CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	8125
COMPANY NAME	**:**	Daibochi Berhad
FINANCIAL YEAR	**:**	July 31, 2021

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 TO 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	:	• The Board provides effective leadership by setting appropriate values and strategic direction to ensure that the objectives of the Group are achieved. All Directors are expected to discharge their fiduciary duties and leadership functions objectively, at all times, in the interests of the Group. There are clearly defined matters reserved for the Board's decision, whilst those not specifically reserved for the Board and which are necessary for the day-to-day management of the Company are delegated to the Managing Director and the Management team to optimise operational efficiency. • The Board formed four (4) Board Committees ("BCs"), namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"), entrusted to support the Board in discharging its duties efficiently. The BCs are chaired by an Independent Non-Executive Director ("INED") of the Company to promote good governance and transparency and their Terms of Reference are available at https://daibochi.com/corporate-governance/, to be reviewed from time to time. • The Board's roles and responsibilities include the following matters: ➢ Advocate good corporate governance culture within the Group Together with the Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. ➢ Oversee the Group's conduct of business The Board assesses Management's performance via reviews of quarterly financial reports and yearly annual financial statements which are tabled at Board meetings. The Board also receives briefings/updates on key operational issues from the Management team. Collectively, these enable the Board to review, monitor and oversee Management to determine whether the business is properly managed and keep abreast of challenges, risks and opportunities. ➢ Strategic Plan The Board ensures that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. ➢ Risk management and internal control systems

	The Board is responsible for the Group's risk management and internal control systems, including reviewing its adequacy and effectiveness in line with its business objectives. Details of the Group's risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in the Annual Report. ➢ Succession planning of the Board and Senior Management The Board (with the NC and RC's assistance) ensures that individuals appointed as Directors and members of the Senior Management team have the calibre, skills, expertise, experience and competencies in their respective fields for progressive and orderly continuity in leadership. ➢ Effective communication with stakeholders The Board has effective communication policies/procedures to enable the Board and Management to communicate effectively with shareholders and other stakeholders to ensure timely and equal dissemination of relevant information pertaining to the Group's business. Details of the corporate disclosure framework and practices are set out in Practice 11.1 herein. • Integrity of the Group's financial and non-financial reporting The Board, through the AC reviews the adequacy and integrity of the Group's financial and non-financial disclosures for effective and balanced reporting. • Sustainability The Board strives to embed sound sustainable business practices throughout the Group's operations to ensure long-term value creation for our stakeholders. The Board had on 22 June 2021, reviewed and adopted Daibochi's updated Code of Ethics, Anti-Bribery and Anti-Corruption Policy, Environmental Policy, Safety and Health Policy and Whistleblowing Policy, signifying the Group's continued commitment to conduct business professionally and ethically, with due regard to environmental, social and governance elements. The Board also adopted a Code of Conduct For Suppliers to guide suppliers on Daibochi's commitment towards sustainability principles. The policies and codes are accessible at https://daibochi.com/corporate-governance/ .
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
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	:	• Mr. Heng Fu Joe, an Independent Non-Executive Director ("INED") was appointed as the Chairman of the Board on 1 November 2017.
		• The Chairman:
		  • provides leadership to the Board to enable the Directors to perform their duties and responsibilities effectively;
		  • encourages positive contribution from each Board member and leads the Board in the oversight of Management and ensures the orderly conduct and workings of the Board;
		  • leads Board meetings and discussions;
		  • ensures effective communications between shareholders, the Board and Management at general meetings; and
		  • leads the Board in establishing and monitoring good corporate governance practices in the Group.
		• The Chairman is also the Senior INED of the Board and acts as:
		  ➢ the intermediary for other Directors when necessary; and
		  ➢ the point of contact for shareholders and other stakeholders.
		The Chairman's profile is available in the Profile of Directors in the Annual Report.

