

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5073
COMPANY NAME : Naim Holdings Berhad
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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 of Directors plays a vital role in corporate governance. The Board endorses the overall direction of the Group, sets the Group's values and standards, approves the Group's long term objectives, strategies, policies, annual budgets and major capital expenditures and ensures accountability to shareholders, the relevant authorities and other stakeholders.</p> <p>To enable a more focused attention to the affairs of the Group, the Board delegates particular matters to the Committees of the Board set up for the purpose. The Board Committees are formed by the Board to focus on specific tasks within the framework of delegated authority as outlined in the Terms of Reference and make specific recommendations to the Board on matters in their areas of purview. The Board Committees are Audit Committee, Risk Management Committee, Nominating Committee, Remuneration Committee and the Anti-Bribery & Corruption Compliance Committee.</p> <p>The Board is also responsible for the achievement of the Group's strategies, objectives, business plans and budgets, and has oversight of the Group's operations and management.</p> <p>The Managing Director and the Executive Director are responsible for the day-to-day management of the business operation and they are supported by a team of senior management. The Board is also informed of operational progress on a quarterly basis, taking into consideration the achievements to-date. The Chief Financial Officer and Chief Operating Officer, Strategic Planning and New Businesses are present at Board meetings to update the progress of business targets and achievements to-date.</p> <p>The Non-Executive and Independent Directors ensure corporate accountability by providing unbiased and independent views, advice</p>

	and judgement and challenging the managements' assumptions and projections in safeguarding the interest of the shareholders.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Datuk Amar Abdul Hamed Bin Haji Sepawi, aged 73, is the Non-Executive Chairman of the Board. His profile can be viewed on page 22 of the Company's 2022 Annual Report. He provides leadership to the Board and ensures the Board carries out its responsibilities effectively.</p> <p>The detailed roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Corporate's website at www.naim.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Chairman, Datuk Amar Abdul Hamed Bin Haji Sepawi leads and manages the Board whereas Managing Director, Datuk Hasmi Bin Hasnan manages the business and operations of the Group.</p> <p>There is a clear division of responsibilities between the Chairman and the Managing Director to ensure balance of power and authority.</p> <p>The authorities of the Managing Director are delegated and mandated by the Board and are as spelt out in Naim Group Authority Limit.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The Chairman of the Board is not a member of Audit Committee and Remuneration Committee. However, the Chairman of the Board is the Chairman of the Nominating Committee as the Board Chair is accountable for the shape, composition and performance of the Board. The Board Chair generally has the broadest view of the business, therefore is the best informed of the board. The Nominating Committee comprises exclusively non-executive directors, of whom a majority is independent as follows: <ol style="list-style-type: none">1. Datuk Amar Abdul Hamed Bin Haji Sepawi (Chairman, Non-Independent Non-Executive Director)2. Datin Mary Sa'diah Binti Zainuddin (Member, Independent Non-Executive Director)3. Cik Sulaihah Binti Maimunni (Member, Independent Non-Executive Director)
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) qualified joint Company Secretaries. Both are the Associate members of the Malaysian Institute of Chartered Secretaries & Administrators ("MAICSA").</p> <p>The Company Secretaries play an important advisory role to the Board, on administrative, regulatory requirements and governance matters. The Company Secretaries are also responsible to ensure that accurate and proper recording of proceedings and resolutions at the Board, Board Committees meetings and general meetings.</p> <p>The Company Secretaries keep abreast of changes in regulatory changes by attending relevant training programmes for continuous professional development as required by Suruhanjaya Syarikat Malaysia and the MAICSA.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>A tentative meeting calendar for a year is prepared and circulated as information paper to all board members at the last Board meeting of the preceding year. The Calendar contains meeting dates of the Board, Board Committees, Annual General Meeting as well as closed periods for dealing in the securities of the Company by Directors and Principal Officers based on the scheduled announcement of quarterly results.</p> <p>In order for the Board to deliberate effectively on the agenda of the meetings, relevant meeting papers or proposals are furnished prior to and in advance of each meeting. The Group also provides meeting materials to be distributed digitally. This enables the Board to study the facts and have productive discussion before making an informed decision at the meeting. Presentations are scheduled during Board and Committee meetings by management and/or consultants and advisors in order to provide the Board with proper understanding of, and competence to deal with, the current and emerging issues of the Group's businesses.</p> <p>Minutes of each Board meeting are circulated to all Directors for their review prior to their confirmation. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being a correct record of the Board's proceedings. All conclusions of the Board meetings are duly recorded, and the minutes are kept by the Company Secretaries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has formalized and adopted a Board Charter. The Board Charter sets out the objectives, roles, responsibilities, functions and composition of the Board. It also outlines the processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.</p> <p>The Board charter is reviewed and updated from time-to-time to maintain its relevance and accuracy to the prevailing rules and regulations.</p> <p>The Board Charter is made available for reference on the Company's website at www.naim.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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>In line with the implementation of Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018, Naim Group has adopted the Code of Conduct & Business Ethics, Anti-Bribery & Corruption Policy and Whistleblowing Policy in its business operation on 31 May 2020.</p> <p>The Code of Conduct and Ethics, Anti-Bribery & Corruption Policy and Whistleblowing Policy are posted on the Company's intranet portal and are also published on the Company's website at www.naim.com.my</p> <p>All employees of the Naim Group, contractors, suppliers and other third-parties dealing with the Naim Group are required to sign the Integrity Pledge and Acknowledgement Form. The Integrity Pledge is the declaration of compliance with Naim's Anti-Bribery & Corruption Policy and Code of Conduct & Business Ethics and all applicable law, rules, procedures on corruption prevention and abuse of power. In the Acknowledgement Form, all parties acknowledge and agree to comply with the corporate liability provisions under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has adopted a Whistleblowing Policy on 31 May 2020, which replaces the previous Anti-Fraud Policy Statement. The Whistleblowing Policy is important for the prevention and detection of corruption and malpractices.</p> <p>The Whistleblowing Policy had been disseminated to all employees via email and training sessions were also conducted to help employees understand when and how to report illegal activities from their place of work. The Whistleblowing Policy is posted in the Company's intranet portal and published on the Company's website at www.naim.com.my.</p> <p>The Whistleblowing Policy was established to receive, process and investigate any compliant received from a whistleblower and to take action, as appropriate, to address such compliant. It also provides general information about whistleblowing and whistleblower protection.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board together with management takes responsibility for sustainability in the Group including setting the Group’s sustainability strategies, priorities and targets.</p> <p>The Board ensures that the Group’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.</p> <p>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 by sending its members and senior management staff to attend seminars on sustainability.</p> <p>The Board is accountable for ensuring sustainability is integrated into the strategic direction of the Group and its operations. Embedding sustainability is one of the programmes to be implemented in the near future. Naim’s sustainability agenda is included in its strategic plan.</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 4.2

