as set out in the Malaysian Code on Corporate Governance ("MCCG") and Bursa Malaysia Main Market Listing Requirements ("MMLR").</p> <ul style="list-style-type: none">• The tenure of an Independent Director does not exceed a cumulative term of nine (9) years.• Upon completion of nine years, an Independent Director may continue to serve on the Board as a Non-Independent Non-Executive Director, if the Board deems appropriate. <p>Retention Beyond Nine Years</p> <ul style="list-style-type: none">• In exceptional circumstances, where the Board intends to retain an Independent Director beyond nine years, the rationale for retention will be fully disclosed.• Such retention is subject to annual shareholders' approval through a two-tier voting process, in line with MCCG 2021 recommendations. <p>Current Status (as at 31 December 2025):</p> <ul style="list-style-type: none">• All Independent Directors on the Board have served less than nine years, in compliance with the MCCG and MMLR.• The Board, through the Nomination & Remuneration Committee (NRC), continuously monitors the tenure and independence of all Independent Directors to ensure effective oversight, objectivity, and alignment with good corporate governance practices. <p>This framework ensures that the Board maintains fresh perspectives, independence, and balanced decision-making, while retaining experienced directors where necessary to support the Group's long-term strategy.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.4 - 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 ensures that the appointment of Directors and senior management is based on objective criteria, merit, and a transparent selection process, with due regard to diversity in skills, experience, age, cultural background, and gender, in line with the Malaysian Code on Corporate Governance (“MCCG”).</p> <p>The Nomination & Remuneration Committee (“NRC”) is responsible for identifying, assessing, and recommending suitable candidates for appointment to the Board and senior management positions. In undertaking this role, the NRC is guided by the Directors’ Fit and Proper Policy, Succession Planning Policy, and Gender Diversity Policy, which collectively set out the criteria for selection, including integrity, competence, experience, commitment, and independence.</p> <p>Prior to appointment, the NRC assesses whether a candidate is able to devote sufficient time and attention to effectively discharge his/her duties, taking into consideration existing directorships and other commitments, including appointments in non-listed companies. The Board also ensures compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which limits the number of directorships held by Directors.</p> <p>Any appointment that may give rise to conflicts of interest, impair independence, or cast doubt on the integrity and governance of the Company is not recommended. Where applicable, background checks and declarations are obtained to ensure that candidates meet the required standards of ethics, professionalism, and accountability.</p> <p>Through these measures, the Board seeks to maintain a high-calibre leadership team that contributes to effective governance, objective decision-making, and the long-term sustainability of the Group.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination & Remuneration Committee (“NRC”) is responsible for identifying, assessing, and recommending suitable candidates for appointment to the Board. In discharging its duties, the NRC evaluates the skills, experience, independence, integrity, time commitment, and overall contribution of the Board as a whole, the Board Committees, and individual Directors.</p> <p>The NRC is guided by the Directors’ Fit and Proper Policy in the recruitment and assessment of new Directors and candidates. The criteria for recruitment are reviewed annually by the Board to ensure continued relevance and alignment with the Group’s strategic and governance needs.</p> <p>As part of an ongoing succession planning process, the NRC continuously identifies and reviews potential candidates to fill Board vacancies as and when the need arises. Candidate profiles may be sourced from various channels, including internal recommendations and external referrals, to ensure a broad and diverse pool of candidates.</p> <p>Where appropriate, the Board also utilises independent sources, such as independent third-party consultants, professional bodies, or relevant associations, to identify suitably qualified candidates. This approach ensures that the selection process remains objective, transparent, and merit-based, and is not solely reliant on recommendations from existing Directors, Management, or major shareholders.</p> <p>Through this process, the Board seeks to maintain an effective, diverse, and well-balanced Board composition that supports sound decision-making and the long-term sustainability of the Group.</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 ensures that shareholders are provided with adequate and relevant information to enable them to make informed decisions on the appointment and reappointment of Directors.</p> <p>Information relating to the appointment and reappointment of Directors is disclosed in the Notice of Annual General Meeting (“AGM”), under the Explanatory Notes, which include:</p> <ul style="list-style-type: none">• the profile, qualifications, skills, experience, and working background of the Directors;• details of any interests, positions, or relationships that may influence, or be perceived to influence, their ability to exercise independent judgement; and• a statement by the Board supporting the appointment or reappointment, together with the reasons for such recommendation. <p>Further details can be accessed via the following link: https://kkbeb.listedcompany.com/agm.html In addition, relevant information is also made available through the Company’s announcements published on Bursa Malaysia Securities Berhad’s website, ensuring transparency and accessibility to shareholders.