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

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	• The positions of the Chairman and the Managing Director ("MD") are held by different individuals. • Their roles are kept separate to ensure balance of power and authority. • The Chairman, Mr. Heng Fu Joe, plays a crucial leadership and pivotal role to ensure that the Board works effectively in the oversight of Management. • The MD manages the Group's businesses in accordance with strategies, policies, budgets and business plans and oversees day-to-day operations of the Company and the Group. • The separation of responsibilities is further reinforced as the Chairman is not someone who has previously served as the Chief Executive Officer/MD of the Company. Their profiles are accessible in the Profile of Directors in the Annual Report. The roles and responsibilities of the Chairman and MD are specified in the Board Charter, accessible at https://daibochi.com/corporate-governance/.
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

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 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	:	• The Directors have access to the advice and services of suitably qualified and competent Company Secretary to enable them to discharge their duties effectively. Both Company Secretaries are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators. • The Company Secretary assists the Board and Board Committees in the conduct of meetings and in the discharge of their governance obligations. • The Company Secretary had attended trainings to keep abreast with the latest changes in laws and regulatory requirements. • The roles and responsibilities of the Company Secretary are specified in the Board Charter, accessible at https://daibochi.com/corporate-governance/. • During the financial year ended 31 July 2021 ("FY2021"), the Company Secretary briefed the Board on the Malaysian Code on Corporate Governance 2021, amendments to Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements and key observations and recommendations in Bursa Securities' Sustainability Disclosure Review 2020.
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
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
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	• Directors have access to all information pertaining to the Group and may seek clarification from Management, if required. The Board also receives briefings from Management pertaining to the operational issues and financial performance of the Group as and when necessary. • Notices of meetings and meeting papers are sent a week ahead of the scheduled meetings enabling the Directors to seek clarification and to peruse the issues to be deliberated at the Board and Board Committees' meetings. External advisors may be invited to attend Board meetings to advise and/or furnish the Board with professional insight and clarification needed on relevant matters. These ensure that members are fully apprised of matters for constructive discussions and effective decision making at meetings. • All proceedings/ previous minutes of the meetings are prepared and circulated in a timely manner for the members' perusal to reflect the decision making process of the Board appropriately. The minutes are then confirmed at the following meetings and are signed by the respective Chairpersons.	
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 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	:	• The Board Charter sets out the Board's strategic intent and serves as a source of reference to facilitate the effective discharge of the Board's duties. • The roles and responsibilities of the Board (including key matters reserved for the Board), Board Committees, Chairman, individual Directors, Managing Director, Executive Directors, Independent Non-Executive Directors ("INED"), Management and the Company Secretary are outlined in the Board Charter. • Key matters reserved for the Board's review/approval include: ➢ *Strategy and management*: The Board is responsible for the overall strategic direction of the Group, long-term objectives and goals, budget, overseeing the business and potential expansion into new business ventures. ➢ *Structure and capital*: Changes relating to the Group's capital structure, issuance of shares and share buybacks, corporate structure and listing status are subject to the Board's approval. ➢ *Finance*: The Group's financial statements, quarterly reports, Dividend Policy, significant changes in accounting policies/practices and acquisition and disposal of assets exceeding RM1 million in value require the Board's approval. ➢ *Internal controls*: To ensure that the Group has sound risk management and internal control systems in place. ➢ *Board membership and other appointments*: Changes to the size and composition of the Board, succession planning for the Board and key Management, appointment and removal of the Company Secretary, appointment, re-appointment and removal of the external auditors, appointment and removal of the internal auditors and remuneration policy/incentives for Directors are within the Board's purview. • The Directors are encouraged to attend relevant seminars and courses to discharge their duties effectively as provided in the Board Charter. All the Directors attended trainings during the financial year ended 31 July 2021 and the list of programs attended is set out in the Corporate Governance Overview Statement in the Annual Report. • Procedures are also in place in the Board Charter for the Board/individual Director to seek independent professional advice at the Company's expense, if necessary. The Board or the individual Director shall inform the Company Secretary prior to engaging an independent professional adviser and the engagement shall be subject to the Chairman or INEDs' approval, depending on the

	quantum of fees involved. The independent professional advice shall be circulated to all Board members as soon as it is available. • The Board Charter is reviewed to ensure its relevance in assisting the Board to discharge its duties in line with the changes in corporate laws and requirements and to remain consistent with the Board's responsibilities and objectives. The Board Charter is accessible at https://daibochi.com/corporate-governance/.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The 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	:	• The Company's Code of Ethics governs the standards of ethics and good conduct expected from Directors and employees respectively, premised on the principles of honesty and integrity. • The Code of Ethics for Directors ensures that Board members act in accordance with the principles of sincerity, integrity, accountability and social responsibility. • The Board had on 22 June 2021, reviewed and adopted the updated Code of Ethics and Anti-Bribery and Anti-Corruption Policy in line with the Board's continued commitment to uphold ethical business conduct. The Board also adopted a Code of Conduct For Suppliers to guide suppliers on Daibochi's commitment towards sustainability principles. • The Board reviews the codes and policy, as and when deemed necessary; to ensure compliance with laws and regulations and/ or to accommodate organisational and business developments within Daibochi Group. The codes and policy are accessible at https://daibochi.com/corporate-governance/.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
The 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	:	• The Board had reviewed and adopted the updated Whistleblowing Policy on 22 June 2021. The policy provides a whistleblowing channel for all employees and stakeholders to disclose any reportable and improper conduct that is taking place, has taken place and/ or may take place within Daibochi Group. • The Board reviews the policy as and when necessary to ensure compliance with laws and regulations and/or to accommodate organisational and business developments within the Group. The Whistleblowing Policy is available at https://daibochi.com/corporate-governance/.	
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 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority of independent directors.