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	:	The Company's sustainability strategies, priorities and targets are developed and formulated at the yearly corporate brainstorming sessions and upon approval of the business plans, the targets are communicated to the stakeholders.	
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>In order to ensure the Board and senior management are kept abreast on sustainability issues, some directors and senior management had attended the following programmes organized by external trainers to gather more knowledge and understanding of sustainability issues.</p> <ul style="list-style-type: none">(a) TCFD Climate Disclosure Training Programme(b) JC3: Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing(c) The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting(d) Bursa Malaysia: Building Experience in Climate-related Financial Reporting(e) The Power of ESG Data(f) Implementation of TCFD(g) MICPA-KPMG: Supercharge ESG Ambitions with Technology(h) MICPA: Environmental, Social and Governance (ESG) in Financial Reporting(i) Trends in ESG Reporting
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>The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Company’s material sustainability shall be evaluated.</p> <p>Whereas for the Senior Management team, the Company’s material sustainability risks and opportunities are part of their Key Performance Indicators which are reviewed annually.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee ("NC") is responsible to assist the Board, amongst others, to review the board composition with regard to the mix of skills, independence, diversity, experience and other qualities of board members required to meet the needs of the Group as well as to develop, maintain and review the criteria and policies for recruitment, assessment and selection of members of the Board and Board Committees.</p> <p>On 24 February 2022, the NC reviewed the following :-</p> <ol style="list-style-type: none">1) The process for the retention of Datin Mary Sa'diah Binti Zainuddin who had served more than 9 years as Independent Non-executive Director. The processes for the assessment of independence for a director who had served more than 9 years are as follows:- (a) The NC assessed the level of independence demonstrated by Datin Mary Sa'diah Binti Zainuddin pursuant to paragraph 1.01 and Practice Note 13 of Bursa Main Market Listing Requirements and was of the opinion that her independence had not been impaired and recommended that the Board continued to retain her as an Independent Non-Executive Director subject to shareholders' approval.2) Pursuant to Clause 85(a) of the Constitution of the Company, one-third of the Director of the Company shall retire from office once at least in every 3 years but shall be eligible for re-election. The schedule of retirement by rotation shall be recommended by the NC.3) Pursuant to Paragraph 15.20 of Bursa Main Market Listing Requirements, the NC conducted an annual review of the term of office and the performance of the Audit Committee and each of its members and was of the opinion that the Audit Committee and members had carried out their duties in accordance with their terms of reference.4) Directors' performance and contribution based on outcome of the self and peer evaluation assessment.5) The existing Board composition such as the optimum size, diversity in terms of gender and mix of skills and experience.