</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 Nomination & Remuneration Committee (“NRC”) is established to regularly assess the independence of Independent Directors and to review the overall composition and effectiveness of the Board. The NRC comprises exclusively Non-Executive Directors, the majority of whom are Independent Non-Executive Directors.</p> <p>The NRC is chaired by Mr. Yong Voon Kar, an Independent Non-Executive Director, who was appointed as Chairman of the NRC on 31 May 2023. His appointment ensures that the Committee’s deliberations are conducted with objectivity, independence, and transparency.</p> <p>As Chairman of the NRC, Mr. Yong Voon Kar provides leadership in matters relating to Board succession planning, the appointment and reappointment of Directors, including the Chairman and Group Managing Director, as well as the annual evaluation of the Board, Board Committees, and individual Directors. He oversees the annual assessment process to ensure that the performance and contribution of each Director are reviewed in an independent and structured manner.</p> <p>The Board is satisfied that the NRC’s composition and leadership comply with Practice 5.8 of the Malaysian Code on Corporate Governance 2021, and support effective oversight and sound corporate governance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board recognises the importance of gender diversity and supports the Malaysian Code on Corporate Governance (“MCCG”) recommendation that at least 30% of the Board comprise women directors.</p> <p>As at the financial year ended 31 December 2025, the Board comprises two (2) women directors out of a total of eight (8) directors, representing 25% women participation. While this is below the MCCG’s recommended 30% threshold, the Board is in full compliance with the minimum requirement under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, which requires at least one (1) woman director on the Board.</p> <p>The Board is of the view that the current composition reflects an appropriate balance of skills, experience, independence, and diversity required to support the Group’s business and strategic objectives. The Board, through the Nomination & Remuneration Committee (“NRC”), continues to prioritise gender diversity in its Board succession planning and director recruitment process, guided by the Company’s Gender Diversity Policy. Suitably qualified female candidates are actively considered for future appointments, taking into account merit, competencies, experience, and the evolving needs of the Board.</p> <p>The Board remains committed to progressively enhancing women representation on the Board and will continue to work towards achieving the 30% target, subject to Board renewal timing and the availability of suitably qualified candidates.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>Gender Diversity Policy</p> <p>KKB Group is committed to promoting gender diversity at both Board and Senior Management levels. The Board, through the Nomination & Remuneration Committee (NRC), oversees the implementation of this policy to ensure suitably qualified female candidates are considered in appointments, reappointments, and succession planning.</p> <p>As at 31 December 2025, two (2) of the eight (8) Directors (25%) are female, exceeding the minimum requirement under the Main Market Listing Requirements, which mandates at least one (1) female Director on the Board. At Senior Management level, three (3) females hold key positions, including one (1) Executive Director, reflecting the Company's commitment to inclusivity and gender balance.</p> <p>The Group continues to monitor and enhance gender diversity across its leadership to support sustainable growth, merit-based appointments, and good corporate governance practices. Further details are disclosed in the Annual Report and on the Company's website.</p> <p>Please refer to the Corporate Governance Overview Statement in the Annual Report 2025, pages 94 to 95, for the Gender Diversity Policy.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to 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	: Directors' Fit and Proper Policy and Board Evaluation The Board conducts a formal and objective annual evaluation to assess the effectiveness of the Board as a whole, its Committees, and individual Directors. The evaluation is facilitated internally through structured assessment forms covering Board performance, Committee effectiveness, and Directors' contributions. Outcomes of the assessment are deliberated by the Nomination & Remuneration Committee (NRC) and reported to the Board, with recommendations for improvements or adjustments in Board composition, training, and succession planning. The Directors' Fit and Proper Policy guides the Nomination & Remuneration Committee (NRC) and the Board in assessing candidates for appointment to the Board as well as Directors seeking re-election. The Policy sets out the fit and proper criteria, ensuring that each Director possesses the character, experience, integrity, competence, and time to effectively discharge their role. For the financial year ended 31 December 2025, the evaluation confirmed that the Board and its Committees operated effectively, with Directors demonstrating commitment, competence, and independent judgment. Actions arising from the evaluation included succession planning updates, targeted training programs, and continuous enhancement of Board processes to strengthen overall governance. 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 2025 is stated and disclosed in Annual Report 2025 and can be reached at https://kkbeb.listedcompany.com/agm.html for further information.