Application	:	Applied	
Explanation on application of the practice	:	• The current Board comprises six (6) Directors, three (3) of whom are Independent Non-Executive Directors ("INEDs"), constituting half of the Board. • The INEDs bring independent judgement, knowledge, skills and experience to Board deliberations during the decision making process. • The Board has considered the Nomination Committee's ("NC") assessment for the financial year ended 31 July 2021 and is satisfied with the independence of the INEDs as they: ➢ fulfil the criteria of independence, as defined in Bursa Malaysia Securities Berhad's Main Market Listing Requirements; and ➢ provide impartial and objective views and independent advice to ensure proper check and balance at the Board and Board Committees' meetings. • The INEDs have also provided their annual confirmation of independence to the NC.	
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 4.2
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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	• Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee have each served as Independent Non-Executive Directors ("INEDs") of the Company for a cumulative term of more than nine (9) years. In compliance with this Practice, the Nomination Committee ("NC") undertook the assessment and recommended to the Board to seek shareholders' approval at the forthcoming Annual General Meeting ("AGM") for both Directors to be retained and to continue to act as Independent Directors of the Company based on the following justifications: (a) they fulfill the criteria of "Independent Director" as defined in Bursa Malaysia Securities Berhad's Main Market Listing Requirements; (b) they continue to exercise sound independent judgement and demonstrate objectivity in the discharge of their fiduciary duties at the Board and Board Committees' ("BCs") meetings; (c) their extensive accounting and finance experience and understanding of the Group's business enable them to participate actively and contribute valuable insights at the Board and BCs' meetings; (d) they maintain a professional relationship with Board members and are independent from Management; and (e) they do not have any business/other relationship which may interfere with their independent judgement or the ability to act in the best interest of the Company. • Having considered the NC's evaluation, the Board is of the view that Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee have discharged their duties and responsibilities objectively and their independence have not in any way been compromised by their tenure on the Board. The Board values continuity and stability and is confident that their understanding of the business, integrity, proven commitment and competence will continue to add value to the Group. Accordingly, the Board recommends retaining Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee as INEDs of the Company and will be tabling ordinary resolutions to the shareholders at the forthcoming AGM for the said purposes. Both Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee had abstained from all deliberations and decisions in relation to their retention as INEDs of the Company and will continue to do so at the forthcoming AGM.
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 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to 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 4.4
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.

Application	:	Applied	
Explanation on application of the practice	:	• The Board is cognisant that a diversified Board and Senior Management, with an effective combination of skills, expertise, professional experience, nationality, gender, age and cultural background can offer different viewpoints, valuable insights, innovative solutions and ideas that are beneficial to the Group. The Board has a Boardroom Diversity Policy which outlines the Company's approach to achieving and preserving diversity on the Board and in respect of Senior Management positions. • The Nomination Committee is responsible for making recommendations to the Board for the appointment of new directors. All appointments are based on merit, with due consideration given to age, gender, nationality and ethnicity to augment diversity in the Boardroom.	
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 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	• The Board acknowledges that women with the right competencies and skills can equally contribute to diversity of perspectives in the Boardroom and Senior Management. In this regard, there is a female Independent Non-Executive Director on the Board, Ms. Caroline Ang and one (1) female senior manager in the Company's Senior Management team. • The Board is committed to take the necessary measures towards promoting gender diversity and appointing the best qualified person based on merit when changes in the Boardroom and Senior Management are contemplated in the future. The Board's target is to have at least one (1) female Director on the Board as reflected in the Boardroom Diversity Policy.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 4.6
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.