	<p>6) The Board's succession plan.</p> <p>In order to ensure a person to be appointed or elected/re-elected as a Director of the Company possesses the necessary quality and character as well as integrity, competency and commitment, the Board had in June 2022 adopted a Directors' Fit and Proper Policy which serves as a guide for the Nominating Committee and the Board in their review and assessment of candidates or re-elected Directors. During the year, the Nominating Committee has conducted the fit and proper assessment on the Directors who were proposed for re-election at the AGM of the Company.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied																
Explanation on application of the practice	:	<p>The number of Directors shall be determined by the Board within the limits as prescribed in the Constitution of the Company of not more than fifteen (15), taking into consideration the size and breadth of the business and the need for Board diversity.</p> <p>During the year under review, the Board's composition was as follows:-</p> <table border="1" data-bbox="675 789 1378 1031"> <thead> <tr> <th>Category</th> <th>No. of Directors</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>2</td> <td>25</td> </tr> <tr> <td>Non-Independent Non-Executive Director</td> <td>2</td> <td>25</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td>4</td> <td>50</td> </tr> <tr> <td>Total</td> <td>8</td> <td>100</td> </tr> </tbody> </table> <p>The Board is served by eight (8) board members of which 25% are Executive Directors, 25% Non-Independent Non-Executive Directors and the balance of 50% Independent Non-Executive Directors.</p> <p>The MCCG recommends that at least half of the Board comprises independent directors. The Company complied with the aforesaid recommendation. The Company also complies with Paragraph 15.02 Bursa Malaysia Listing Requirements, which requires at least two (2) directors or 1/3 of the Board are independent directors and one (1) woman director.</p>		Category	No. of Directors	%	Executive Director	2	25	Non-Independent Non-Executive Director	2	25	Independent Non-Executive Director	4	50	Total	8	100
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Measure	:																	
Timeframe	:																	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>During the year under review, Datin Mary Sa'diah Binti Zainuddin had served more than nine (9) years as Independent Director. The Board through its Nominating Committee had conducted an assessment of his independence and was satisfied that he had fulfilled the criteria under the definition of Independent Director pursuant to Bursa's Main Market Listing Requirements.</p> <p>Based on the NC's assessment, the Board recommended to retain Datin Mary Sa'diah Binti Zainuddin as an Independent Director subject to shareholders' approval.</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 5.4 - 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 :	Board composition and diversity are important. The NC reviewed the Board's diversity in skills, experience and gender on a yearly basis.		
	Board Diversity in 2022		
	(1) Board Size;		
	During the year under review, the Board comprises a total of 8 Directors.		
	(2) Board Skills/Experience		
	Datuk Amar Abdul Hamed Bin Haji Sepawi	-	Property Development, Construction, Timber, Oil Palm, Energy, Education and Communication
	Datuk Hasmi Bin Hasnan	-	Property Development, Construction, Timber
	Datin Mary Sa'diah Binti Zainuddin	-	Oil & Gas
	Chin Chee Kong	-	Audit, Taxation, Financial, Risk Management, Banking, Corporate & Financial Advisory
Tan Chuan Dyi	-	Fund management, Institutional broking, Investment banking and Manufacturing	
Sulaihah Binti Maimunni	-	Construction, Civil Engineering	
Datuk Ahmad Bin Abu Bakar	-	Accounting, Property Development, Oil and Gas, Oil	

				Palm and Timber-Related Industries															
	Beh Boon Ewe	-		Construction, Civil Engineering															
(3)	Board Diversity: The diversity in age, gender, race/ethnicity (cultural background of the existing Board as of 31 December 2022 is as follows:-																		
	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Age Group</th> </tr> <tr> <th></th> <th>Below 60</th> <th>Above 60</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td>1</td> <td>7</td> </tr> </tbody> </table>					Age Group			Below 60	Above 60	No. of Directors	1	7						
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	Race/Ethnicity		Gender																
	Malay/Bumiputra	Chinese	Male	Female															
No. of Directors	5	3	6	2															
	The Board believes that diversity facilitates optimal decision-making by harnessing different insights and perspectives.																		
	<u>Management Diversity 2022</u>																		
	The diversity of the senior management team as of 31 December 2022 is as follows:-																		
	<table border="1"> <thead> <tr> <th></th> <th colspan="4">Age Group</th> </tr> <tr> <th></th> <th>30-39</th> <th>40-49</th> <th>50-59</th> <th>60 years and above</th> </tr> </thead> <tbody> <tr> <td></td> <td>1</td> <td>5</td> <td>6</td> <td>4</td> </tr> </tbody> </table>					Age Group					30-39	40-49	50-59	60 years and above		1	5	6	4
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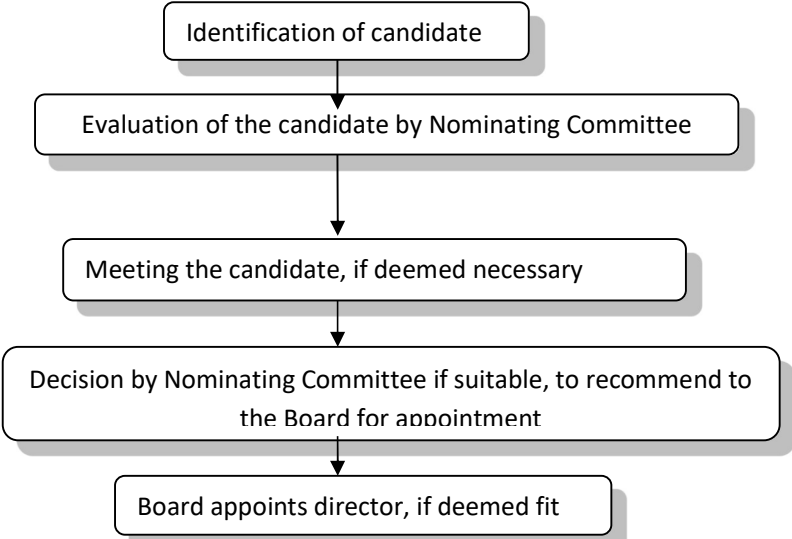
Intended Outcome