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

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Remuneration Policy and Procedures</p> <p>The Board has in place a Remuneration Policy and Procedures to determine the remuneration of Directors and Senior Management, which is reviewed annually to ensure its relevance and effectiveness. The Policy is available on KKB's website at https://kkbeb.com.my/about-us/corporate-governance/. The remuneration packages take into consideration the demands, complexity, and performance of the Company, as well as the skills, experience, and responsibilities required for each role.</p> <p>The Nomination & Remuneration Committee (NRC), on behalf of the Board, determines the remuneration of the Executive Chairman, Group Managing Director, Executive Director, Group Chief Financial Officer, and Senior Management, with input and recommendations from the Executive Chairman and/or Group Managing Director. The packages reflect the level of responsibility, experience, and commitment required for each position.</p> <p>The remuneration of Non-Executive Directors is determined by the Board as a whole, and no Director is involved in deciding his or her own remuneration to ensure objectivity and independence.</p> <p>The NRC also recommends to the Board the framework for Executive Directors' remuneration, including the individual remuneration packages, drawing on external advice as necessary. As part of its ongoing corporate governance exercise, the NRC reviews, approves, and recommends to the Board the remuneration packages of Senior Management, as evaluated and recommended by the Executive Chairman and/or Group Managing Director.</p>

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

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the Nomination & Remuneration Committee ("NRC") to implement its policies and procedures on remuneration, including reviewing and recommending matters relating to the remuneration of the Board and Senior Management. The NRC comprises exclusively Non-Executive Directors, two of whom are Independent Directors.</p> <p>The NRC operates within defined Terms of Reference and established procedures. The Chairman of the NRC reports to the Board on matters considered and submits recommendations for the Board's approval, as appropriate.</p> <p>The Company's Remuneration Policy and Procedures, as well as the NRC's Terms of Reference, are developed through a transparent and independent process. Both the Policy and Terms of Reference are publicly disclosed and can be accessed on KKB's website at https://kkbeb.com.my/about-us/corporate-governance/ for further information.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 2025 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	-	480	2,528	2,317	22	28	5,376	-	720	2,528	2,317	22	28	5,616
2	Mr. Kho Pok Tong	Executive Director	-	120	840	420	15	208	1,604	-	240	840	420	15	226	1,742
3	Ms. Kho Poh Lin	Executive Director	-	84	545	181	5	163	980	-	108	545	181	5	166	1,007
4	Dr. Arjunan Subramaniam	Non-Executive Non-Independent Director	30	1	-	-	-	-	31	30	1	-	-	-	-	31
5	Mr. Lau Nai Pek	Non-Executive Non-Independent Director	73	14	-	-	-	-	87	73	14	-	-	-	-	87
6	Mr. Yong Voon Kar	Independent Director	73	20	-	-	-	-	93	73	20	-	-	-	-	93
7	Mr. Chai Woon Chew	Non-Executive Non-Independent Director	73	8	-	-	-	-	81	73	8	-	-	-	-	81
8	Ir. Haji Othman bin Abdul Kadir	Independent Director	73	20	-	-	-	-	93	73	20	-	-	-	-	93
9	Mdm. Norliza binti Mohamad Nawi	Independent Director	73	2	-	-	-	-	75	73	2	-	-	-	-	75

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 disclosing the top five Senior Management's remuneration components on a named basis, including salary, bonus, benefits-in-kind, and other emoluments in bands of RM50,000, would not be in the best interest of the Company or the individual Senior Management due to the following reasons:</p> <ul style="list-style-type: none">a) The confidentiality and sensitivity of personal information of Senior Management;b) Potential breach of personal data protection;c) Security concerns for the staff and their family members;d) Risk of creating friction or unhealthy comparisons among Senior Management;e) Possibility of staff poaching or headhunting by competitors; andf) Adverse impact on the Company's efforts to attract, retain, and motivate scarce talent. <p>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company and is structured to attract, retain, and incentivize executives to lead and run the Company successfully.</p> <p>The Company acknowledges that this approach represents a departure from Practice 8.2 of the Malaysian Code on Corporate Governance (MCCG). Nevertheless, the Board will consider implementing Practice 8.2 in the future when there are adequate rules and safeguards in place to protect the Company from losing its invaluable human assets and 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	:	<p>The Audit Committee comprises entirely Non-Executive Directors, the majority of whom are Independent Directors, in full compliance with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>With effect from 31 May 2023, Mr. Yong Voon Kar was appointed as the Chairman of the Audit Committee. Mr. Yong Voon Kar is an Independent Non-Executive Director and is not the Chairman of the Board, thereby ensuring the independence of the Audit Committee. His appointment is in compliance with Paragraph 15.10 of the Bursa Securities Listing Requirements and Practice 1.4 of the Malaysian Code on Corporate Governance (MCCG).</p> <p>The separation of roles between the Chairman of the Board and the Chairman of the Audit Committee enables the Audit Committee to discharge its oversight responsibilities effectively and independently, and supports objective review of the Committee's findings and recommendations by the Board.</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 9.2