Application	:	Applied
Explanation on application of the practice	:	• The Nomination Committee ("NC") adheres to a formal and transparent procedure for the nomination and appointment of new Directors. Prospective candidates are identified from various sources. The NC is also open to utilise independent sources to identify suitably qualified candidates as stated in its Terms of Reference, accessible at https://daibochi.com/corporate-governance/. • The NC seeks suitable candidates from diverse professional and business backgrounds who have the character, qualifications, experience, integrity, competence and time to effectively discharge his/her role as a Director. In the case of an Independent Director, the independence of the candidate will be taken into account. • The Board believes that its transparent procedure on the appointment of Directors with diverse professional backgrounds appointed to the Board is conducive for effective decision making.
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 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	• The Nomination Committee ("NC") is chaired by the Senior Independent Non-Executive Director ("INED"). The members of the NC comprise the INEDs as follows: 1. Mr. Heng Fu Joe (Chairman) 2. Ms. Caroline Ang Choo Bee (member) 3. Mr. Faris Salim Cassim (member) The NC's authority and duties are governed by its Terms of Reference, accessible at https://daibochi.com/corporate-governance/.	
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
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	• The Board has implemented an annual assessment process for the Nomination Committee ("NC") to carry out the required assessments of the Board, Board Committees ("BCs"), Directors and members of the BCs. • The NC's assessment process involves having the Directors complete questionnaires, which will then be collated by the Company Secretary and forwarded to the NC members for their evaluation and sharing with the Board members. • The elements of the questionnaires for assessing the Board's effectiveness encompass a variety of matters. These include the Board's mix and composition, quality of information and decision making, Boardroom activities and the Board's relationship with Management. • The assessment of the effectiveness of the BCs includes its composition, assistance provided to the Board for better decision making, whether the members have sufficient and relevant expertise in discharging their responsibilities, their attendance at meetings of the BCs and whether communications to the Board are of sufficient quality and provided on a timely basis. • The assessment of Directors is based on their attendance at the Board/BCs' meetings, contribution/participation in meetings, industry and business knowledge, expertise and time commitment. Having considered the annual assessment undertaken by the NC for the financial year ended 31 July 2021, the Board confirmed as follows: <u>Board and Directors</u> ➢ The Board's composition, with an appropriate mix of Independent Non-Executive Directors ("INEDs") and Executive Directors ("EDs") is adequate for the effective discharge of its functions and responsibilities. The combination of diverse personalities, skills, expertise and core competencies provides a range of perspectives and is conducive for quality decision making. ➢ The three (3) INEDs augment the Board's independence and bring objective perspectives/judgement, whilst the EDs provide strong operational and financial insights into the business, allowing well considered decisions to be made. ➢ The Directors provided valuable contributions at Board and BCs' meetings, devoted sufficient time in matters pertaining to the Company and carried out their duties professionally.

	Board Committees ➢ The BCs are operating efficiently and effectively in assisting the Board and the members have sufficient knowledge, skills and expertise in fulfilling their roles and responsibilities. Re-election of Directors ➢ In accordance with Regulation 81 of the Company's Constitution, one-third (1/3) of the Directors, or the number nearest to but not less than one-third (1/3) are to retire by rotation at every Annual General Meeting ("AGM") ➢ Ms. Caroline Ang Choo Bee and Mr. Faris Salim Cassim are due for re-election pursuant to Regulation 81 of the Company's Constitution at the 48th AGM of the Company. The Board concurs with the NC's evaluation that the Directors have allocated sufficient time and attention to the affairs of the Company and have carried out their fiduciary duties professionally. As the INED, Ms. Caroline Ang Choo Bee and Mr. Faris Salim Cassim have demonstrated independent judgment to Board deliberations and decision making to provide check and balance and foster objectivity in the Boardroom. Hence, the Board unanimously recommends shareholders to vote in favour of the re-election of Ms. Caroline Ang Choo Bee and Mr. Faris Salim Cassim as Directors at the 48th AGM. Both the Directors had abstained from all deliberations and decisions in relation to their own eligibility to stand for re-election and will continue to do so at the 48th AGM. The information of the Directors who are subject to re-election is set out in the Profile of Directors in the Annual Report. Independence of the INEDs ➢ The INEDs comply with the independence requirement set out in Bursa Malaysia Securities Berhad's Main Market Listing Requirements and continue to provide objective and independent advice to ensure proper check and balance at the Board and BCs' meetings. Retention of INEDs beyond 9 years ➢ Please refer to Practice 4.2 herein for the detailed disclosure on the assessment undertaken by the NC.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	• The Board has in place policies/procedures to determine the remuneration of Directors and Senior Management and these are reflected in the Remuneration Committee's ("RC") Terms of Reference accessible at https://daibochi.com/corporate-governance/. • The RC reviews and recommends the remuneration of the Directors and Senior Management to the Board and may seek external advice, as and when deemed necessary. The Director concerned will abstain from deliberations and voting on the decisions regarding his/her individual remuneration. • The remuneration is aligned with the business strategy and long-term objectives and reflects the Board's responsibilities, expertise and complexity of the Group's business activities. • The Executive Directors do not receive Directors' fees from the Company and their remuneration package comprises salaries, other emoluments, bonuses and benefits-in-kind. Independent Non-Executive Directors receive meeting allowances, monthly allowances, yearly Audit Committee allowance (benefits) and Directors' fees.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 6.2
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 Remuneration Committee ("RC") is chaired by the Senior Independent Non-Executive Director ("INED"). The members of the RC comprise the INEDs as follows: 1. Mr. Heng Fu Joe (Chairman) 2. Ms. Caroline Ang Choo Bee (member) 3. Mr. Faris Salim Cassim (member) • The RC is responsible for setting the framework and making recommendations to the Board on matters concerning the general remuneration policy of Directors and Senior Management. The RC's Terms of Reference which deals with its authority and duties is accessible at https://daibochi.com/corporate-governance/. • During the financial year ended 31 July 2021, the Board had approved the remuneration of the Executive Directors at the recommendation of the RC.
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
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 7.1
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	:	The remuneration of Directors paid and payable by the Company and the Group for the financial year ended 31 July 2021, on a named basis is as follows:

	Fees* RM'000	Salaries RM'000	Bonus RM'000	EPF Contribution by Employer RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors						
Mr. Chang Chee Siong	-	456	133	112	29	730
Mr. Low Geoff Jin Wei	-	288	84	71	13	456
Mr. Heong Mun Foo	-	90	26	14	1	131
Non-Executive Directors						
Mr. Heng Fu Joe	42	-	-	-	85	127
Ms. Caroline Ang Choo Bee	13	-	-	-	45	58
Mr. Faris Salim Cassim	13	-	-	-	43	56

**Subject to the approval by shareholders at the 48th Annual General Meeting.*

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

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 7.2
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.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td>Explanation for departure :</td><td colspan="2">

The Board notes the disclosure requirement of the top five (5) Senior Management's remuneration on a named basis and in bands of RM50,000.00 for corporate transparency. The Board has considered the matter and maintains the view that such disclosure is not in the best interest of the Company/Group due to the highly confidential/sensitive nature of this information and concerns of key talent poaching in the specialised flexible packaging industry.
In this regard, the Board has disclosed the Company's Senior Management's remuneration on a total basis in Note 25 of the financial statements in the Annual Report as follows and believes that it is adequate.

<u>Compensation of key management personnel</u>
The remuneration of key management personnel, excluding Directors of the Company during the financial year ended 31 July 2021 is as follows:
<table>
<tr><td></td><td colspan="2">The Group</td><td colspan="2">The Company</td></tr>
<tr><td></td><td>2021
RM'000</td><td>2020
RM'000</td><td>2021
RM'000</td><td>2020
RM'000</td></tr>
<tr><td>Short-term employee benefits</td><td>2,000</td><td>2,591</td><td>1,173</td><td>1,641</td></tr>
<tr><td>Defined contribution plans</td><td>242</td><td>321</td><td>185</td><td>265</td></tr>
<tr><td></td><td>2,242</td><td>2,912</td><td>1,358</td><td>1,906</td></tr>
</table>
The Board believes that the manner of disclosure above would enable stakeholders to assess whether the remuneration commensurate with the performance of the Senior Management, taking into account the Company's/Group's performance.
</td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2">Please explain the measure(s) the company has taken or intend to take to adopt the practice.</td></tr>
<tr><td>Timeframe :</td><td>Choose an item.</td><td></td></tr>
</table>

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 7.3 - 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	:	