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

Practice 5.6

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 Nominating Committee receives recommendations for the appointment of Director(s) from Board members and it also accepts referrals from external sources.</p> <p>A process is in place for the appointment of new directors to the Board. The primary responsibility for identifying a suitable candidate for appointment to the Board has been delegated to the Nominating Committee.</p>  <pre>graph TD; A[Identification of candidate] --> B[Evaluation of the candidate by Nominating Committee]; B --> C[Meeting the candidate, if deemed necessary]; C --> D[Decision by Nominating Committee if suitable, to recommend to the Board for appointment]; D --> E[Board appoints director, if deemed fit];</pre> <p>The Nominating Committee shall be responsible for selecting, assessing, evaluating and recommending suitably qualified candidates for proposed appointment to the Board. Each candidate will be evaluated on his/her competency in the mix of skills that will best complement the Board's effectiveness and knowledge, time commitment taking into consideration the number of Boards on which he/she sits, strategy and vision, commitment to the interest of shareholders, mature judgment, professional qualification, management ability, and the possibility of any conflict of interest.</p>

	<p>Candidates for Non-Executive Director positions will also be assessed on their independence, the number and nature of directorships held in other companies, independence of the candidate pursuant to Bursa Malaysia Listing Requirements and the calls on their time from other commitments, in order to ensure full and active contributions to the board's affairs.</p> <p>Only candidates possessing the highest standards of personal and professional ethics and integrity, practical wisdom and mature judgment, and who are committed to representing the interests of the stockholders at all times, will be considered for recommendation to the Board for appointment.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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 profiles of Directors are published in the Annual Report and on the Company's website. These include their age, gender, directorships in other companies, working experience as well as shareholdings in Naim, if any.</p> <p>In respect of the retention of Datin Mary Sa'diah Binti Zainuddin as an Independent Director beyond the 9 years' term, the following observations were noted:-</p> <p>(a) Datin Mary Sa'diah Binti Zainuddin's key contribution was in giving opinion and sharing her experience.</p> <p>(b) She had also contributed to the Board Committees namely, the Risk Management Committee, Nominating Committee and Remuneration Committee.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Nominating Committee is chaired by a Non-Independent Non-Executive Director, Datuk Amar Abdul Hamed Bin Haji Sepawi as the Board Chair is accountable for the shape, composition and performance of the Board. The Board Chair generally has the broadest view of the business, therefore is the best informed of the board.</p> <p>The Nominating Committee comprises exclusively non-executive directors, of whom a majority is independent as follows:</p> <ol style="list-style-type: none"> 1. Datuk Amar Abdul Hamed Bin Haji Sepawi (Chairman, Non-Independent Non-Executive Director) 2. Datin Mary Sa'diah Binti Zainuddin (Member, Independent Non-Executive Director) 3. Cik Sulaihah Binti Maimunni (Member, Independent Non-Executive Director)
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>As of 31 December 2022, the Board comprised six (6) male directors, representing 75% of the Board and two (2) women directors, representing 25% of the Board.</p> <p>Earlier as of 31 December 2020, the Board had maintained at least 30% women directors, represented by 3 women directors out of 10 directors. However, due to the resignation of 1 women director, the percentage has fallen below the 30% mark. The Company is actively sourcing for suitable women candidates to fill up the vacant position.</p> <p>The Nominating Committee / the Board will continue to refresh its Board of Directors in a systematic manner to ensure there is continuity and balance in the composition.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company acknowledges the importance of participation of women in the Board and senior management team.	
		The Board will attempt to attain at least 30% representation of women on the board. Previous year, the Board had maintained at least 30% women directors, represented by 3 women directors out of 10 directors as of 31 December 2020. However, due to the resignation of 1 women director, the percentage has fallen below the 30% mark. The Company is actively sourcing for suitable women candidates to fill up the vacant position.	
		As of 31 December 2022, the 5 out of the 16 senior management positions in the organization were held by women. Women held 31% of the senior management positions in the organization.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Nominating Committee evaluates and assesses the effectiveness of the Board and its committees. The evaluation exercise is undertaken after the end of each financial year. The Executive and Non-Executive Directors are assessed by peer and via self-evaluation on how he/she performed against set parameters, contribution of the director to the Board's strategic thinking, leadership and commitment of the director, participation in Board and Committee meetings and communication and inter-personal skills of the director.</p> <p>Pursuant to Paragraph 15.08A and 15.20 the Nominating Committee, reviewed the performance of the Audit Committee and its members against the Audit Committee's Terms of Reference, and was of the opinion that the Audit Committee had carried out its duties in accordance with the terms of reference during the financial year ended 31 December 2022 and recommended that its members be retained for another term of office.</p> <p>The Executive Directors' performance are measured against the Key Performance Indicators (KPI) allocated to them at the beginning of the year. KPI is a quantifiable metric that reflects how well an organisation has achieved its pre-determined targets/goal. The targets/goals are aligned with the overall strategy of the organisation.</p> <p>The targets including quantifiable baseline and stretched targets, and incentives in the form of individual and team reward were pre-approved by the Board at the time the budget for subsequent year was tabled and may thereafter be revised based on prevailing economic and market conditions.</p> <p>The company did not engage any external independent experts or consultants as advisors to facilitate the board evaluation process.</p>