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>The Audit Committee ("AC") operates in accordance with its Terms of Reference, which serve as a guiding framework for the Committee in the discharge of its roles and responsibilities.</p> <p>As part of these Terms of Reference, the AC has established a policy requiring a former key audit partner of the Company's external audit firm to observe a cooling-off period of at least three (3) years before being eligible for appointment as a member of the Audit Committee. This requirement is intended to preserve the independence and objectivity of the Audit Committee and to mitigate any potential conflict of interest.</p> <p>The Audit Committee's Terms of Reference are publicly available on the Company's website at https://www.kkbeb.com.my/system/assets/1561/TORs%20AC.pdf</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee operates in accordance with its Terms of Reference, which include policies and procedures to assess the suitability, objectivity and independence of the External Auditor, with the objective of safeguarding the quality and reliability of the Company's audited financial statements.</p> <p>During the third quarter of FY2025, the External Auditor, Messrs Ernst & Young PLT, presented its Audit Plan to the Audit Committee. The Audit Plan outlined, among others, the composition of the engagement team, audit scope and timeline, areas of audit emphasis, and the key audit matters identified for the financial year. The Audit Committee evaluated the External Auditor based on this presentation and subsequently reported its assessment to the Board, together with its recommendation for the re-appointment of the External Auditor for shareholders' approval at the forthcoming Annual General Meeting ("AGM").</p> <p>In addition, the Audit Committee conducts an annual performance and independence evaluation of the External Auditor through a structured Evaluation Assessment, which includes an assessment of the auditor's professional competence, audit quality, objectivity, and independence. The outcome of this evaluation forms part of the Audit Committee's basis in determining the continued suitability 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 members of the Audit Committee ("AC") in accordance with the Terms of Reference ("TOR") established for the Committee. The Nomination and Remuneration Committee (NRC) reviews the terms of office of the AC members and evaluates the performance of the AC and its members through a structured evaluation form.</p> <p>The AC Chairman and members are financially literate and have discharged their duties in accordance with the TOR, which is available on the Company's website at https://www.kkbeb.com.my/system/assets/1561/TORs%20AC.pdf</p> <p>All members of the AC undertake continuous professional development (CPD) to keep themselves abreast of developments in accounting and auditing standards, regulatory requirements, corporate governance practices, and industry developments. For the financial year ended 2025, the AC members attended the following courses, trainings, and seminars:</p> <p>1) Mr. Yong Voon Kar</p> <ul style="list-style-type: none">• Reserved Matters for Shareholders• Greenwashing: Can Your Green Claims Stand-Up to Scrutiny?• EY ASEAN Tax Forum 2025: New Trade and Tax Realities• Climate Reporting: TCFD & IFRS S2• AI Development Briefing• AI Briefing – Huawei• Boardroom Blindspots – How Our Perceptions of Risk Influence Boardroom Effectiveness• Climate Resilience & Financial Modelling• 2026 Budget and Tax Conference

	<ul style="list-style-type: none"> • MPRC National OGSE Blueprint Forum 2025 – Safeguarding OGSE of the Future <p>2) Ir. Haji Othman bin Abdul Kadir</p> <ul style="list-style-type: none"> • MPRC National OGSE Blueprint Forum 2025 – Safeguarding OGSE of the Future <p>3) Mr. Lau Nai Pek</p> <ul style="list-style-type: none"> • FIDE Core Banking Module B Training • FIDE Core Banking Module A Training • Khazanah Megatrends Forum 2025 • Cybersecurity Security Awareness Training (Supporting Sustainable & Secure Digital Bank Growth) • Anti-Money Laundering, Counter Terrorism Financing and Counter Proliferation Financing (AML/CTF/CPF) • Anti-Bribery and Corruption Training – The Next Frontier <p>Through these CPD activities, the AC members continue to enhance their knowledge, skills, and expertise, enabling the Committee to effectively discharge its oversight responsibilities and contribute to the Board’s objective of ensuring reliable financial reporting and strong corporate governance.</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