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 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	• The composition of the Audit Committee ("AC") is as follows: 1. Ms. Caroline Ang Choo Bee, Chairperson, Independent Non-Executive Director ("INED") 2. Mr. Heng Fu Joe (INED) 3. Mr. Faris Salim Cassim (INED) • The AC Chairperson, Ms. Caroline Ang Choo Bee is not the Chairperson of the Board, thus ensuring the overall effectiveness and independence of the AC.	
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 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	• The Audit Committee's ("AC") Policy on the Suitability, Objectivity and Independence of External Auditors ("AC's Policy on External Auditors") is intended to regulate the provision of services by the external auditors to ensure that the external auditors do not perform any service that may impair its independence. • In upholding audit independence, the AC's Policy on External Auditors has a provision that the former key audit partner shall observe a cooling-off period before being appointed as a member of the AC in accordance with this Practice. • None of the AC members have been former key audit partners of the Company/Group.	
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 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	• The Audit Committee's ("AC") assessment of the external auditors is undertaken in accordance with Paragraph 15.21 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and the AC's Policy on the Suitability, Objectivity and Independence of External Auditors ("AC's Policy on External Auditors"). • The AC's Policy on External Auditors includes the following: (a) monitoring the external auditor's independence, including any relationships with the Company and/or the Group or any other person or entity that may affect their independence; (b) ensuring that the provision of non-audit services will not adversely affect their professional integrity, objectivity and independence and in relation to the conduct of the audit; and (c) obtaining a written assurance from the external auditors that they are and have been independent throughout the audit engagement in accordance with the relevant professional and regulatory requirements. • The AC assessed the performance and independence of the External Auditors prior to their re-appointment in accordance with the AC's Policy on External Auditors. The External Auditors confirmed that they had complied with the independence requirements prescribed in the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants*. The External Auditors' non-audit services include the review of the Statement on Risk Management and Internal Control and advisory pertaining to a corporate exercise which are not likely to affect the independence and objectivity of the External Auditors. • Being satisfied with the External Auditor's performance, timeliness, technical competency and independence with regard to the conduct of the audit, the AC recommended to the Board for the re-appointment of Deloitte PLT as the Company's External Auditors at the forthcoming Annual General Meeting.
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 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors who satisfy the "independence" requirements set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>

All the Audit Committee ("AC") members are financially literate and are able to understand matters within the purview of the AC, including the financial reporting process. Collectively, the AC members possess extensive experience and professional skills in relation to accounting, auditing, tax, finance, legal and corporate finance matters.
The AC members attended trainings during the financial year ended 31 July 2021 ("FY2021") to keep themselves abreast of relevant developments. The programs attended by the AC members are set out below:

<table>
<tr><th>Director</th><th>Programmes attended during FY2021</th></tr>
<tr><td>Mr. Heng Fu Joe</td><td>➢ MIA Webinar Series: Deferred Tax Under MFRS 112
➢ MIA Webinar Series: MFRS 15 Revenue from Contracts with Customers
➢ 2020 Baker Tilly Tax & Budget Seminar
➢ MIA Webinar Series: MPERS-Practical Issues and Fair Value Measurements
➢ MIA Webinar Series: MFRS 121 The Effects of Changes in Foreign Exchange Rates
➢ ACCA Annual Conference 2021
➢ Innovate for Exponential Growth
➢ ISQM1 Quality Management for Firms That Perform Audit or Reviews of Financial Statements, or Other Assurance or Related Services Engagements; & ISA 220 (Revised) Quality Management for An Audit of Financial Statements
➢ MIA International Accountants Conference 2021
➢ Sustainable and Responsible Investment (SRI) Virtual Conference 2021 - Paving the Way for Profitability through Sustainability</td></tr>
<tr><td>Ms. Caroline Ang Choo Bee</td><td>➢ How to Improve Cashflow in Business
➢ 2020 Baker Tilly Tax & Budget Seminar
➢ MIA Webinar Series: Implementation of Payroll and MTD Audit
➢ Guidelines For Reporting Framework for Beneficial Ownership Of Legal Person In Malaysia</td></tr>
<tr><td>Mr. Faris Salim Cassim</td><td>➢ Sustainable and Responsible Investment (SRI) Virtual Conference 2021 - Paving the Way for Profitability through Sustainability</td></tr>
</table>

The AC members also received updates from the external auditors on the revised standards and new interpretations issued by the Malaysian Accounting Standards Board.