	During the year under review, the assessment and evaluation were conducted in-house.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Managing Director's remuneration package is recommended by the Remuneration Committee to the Board for its approval. The Executive Director and senior management report to the Managing Director and accordingly their remuneration packages are determined by the Managing Director. Fees for Non-Executive Directors and remuneration for the Non-Executive Chairman are proposed by the Board and approved by shareholders at the AGM.</p> <p>The remuneration for Executive Directors and senior management comprises two (2) parts namely the fixed and variable remuneration components. The fixed component is the basic salary whereas the variable component relates to incentives tagged to targets and outcomes and the ability to contribute to the long-term strategies of the organisation. Non-Executive Directors shall be eligible to the fixed component. However, they are not eligible to participate in the variable performance-linked incentive scheme in the form of annual bonuses.</p> <p>The key objectives of the Company's policy on Executive Directors' remuneration are as follows:</p> <ol style="list-style-type: none">1) to attract and retain executives of the highest calibre2) to reward them at the prevailing market rate3) to reward them in such a way that promotes the creation of shareholders' value through a "performance pegged to remuneration" package, i.e. Key Performance Indicators <p>The Company's policy for Non-Executive Directors is basically to offer remuneration adequate to attract and retain individuals of the appropriate calibre who are able to apply sound independent judgment based on extensive professional experience and knowledge.</p> <p>Non-Executive Directors are entitled to two (2) kinds of remuneration:</p>