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>Board Responsibility</p> <p>The Board of Directors ("Board") acknowledges its overall responsibility for establishing, maintaining, and reviewing a sound and effective system of risk management and internal control to safeguard shareholders' investments, protect the Group's assets, and support the achievement of the Group's strategic objectives.</p> <p>The Board recognizes that any system of risk management and internal control is designed to manage—not eliminate—the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement, loss, or fraud.</p> <p>The Board is supported by the Audit Committee (AC) and the Nomination & Remuneration Committee (NRC), as well as the Management Executive Committee (MANCO). MANCO is further supported by the Risk & Sustainability Committee (RSC), Safety & Health Committee (SHC), Information Technology Committee (ITC), and Data Protection & Cyber Security Committee (DPCS), all of which operate under clearly defined Terms of Reference.</p> <p>The Audit Committee assists the Board in reviewing the adequacy and effectiveness of the Group's system of risk management and internal control. It has unrestricted access to Management, Internal Auditors, and External Auditors and may seek independent professional advice whenever necessary.</p> <p>Risk Management Framework</p> <p>The Board recognises that sound risk management and internal control are integral to good corporate governance and the achievement of the Group's strategic and sustainability-aligned objectives. Accordingly, the Board has established a structured Risk Management Framework to identify, evaluate, manage, monitor, and report the principal risks faced by the Group.</p> <p>The framework is designed as a continuing process, intended to manage rather than eliminate risk, and provides reasonable—not absolute—assurance against material misstatement, loss, or fraud.</p>

	<p>The Group's Risk Management Framework is aligned with:</p> <ul style="list-style-type: none"> • ISO 31000: Risk Management • COSO Enterprise Risk Management Framework (2018) • Malaysian Code on Corporate Governance (MCCG) <p>It incorporates sustainability considerations through the Sustainability Risk Management System, ensuring that economic, environmental, social, and governance (EESG) risks are identified, assessed, and appropriately managed.</p> <p>Through this framework, the Board ensures that risk management is embedded in the Group's operations, governance processes, and strategic decision-making.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 10.2

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>Integration of Sustainability into Risk Management</p> <p>The Board recognises that sustainability-related risks are integral to the Group's enterprise risk management framework and long-term value creation. These risks, encompassing economic, environmental, social and governance ("EESG") factors, are embedded within the Group's overall risk management processes and are assessed alongside strategic, financial, operational, legal and compliance risks.</p> <p>Where appropriate, the Group identify and evaluate potential sustainability risks and opportunities that may impact the Group's strategy, operations, financial performance and resilience over the short, medium and long term.</p> <p>Risk Appetite and Risk Evaluation</p> <p>The Board has approved a Risk Appetite Statement which defines the nature and extent of risks that the Group is willing to accept in the pursuit of its strategic objectives, taking into consideration sustainability factors.</p> <p>Identified risks are assessed using a Risk Materiality Matrix, which evaluates the likelihood and impact of risks on the Group's strategic, operational, financial and sustainability objectives. Risks that fall outside the approved risk appetite are escalated to Management, the Audit Committee and the Board, together with appropriate mitigation strategies and action plans.</p> <p>Risk Governance Structure</p> <p>The Group has established a structured governance framework to support effective risk management and internal control, with clear lines of accountability and responsibility:</p> <ul style="list-style-type: none">• Board of Directors & Audit Committee The Board, assisted by the Audit Committee, oversees the adequacy and effectiveness of the Group's risk management and internal control systems, including sustainability-related risks.• Management Executive Committee (MANCO) Responsible for implementing the risk management framework,