</td></tr>
</table>

	• Moving forward, the AC members will continue to review their training needs to further enhance their skills and knowledge in accounting and auditing standards, practices and rules to enable them to discharge their duties effectively.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies 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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	• The Board acknowledges its overall responsibility for the Group's risk management and internal control systems, including reviewing its adequacy and effectiveness in line with its business objectives. • The Board has established sound risk management and internal control systems, including an ongoing process to identify, evaluate, mitigate/manage and monitor the significant risks faced by the Group in the achievement of its objectives and strategies. • The Board is assisted by the Risk Management Committee and Audit Committee in reviewing the effectiveness of the risk management and internal control systems. • Management is responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and internal controls, taking appropriate and timely corrective actions as needed to mitigate and control the risks. Management also provides assurance to the Board that these processes have been carried out accordingly. Details on the Group's risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in the Annual Report. .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies 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 9.2
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	:	• The Group has a structured process within its risk management system to identify, evaluate, mitigate and monitor risks. Please refer to the "Risks" section in the Management Discussion and Analysis for information on the Group's key risks. • The Risk Management Committee ("RMC") supports the Board with risk governance and assists to identify, assess, manage and monitor key business risks to safeguard shareholders' interests and assets of the Group. The RMC is assisted by the Management to establish and implement an effective risk management framework, policy and processes across the Group as well as to oversee the risk management aspect of the Group so as to identify, analyse, respond, monitor and report any significant risk to the RMC. The respective risk owners are responsible for setting up risk registers in accordance with the enterprise risk management framework and reporting identified risks to the RMC. • Management personnel from Operations, Sales and Marketing, Finance and other departments may be invited to attend RMC meetings, where necessary, to brief the RMC on the potential risks and actions that may be taken to mitigate and control these risks. • During the financial year ended 31 July 2021 ("FY 2021"), the RMC reviewed the operations corporate risk register and assessed the associated risks. Management also updated the Board on the Group's internal standard operating procedures and controls to mitigate risks associated with the COVID-19 pandemic to the Group's operations and to ensure the health and safety of all employees and stakeholders. • The internal audit function provides independent and objective assurance that adds value and improves operations by evaluating the adequacy and effectiveness of the internal control systems established by Management and providing recommendations for improvement. • The key features of the Group's internal controls include: ➢ Appropriate organisational structure with clearly defined delegation of responsibilities and lines of authority. ➢ Audits undertaken by external auditors, internal auditors and annual surveillance audits by assessors of ISO 9001, ISO 14001, HACCP FSMS and FSSC 22000 certification bodies to ensure sufficient control mechanisms and systems are implemented and maintained.

		➢ The Group's budget and business plan are prepared by Management for the upcoming year and monitored accordingly. Monthly management meetings are held wherein financial and operational reports are reviewed to monitor the Group's performance as well as operational issues. Key risks are reported by the RMC or Management to the Board on a timely basis. The Management also reports related party transactions, recurrent related party transactions and potential conflict of interest situations (if any) to the AC and Board on a quarterly basis. ➢ Established policies, codes and standard operating procedures to ensure that business is conducted in a sustainable manner and in compliance with applicable laws and regulations. ➢ Sound human resource management policies and training/development programmes to build a resilient workforce and succession planning for continuity of talent in relation to key positions. ➢ Business continuity plan to ensure continuity of operations and relevant security/systems controls to safeguard the Group's information systems and major assets. • The Board has received assurance from the Managing Director and the Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management and internal control systems of the Group. Accordingly, the Board with the concurrence of the AC and RMC is satisfied that the risk management and internal control systems in place for FY2021 are adequate and effective to safeguard shareholders' investments, the Group's assets and the interests of other stakeholders. Details on the Group's risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in the Annual Report.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Companies 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 9.3 - 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	:	• The Risk Management Committee ("RMC") was formed in year 2015 to support the Board with risk governance and assists to identify, assess, manage and monitor key business risks to safeguard shareholders' interests and assets of the Group. • The RMC comprises all the members of the Board, three (3) of whom are Independent Non-Executive Directors ("INED"), constituting half of the Board. The RMC is chaired by Mr. Heng Fu Joe, the Senior INED. The RMC's authority and duties are governed by its Terms of Reference, accessible at https://daibochi.com/corporate-governance/.