	<p>1) meeting allowance or special allowances when called upon to perform extra services or give special attention to the business of the Group</p> <p>2) Directors' fees recommended by the Board and approved by shareholders in the AGM.</p> <p>As aforementioned, Executive Directors are paid salary and bonus. However, they are not entitled to meeting allowances and fees.</p> <p>No Director is involved in determining their own remuneration.</p> <p>The Company is in the midst of finalising the remuneration policies and procedures, to be made available on the Company's website.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the Remuneration Committee are available on the Company's website at www.naim.com.my	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	Details of the remuneration of each Director during the financial year ended 31 December 2022 are as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Amar Abdul Hamed Bin Haji Sepawi	Non-Executive Non-Independent Director	Input info here	RM944.94	Input info here	Input info here	RM17.83	Input info here	RM962.77	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Datuk Hasmi Bin Hasnan	Executive Director	Input info here	RM133.20	RM1,695.46	Input info here	RM19.70	Input info here	RM1,848.36	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Beh Boon Ewe	Executive Director	Input info here	RM30.00	RM420.00	Input info here	RM3.50	Input info here	RM453.50	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Datin Mary Sa'diah Binti Zainuddin	Independent Director	RM90.00	RM21.00	Input info here	Input info here	Input info here	Input info here	RM111.00	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Chin Chee Kong	Non-Executive Non-Independent Director	RM90.00	RM20.50	Input info here	Input info here	Input info here	Input info here	RM110.50	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Tan Chuan Dyi	Independent Director	RM90.00	RM27.00	Input info here	Input info here	Input info here	Input info here	RM117.00	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Sulaihah Binti Maimunni	Independent Director	RM90.00	RM27.00	Input info here	Input info here	Input info here	Input info here	RM117.00	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Datuk Ahmad Bin Abu Bakar	Independent Director	RM90.00	RM28.50	Input info here	Input info here	Input info here	Input info here	RM118.50	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it would not be in the best interest of the Company to make such detailed disclosure of key senior management's remuneration on a named basis.	
		Accordingly, such details are not disclosed in the annual report in view of the competitive market for talents.	
		Alternative Practice: Not Available.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee Chairman is Mr. Tan Chuan Dyi, an Independent Non-Executive Director. He is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	No former partner of the external audit firm of the Company had been appointed as a member of the Audit Committee during the year under review.	
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 is directly responsible for the oversight of the engagement of the Company's external auditors.</p> <p>Prior to the commencement of the audit for the financial year ended 31 December 2022, the Audit Committee met the external auditor on 23 November 2022 to discuss the Group's audit plan and audit methodology, and during the meeting the external auditors, KPMG PLT declared the following:-</p> <ul style="list-style-type: none">(i) Its network firm, engagement partner and audit team's independence and objectivity, were in compliance with the relevant ethical requirements.(ii) Its audit partners were rotated once every 7 years, with a five-year cooling off period if they were Engagement Partners or Engagement Quality Control Review Partners and two-year cooling-off period for Other Key Audit Partners. <p>The review of the performance of the external auditors was conducted on 13 April 2023 by the Audit Committee pursuant to Paragraph 15.21 Bursa Malaysia Listing Requirements. The external auditors were assessed in the following areas:-</p> <ul style="list-style-type: none">(a) The quality of services provided;(b) The sufficiency of resources;(c) Communication and interaction and(d) Independence, objectivity and scepticism <p>The Audit Committee was of the opinion that KPMG PLT had performed satisfactorily and recommended their re-appointment as external auditors for the financial year ending 31 December 2023 subject to shareholders' approval at the forthcoming AGM.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	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>All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements in order to discharge their duties and responsibilities.</p> <p>Pursuant to Paragraph 15.20 of Bursa Malaysia Listing Requirements, an annual assessment on the term of office and performance of the Audit Committee was undertaken by the Nominating Committee for the financial year 2022.</p> <p>The Audit Committee was assessed in the following areas:-</p> <ol style="list-style-type: none">(1) Composition and quality(2) Understanding the business, including risks(3) Process and Procedures(4) Oversight of financial reports including internal controls(5) Oversight of audit functions(6) Monitoring activities <p>Based on the outcome of the assessment, the Nominating Committee was satisfied with the performance of the Audit Committee. The Nominating Committee recommended to the Board that the Audit Committee members be retained for another term of office. The Board endorsed the Nominating Committee's recommendation on 21 February 2023.</p> <p>The Audit Committee members undertook continuous professional developments. The trainings attended by the Audit Committee members are listed below:-</p>

	Audit Committee members	Training attended during the year
	Tan Chuan Dyi	<ul style="list-style-type: none"> • TCFD Climate Disclosure Training Programme • Trends in ESG Reporting • Corporate Retreat 2022 - Shaping Naim Towards Social Enterprising • Invitation to the Securities Commission Malaysia's Audit Oversight Board conversation with Audit Committees
	Chin Chee Kong	<ul style="list-style-type: none"> • TCFD Climate Disclosure Training Programme • Corporate Retreat 2022 - Shaping Naim Towards Social Enterprising • Industrial and Commercial Bank of China (Malaysia) Berhad (In-house): Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT") • Industrial and Commercial Bank of China (Malaysia) Berhad (In-house): IT Security Briefing • JC3: Measuring Portfolio Alignment to Climate Scenarios and Climate Transition Stress Testing • JC3: Implementation and Application of CCPT • MIA: The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting • Bursa Malaysia: Building Experience in Climate-related Financial Reporting • UN Global Compact Network: SBTi Symposium: Demystifying Urgent Actions for 1.5c Pathway • JC3: The Power of ESG Data • KPMG: 2022 Board and Audit Committee Priorities • JC3: Implementation of TCFD • MICPA-KPMG: Supercharge ESG Ambitions with Technology • MICPA: Environmental, Social and Governance (ESG) in Financial Reporting • SC: Audit Oversight Board Conversation with Audit