	<p>ensuring that risks are effectively managed, and reporting significant risks to the Audit Committee and the Board.</p> <ul style="list-style-type: none"> • Risk & Sustainability Committee (RSC) Coordinates risk identification, assessment, monitoring and reporting processes across the Group, including sustainability matters. • Safety & Health Committee (SHC) Oversees operational risks relating to occupational safety and health. • Information Technology Committee (ITC) Oversees IT strategy, systems infrastructure and technology-related risks. • Data Protection & Cyber Security Committee (DPCS) Provides focused oversight on data protection, cybersecurity risks and regulatory compliance in relation to information security. <p>Three Lines of Defence The Group adopts the Three Lines of Defence model to strengthen its risk management and internal control framework:</p> <ul style="list-style-type: none"> • First Line of Defence Management and operational committees are responsible for identifying, managing and mitigating risks on a day-to-day basis, and for implementing effective internal controls. • Second Line of Defence MANCO and supporting committees provide oversight, monitoring and reporting on the effectiveness of risk management practices across the Group. • Third Line of Defence The Internal Audit function provides independent and objective assurance on the adequacy and effectiveness of the Group’s risk management and internal control systems. The Internal Audit function reports directly to the Audit Committee, ensuring its independence from Management. • External Auditors External auditors provide independent assurance on the Group’s financial statements in accordance with statutory requirements. <p>Board Assurance The Board, through the Audit Committee, has conducted a review of the adequacy and effectiveness of the Group’s risk management and internal control framework, including sustainability-related risks.</p> <p>The Board is satisfied that the Group’s risk management and internal control systems are adequate and effective in managing risks, safeguarding the Group’s assets, and supporting the achievement of the Group’s objectives.</p>
<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>		
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's internal audit function is outsourced to an independent professional firm, Crowe Malaysia, which provides objective and professional assurance on the adequacy and effectiveness of the Group's governance, risk management, and internal control systems. All internal audit activities for FYE2025 were carried out by Crowe Corporate Services Sdn. Bhd.</p> <p>The Internal Auditors report directly to the Audit Committee ("AC"), ensuring independence and objectivity in their review. Findings and recommendations arising from internal audit assignments are communicated to the AC, which in turn reports to the Board. This structure ensures that the Board receives independent assurance on the effectiveness of the Group's control environment.</p> <p>To safeguard independence, the AC meets at least once annually with the Internal Auditors without the presence of Management or other Directors. During FYE2025, such a meeting was held on 24 February 2025.</p> <p>The internal audit function operates under a formal Internal Audit Charter, approved by the AC and reviewed periodically. The Charter defines the role, authority, responsibilities, reporting lines, and scope of the internal audit function and provides the AC with unrestricted access to information and personnel, as well as the right to obtain independent professional advice where necessary.</p> <p>The Internal Auditors conduct assignments in accordance with professional auditing standards, guided by a risk-based annual audit plan approved by the AC. Audit findings and management responses are reviewed by the AC, and appropriate follow-up actions are directed to strengthen the Group's governance, risk management, and internal control systems.</p> <p>The AC also conducts an annual assessment of the internal audit function, including the adequacy of resources, professional competence, independence, and overall effectiveness. Feedback from this assessment is used to enhance the quality and coverage of internal audit activities and ensure that the function continues to meet the evolving needs of the Group.</p>

	<p>For FYE2025, the total cost incurred for the internal audit function amounted to approximately RM36,500 (FYE2024: RM32,000).</p> <p>The Audit Committee is satisfied that the internal audit function is independent, effective, and competent, providing the Board with reliable assurance on the Group's governance, risk management, and internal control systems.</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 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 Audit Committee (“AC”) ensures that the internal audit function is independent, objective, and effective in providing assurance on the adequacy and effectiveness of the Group’s governance, risk management, and internal control systems.</p> <p>Independence and Objectivity The internal audit function is outsourced to an independent professional firm, Crowe Malaysia, which has an established presence in Kuching and nationwide, providing access to experienced professionals with national and international expertise. The Internal Auditors are free from any relationships or conflicts of interest that could impair their independence and objectivity.</p> <p>The Internal Auditors report directly to the AC, and their findings and recommendations are communicated to the Board through the AC. To further safeguard independence, the AC meets with the Internal Auditors without the presence of Management or other Directors at least once annually. During FYE2025, such a meeting was held on 24 February 2025.</p> <p>Internal Audit Charter The internal audit function operates under a formal Internal Audit Charter, approved by the AC and reviewed periodically. The Charter sets out the role, authority, responsibilities, reporting lines, and scope of the internal audit function, and provides the AC with unrestricted rights to access personnel, records, and information, as well as to obtain independent professional advice where necessary.</p> <p>Resources and Personnel The internal audit function is adequately resourced to cover the Group’s risk universe. Audit personnel are qualified and experienced professionals, deployed according to a risk-based audit plan to ensure the effectiveness and quality of audit work. Audit teams are independent of the operations they review and are required to adhere to professional ethics and independence standards.</p>