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 10.1
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	:	• The objectives of the internal audit are to independently assess the system of internal controls established by Management and make appropriate recommendations for improvement or enhancements in relation thereto. • The internal auditors adopt a risk-based approach in performing the internal audits in accordance with the internal audit plan reviewed and approved by the Audit Committee ("AC"). The internal auditors report directly to the AC and provide independent views on the adequacy, integrity and effectiveness of the system of internal controls after its reviews. • The Board has considered the AC's assessment and is satisfied that the internal auditors have the required resources, objectivity and relevant expertise to discharge their duties effectively. Further details of the internal audit function are disclosed in the AC report in the Annual Report.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 10.2
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	:	• The Group's internal audit function was outsourced to an independent professional firm and subsequently performed by the Internal Audit Department of the holding company (Scientex Berhad) ("IAD"). The internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence. • The head of the IAD is Mr. Tan Seong Tay, who is a Certified Internal Auditor and a fellow member of the Association of International Accountants. Four (4) personnel, including the head of department were involved in the internal audit reviews during the financial year ended 31 July 2021. • The internal audit function is carried out in accordance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.	
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 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 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	• The Board values its communication with shareholders, investors and other stakeholders and the importance of maintaining an effective Corporate Disclosure Policy that enables the Board, Management and employees to communicate the corporate information on a regular and timely basis. • To maintain an effective communication with the Company's stakeholders, the Board communicates information on the operations, activities and performance of the Group through its annual report, various corporate announcements made to Bursa Malaysia Securities Berhad and the Company's corporate website, while maintaining active dialogues, discussions or briefings with the press, fund managers and analysts through a planned programme of investor relations activities. Stakeholders may direct their queries or concerns to the Company through https://daibochi.com/contact/. • General meetings also provide a forum for shareholders to engage with the Board members and seek information about matters pertaining to the Group. Due to the COVID-19 pandemic, the Company held its 47th Annual General Meeting ("AGM") in year 2020 virtually through live streaming and online voting using the Remote Participation and Voting ("RPV") facility provided by the share registrar. Shareholders were allowed to send pre-meeting questions and type questions in the text box provided during the virtual meeting. The responses to the pre-meeting questions were shown on screen for shareholders' reference. Shareholders' queries were addressed by the Executive Directors and their comments were noted by the Board and Senior Management. The summary of key matters discussed at the 47th AGM was uploaded to the Company's website and accessible at https://daibochi.com/agm-egm/ for the benefit of shareholders who were unable to attend the AGM.
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 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 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a large company.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 12.1
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 :	• Pursuant to the Constitution of the Company, the notice of the general meetings are despatched to shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days prior to the meeting where any special resolution is to be proposed or where it is an Annual General Meeting ("AGM"), together with the annual report. • In line with the Malaysian Code on Corporate Governance 2017, the Notice of the AGM of the Company dated 30 November 2021 has been issued to the shareholders 28 days before the AGM scheduled to be held on 29 December 2021. • A copy of the notice is available at the Company's website at https://daibochi.com.my/agm-egm/ and advertised in a nationally circulated English daily newspaper. • The AGM notice also provides detailed explanations for the resolution(s) proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make informed decisions when exercising their voting rights.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
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	:	• All the six (6) Board members were present either physically or via the remote platform at the virtual 47th AGM to engage with the shareholders. The external auditors participated in the 47th AGM via video conference to provide professional and independent clarification on the Group's audited financial statements. • Shareholders were allowed to send pre-meeting questions and type questions in the text box provided during the virtual meeting. The responses to the pre-meeting questions were shown on screen for shareholders' reference. Shareholders' queries were addressed by the Executive Directors and their comments were noted by the Board and Senior Management.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	• In view of the COVID-19 pandemic, the Company leveraged on technology and held its 47th AGM in year 2020 virtually through live streaming and online voting using the Remote Participation and Voting ("RPV") facility provided by the share registrar. The virtual AGM was conducted in accordance with the *Guidance and FAQs on the Conduct of General Meetings for Listed Issuers* issued by Securities Commission Malaysia and the standard operating procedures issued by "*Majlis Keselamatan Negara" (MKN*). • The virtual meeting enabled shareholders to participate remotely and safely. Any shareholder who was not able to participate in the AGM was given the option of appointing proxy(ies) to participate remotely and vote online on his/her behalf. Shareholders were allowed to send pre-meeting questions and type questions in the text box provided during the virtual meeting. The responses to the pre-meeting questions were shown on screen for shareholders' reference. Shareholders' queries were addressed by the Executive Directors and their comments were noted by the Board and Senior Management. • In line with Paragraph 8.29A of the Listing Requirements, voting of resolutions at the Company's 47th AGM was conducted by poll and an independent scrutineer was appointed to verify the results of the poll to ensure that the process is carried out fairly. The Company has leveraged on technology to facilitate electronic voting at the general meeting for greater transparency and efficiency in the voting process. The poll results were announced to Bursa Malaysia Securities Berhad on the same day.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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.

Not applicable