		<p>Committees</p> <ul style="list-style-type: none"> • KPMG: 2022 MFRS Update Seminar • MIA: Investment Incentives in Malaysia under the Income Tax Act 1967 and the Relevant Public Rulings
	Datuk Ahmad Bin Abu Bakar	<ul style="list-style-type: none"> • TCFD Climate Disclosure Training Programme • Invitation to the Securities Commission Malaysia's Audit Oversight Board conversation with Audit Committees
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is responsible for the Group's system of internal control and risk management. The Group has an effective risk management and internal control framework. In particular, the Group has in place an Enterprise Risk Management ("ERM") based on MS ISO 31000: 2010 Enterprise Risk Management Framework and Standard.</p> <p>The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against the occurrence of any material misstatement or loss.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the Risk Management Committee (“RMC”) oversees the risk management matters of the Group. The risk management framework establishes the context of risk in relation to the Group’s business and sets out the process for risk identification, measurement and treatment with continuous monitoring, reviewing and communication.</p> <p>All key risks are captured in a risk template and reviewed by the respective business units. The risk template includes detailed assessment of risks as well as the corresponding mitigating controls implemented or to be implemented. All risks are consolidated and presented for deliberation during the quarterly Risk Management Sub-Committee (“RMSC”) meeting attended by heads of department of various business units. Subsequently, the reports will be presented to the RMC to ensure its continued application and relevance.</p> <p>Upon assessment of all material aspects, the Board concluded that the risk management and internal control system of the Company is generally adequate and effective for the financial year 2022. Further details are provided in the Statement on Internal Control and Risk Management on Page 88 to 89 of the Annual Report 2022.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted								
Explanation on adoption of the practice	:	<p>The Risk Management Committee comprises wholly of Non-Executive Director, two (2) of whom are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director</p> <p>A summary of the Risk Management Committee membership is as follows:-</p> <table border="1"><thead><tr><th>No.</th><th>Membership of the Risk Management Committee</th></tr></thead><tbody><tr><td>1.</td><td>Datin Mary Sa'diah Binti Zainuddin, Independent Non-Executive Director (Chairperson of the Risk Management Committee)</td></tr><tr><td>2.</td><td>Cik Sulaihah Binti Maimunni, Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Datuk Amar Abdul Hamed Bin Haji Sepawi, Non-Independent Non-Executive Director</td></tr></tbody></table>	No.	Membership of the Risk Management Committee	1.	Datin Mary Sa'diah Binti Zainuddin, Independent Non-Executive Director (Chairperson of the Risk Management Committee)	2.	Cik Sulaihah Binti Maimunni, Independent Non-Executive Director	3.	Datuk Amar Abdul Hamed Bin Haji Sepawi, Non-Independent Non-Executive Director
No.	Membership of the Risk Management Committee									
1.	Datin Mary Sa'diah Binti Zainuddin, Independent Non-Executive Director (Chairperson of the Risk Management Committee)									
2.	Cik Sulaihah Binti Maimunni, Independent Non-Executive Director									
3.	Datuk Amar Abdul Hamed Bin Haji Sepawi, Non-Independent Non-Executive Director									

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 Board is responsible for the Group’s internal control, the overall purpose of which is to protect shareholders’ investments and the Group’s assets. The Board is assisted by the Audit Committee, which is responsible for the Group’s internal control system, accounting policies and Financial Reporting.</p> <p>The internal controls system throughout the Group are managed and monitored by an in-house Internal Audit Department (“IAD”), whose primary function is to assist the Audit Committee in discharging its duties and responsibilities. The IAD reports regularly to the Audit Committee on their findings on the adequacy and effectiveness of the Group’s internal control systems. The Audit Committee reviews the adequacy, effectiveness and integrity of the internal control systems.</p> <p>The IAD reports directly to the Audit Committee on its activities based on the approved annual Internal Audit Plan. The approved plan is designed to cover high risk areas and entities across all levels of operations within the Group, other than associates and joint ventures. Systems and processes are reviewed, and where improvement opportunities are identified, these are reported to the Audit Committee, for Management’s remediation.</p> <p>The IAD’s roles and responsibilities are defined in the Internal Audit Charter with the mission to provide independent, reasonable assurance over the adequacy and effectiveness of the internal controls as well as support Management through the provision of advisory services to improve the organization’s operations.</p> <p>The IAD provides the Audit Committee with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group and the extent of compliance with the Group’s established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other mandatory compliance requirements.</p> <p>The IAD is independent of the activities audited and performs its duties with impartiality and due professional care. The performance of the Head of Internal Audit is assessed by the Audit Committee.</p>

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Department (“IAD”) adopts the International Professional Practices Framework (“IPPF”), an authoritative guidance promulgated by the Institute of Internal Auditors (“IIA”).</p> <p>The department is headed by Dominic Choo. He is a Certified Internal Auditor (CIA) and has over 17 years of experience as a Governance, Risk and Compliance professional.</p> <p>The internal audit staff comprise those who possess tertiary and professional qualifications in the field of Accounting, Construction Management and Finance. The Department is made up of a total of four (4) internal auditors. For the year under review, all internal audit personnel were free from relationships or conflicts of interests.</p> <p>To accomplish its primary objectives in examining and evaluating whether the Group’s governance, risk and internal control processes are adequate and functioning properly, the internal audit personnel are authorised to have full, free and unrestricted access to the Group’s operations, activities, information, functions, records, properties and personnel in discharging their duties.</p> <p>Internal Audit Functions and Activities</p> <p>The IAD has carried out its activities based on planned audits and special reviews during the year. During the financial year ended 31 December 2022, the internal audit activities carried out included, <i>inter alia</i>, the following:</p> <ol style="list-style-type: none">a. Evaluated the system of internal controls and key operating processes based on the approved annual plan.b. Evaluated the efficiency of process, function and current practices and provided suitable recommendations to relevant risk/ process owners.c. Provided assurance on compliance with statutory requirements, laws, Group policies and guidelines.