	<p>Professional Standards The internal audit function is conducted in accordance with the Internal Audit Charter and the International Standards for the Professional Practice of Internal Auditing (IIA Standards), ensuring audits are conducted systematically, objectively, and consistently across operational, financial, IT, cybersecurity, sustainability, and compliance risks.</p> <p>Annual Assessment of the Internal Audit Function The AC conducts an annual assessment of the internal audit function to evaluate its performance, independence, objectivity, adequacy of resources, and overall effectiveness. Feedback from this assessment is used to improve the quality and coverage of internal audit activities and to ensure the function continues to meet the evolving needs of the Group.</p> <p>Oversight The AC reviews internal audit reports, monitors the implementation of recommendations, and ensures that the internal audit function remains effective. The Audit Committee is satisfied that the internal audit function is independent, competent, and effective, providing assurance to the Board that the Group’s governance, risk management, and internal control systems are functioning as intended.</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 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 places strong emphasis on the integrity, transparency, and timeliness of the Company's corporate reporting and disclosures. It ensures that:</p> <ul style="list-style-type: none"> • Financial statements are prepared in accordance with applicable accounting standards and provide a fair and balanced view of the Group's financial position and performance; • Non-financial disclosures, including sustainability and governance disclosures, are meaningful, relevant, and aligned with regulatory expectations; • Shareholders are provided with timely and accurate information to facilitate informed decision-making; and • Effective engagement is maintained with shareholders and other stakeholders through multiple communication channels. <p>Engagement with Stakeholders</p> <p>The Board recognises the importance of maintaining transparency, accountability, and open communication with the Company's stakeholders, particularly shareholders and investors. Ongoing engagement fosters trust, mutual understanding, and confidence, enabling stakeholders to better appreciate the Group's objectives, performance, and governance.</p> <p>The Company adopts a two-way engagement approach with stakeholders through the following platforms:</p> <ul style="list-style-type: none"> • Annual General Meeting (AGM) The AGM serves as the primary platform for shareholder engagement, providing an opportunity for shareholders to discuss matters with the Board of Directors, Senior Management, External Auditors, and Internal Auditors. The Notice of AGM, together with the Notice of Dividend Entitlement and Payment (where applicable), specifying the venue, date and time of the meeting as well as dividend payment date, is issued at least 28 days prior to the AGM. • Annual Report The Annual Report provides shareholders and stakeholders with comprehensive information on the Group's financial and operational performance, corporate governance, risk

	<p>management, sustainability initiatives, strategies, and business objectives. The Company continues to enhance disclosures, particularly regarding sustainability and the Group’s economic, environmental, and social impact.</p> <ul style="list-style-type: none"> • Company Website (www.kkbeb.com.my) The website serves as a primary and accessible platform for stakeholders to obtain information on the Company’s corporate profile, business activities, investor relations, governance disclosures, achievements, and significant announcements. • Networking and Dialogues The Company maintains ongoing dialogue and networking engagements with its customers and suppliers through structured meetings, performance reviews, industry events and engagement sessions. These engagements enable the Company to better understand stakeholder expectations, business needs and emerging risks within the value chain. Feedback and key matters arising from such engagements are reviewed by Management and, where material, are escalated to the Board for consideration in strategic, operational and sustainability-related decisions. • Electronic Communication (Email) The Company encourages stakeholders to communicate via email, facilitating timely responses, operational efficiency, and reduced environmental impact. • Written Correspondence (Mail) For stakeholders without ready access to electronic communication, the Company continues to accept written correspondence. Management responds to queries, including those from shareholder advocacy groups such as the Minority Shareholders Watch Group. • Telephone and Facsimile Stakeholders may contact the Company via telephone or facsimile for enquiries or clarifications regarding the Company’s activities or governance. • Corporate Collaterals Upon request, stakeholders may obtain printed copies of the Company’s corporate profile, brochures, or flyers to better understand the Group’s businesses, products, and services. <p>Through these channels, the Board ensures that stakeholders receive transparent, timely, and relevant information, thereby supporting informed decision-making and promoting trust and confidence in the Group’s governance practices.</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>	