	<p>d. Recommended appropriate controls to address improvement opportunities and weaknesses in processes identified.</p> <p>e. Carried out investigations and special reviews at the request of the Audit Committee, the Board of Directors and Management.</p> <p>Follow-up audits were also conducted and the status of implementation on the agreed corrective actions were highlighted to the Audit Committee.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has formalized corporate disclosure policies and procedures on communication with stakeholders.</p> <p>The Group communicates with shareholders by way of the Annual Reports and Financial Statements, by announcing its quarterly results and through periodical announcements to the market. The level of disclosure adopted in the Annual Reports and quarterly results are designed to go beyond the statutory obligations, in order to serve as an effective means of communication and information on the Group's operations.</p> <p>In addition, the investment community, comprising individuals, analysts, fund managers and other stakeholders, have dialogues with the Group's authorized representatives (i.e. the Chairman and Managing Director). This provides further channel in communicating and engaging directly with the shareholders, investors and investment community. Non-Executive Directors may attend such meetings but are not expected to provide information on the Group's performance. Discussions at such meetings are restricted to matters that are in the public domain.</p> <p>The general meetings are the principal forum for dialogue and interaction with the shareholders of the Company. The Board encourages active participation from shareholders during these meetings.</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	:		
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Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company dispatched the Notice of its 20th Annual General Meeting on 27 April 2022 to shareholders, well in advance of the 28 days' notice for Annual General Meeting scheduled on 26 May 2022.</p> <p>On 27 April 2022, notifications were sent to shareholders either by e-mail or letter to inform that the Annual Report 2022, Notice of the 20th Annual General Meeting, Proxy Form and Administrative Details for the 20th Annual General Meeting which was scheduled on 26 May 2022 were available on the Company's website in accordance with Clause 157 of the Constitution of the Company and Section 320 of the Companies Act 2016.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors, Chairmen of Audit, Nominating, Risk Management and other committees attended the 20th Annual General Meeting held on 26 May 2022.</p> <p>The management and External Auditors were also present at the Annual General Meeting to respond to any questions raised by the shareholders.</p> <p>Summary of key matters discussed during the 20th Annual General Meeting were published on the Company's corporate website at www.naim.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>At the Company’s 20th Annual General Meeting held on 26 May 2022, the Company had leveraged on technology to conduct a fully virtual Annual General Meeting with Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) in accordance with Clause 58 of the Constitution of the Company and Section 327(1) and (2) of the Companies Act 2016.</p> <p>The Company had appointed the share registrar, Tricor as Poll Administrator to conduct the polling process and Scrutineer Solutions Sdn. Bhd. as scrutineers to verify the poll results.</p> <p>Shareholders logged on to Tricor’s TIIH Online website with their usernames and passwords and participated in the Annual General Meeting remotely via the live streaming. Shareholders exercised their rights to attend, participate and vote at the meeting remotely using the RPV facilities at http://tjih.online.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the opening remarks of the 20th Annual General Meeting, the Chairman, Datuk Amar Abdul Hamed Bin Haji Sepawi informed members, corporate representatives and proxies virtually present at the meeting of their rights to ask questions electronically via real time submission of typed texts in the Query Box.</p> <p>The Company received questions from shareholders prior to the day before the 20th Annual General Meeting. These questions were posted in the presentation slides for shareholders' reference as the Chief Financial Officer, Ms. Emily Hii read out the questions submitted by the shareholders and provided the management's responses thereto.</p> <p>Ample time and opportunities were given to the shareholders to pose question.</p> <p>Questions received via real time submission in the Query Box were addressed by the Managing Director, Datuk Hasmi Bin Hasnan.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The details of the virtual AGM for 2022 and guidance notes on the conduct of AGM were stated explicitly in the Administrative Details together with the Notice of AGM. The shareholders were guided accordingly for their participation in the AGM. The proceedings of the AGM were live broadcasted, and the shareholders were able to join the live streamed AGM via web portal or mobile application which was facilitated by Tricor Investor & Issuing House Services Sdn. Bhd., being the Share Registrar of the Company and the poll administrator for the AGM. The Chairman shared at the AGM on questions submitted by the shareholders. The questions and corresponding replies were also read out by the Chief Financial Officer, Ms. Emily Hii (“CFO”) during the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the 20 th Annual General Meeting (“AGM”) together with all questions responded to during the meeting were uploaded on the Company’s website at https://www.naim.com.my/investor-relations/corporate-governance/ on 30 June 2022 which is within 30 business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

**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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