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-Ninth (49th) AGM for year ended 2025 was held on 22 May 2025. The physical meeting was conducted at Grand Margherita Hotel, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. Notice of the said AGM was issued to all members and published in “The Star” newspaper on 21 April 2025, in accordance with Company’s Constitution.</p> <p>The said notice had been issued to all members within the prescribed period by electronic means via KKB’s website. Members would have received the written notification containing the link of https://kkbeb.listedcompany.com/aggm.html to access the Annual Report 2025, Circular to Shareholders, Notice of AGM, Summary of Key Matters, Minutes of AGM, Notification Letter to Shareholders, Proxy Form and AGM Archive.</p> <p>During the AGM, members were allowed to inspect all minutes of AGM, Statutory Register Book and Company’s Constitution. There was a Questions and Answers session where the shareholders and the proxies can exercise their rights to speak or communicate on questions in relation to the agenda of the AGM. The questions were then be answered by the Chairman, Directors, Auditors, Group Chief Financial Officer or Company Secretary.</p> <p>The Minority Shareholders Watch Group (“MSWG”), one of KKB’s shareholder had raised some points and queries relating to the strategy, financial and corporate governance matters of the Company. A written reply had been forwarded to MSWG on 20 May 2025, 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</p>

	<p>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 the 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>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

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors of the Company attend the Company's 49th Annual General Meeting on 22 May 2025 to facilitate effective engagement with shareholders. The Chair of the Board Committees such as Audit Committee, Nomination & Remuneration Committee and other Management Committees such Management Executive Committee, Risk & Sustainability Committee are present at the Annual General Meeting and are available to provide meaningful responses to questions raised by shareholders within their respective areas of responsibility.</p> <p>Senior Management, including the Group Chief Financial Officer and Chief Operating Officer also attend the Annual General Meeting to address operational and financial queries. The Chair of the Annual General Meeting ensures that sufficient time is allocated for questions and answers to enable shareholders to participate meaningfully and make informed voting decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company's 49th AGM for year ended 2024 was held on 22 May 2025. The physical meeting is conducted at Grand Margherita Hotel, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak. Notice of the said AGM was issued to all members and published in "The Star" newspaper on 21 April 2025, in accordance with Company's Constitution.</p> <p>Physical meeting or in-person meetings is preferred as it helps alleviate shareholder concerns about transparency. Some shareholders have the perception that physical AGMs allow for more transparent and robust discussions on Company performance.</p> <p>Physical meeting also offers 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. It 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 ensures 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, Register of Members 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>The Minority Shareholders Watch Group ("MSWG"), one of KKB's shareholder had raised some points and queries relating to the strategy, financial and corporate governance matters of the Company. A written reply had been forwarded to MSWG on 20 May 2025, a copy of which was given to all the members upon registration.</p> <p>Pursuant to 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 the 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 are as follows:</p> <ol style="list-style-type: none">1) Poll Administrator distributed the Polling Slips to all members, proxies and corporate representatives during registration.

- 2) Members to indicate their vote on the resolution concerned as they deem fit.
- 3) Poll Administrator filled up the Polling Slips according to the voting instructions as stated in the proxy form for proxies. If there were no voting instructions given in the proxy form, proxies would 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 a "X" in the column provided for votes "for" and "against" in respect of resolutions and sign the Polling Slip. Members are not allowed to mark on both columns. If they choose to abstain from voting on any one (1) of the resolutions, they would have to leave the "for" and "against" boxes blank in respect of that particular resolution.
- 6) Having initiated their votes, the members have to sign off the Polling Slip, fold it into 4 and deposit it into the balloting box. 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 respect of a particular resolution have been marked; or
 - (iii) the Polling Slip that has alteration on it but has not been initialled 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) After all the completed Polling Slip have been casted 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 49th AGM dated 22 April 2025 were duly accepted and carried. The key matters and minutes of the 49th AGM have been announced on Bursa website and published on the Company's website for shareholders access, viewing, examination and reference.

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	: In line with Practice 13.6 of the Malaysian Code on Corporate Governance, the Company ensures that minutes of general meetings are prepared promptly, accurately reflecting the proceedings, resolutions passed, questions raised, and responses provided. The minutes of the Forty-Ninth (49th) AGM held on 22 May 2025 were circulated to shareholders no later than 30 business days following the conclusion of the meeting. The minutes are made accessible to shareholders through the Company's website link at https://kkbeb.listedcompany.com/agm.html and Bursa Malaysia's announcements platform, providing transparency and enabling shareholders to review the key matters discussed and decisions made at the AGM. This practice facilitates effective shareholder participation, engagement with the Board and Senior Management, and informed voting at future general 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	:

**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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