

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8125
COMPANY NAME : Scientex Packaging (Ayer Keroh) Berhad (formerly known as Daibochi Berhad)
FINANCIAL YEAR : July 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 |
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| Explanation on application of the practice : | <p>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.</p> <p>There are three (3) Board Committees ("BCs"), namely the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Risk Management Committee ("RMC") entrusted to support the Board in discharging its duties efficiently. The BCs' Terms of Reference are available at www.scientexpackagingak.com.my/corporate-governance, to be reviewed from time to time.</p> <p>The Board's roles and responsibilities include the following matters:</p> <ul style="list-style-type: none">• <u>Advocate good corporate governance culture within the Group</u> Together with the Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.• <u>Oversee the Group's conduct of business</u> 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.• <u>Strategic Plan</u> 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. |

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| | <ul style="list-style-type: none"> • <u>Risk management and internal control systems</u> 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. • <u>Succession planning of the Board and Senior Management</u> The Board, through the NRC 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. • <u>Effective communication with stakeholders</u> 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 12.1 herein. • <u>Integrity of the Group’s financial and non-financial reporting</u> The Board, through the AC reviews the adequacy and integrity of the Group’s financial and non-financial disclosures for effective and balanced reporting. • <u>Sustainability</u> The Board strives to embed sound sustainable business practices throughout the Group’s operations to ensure long-term value creation for our stakeholders. <p>The Board has developed codes and policies, accessible at www.scientexpackagingak.com.my/corporate-governance to support the Group’s corporate culture/values and commitment to conduct business professionally and ethically, with due regard to environmental, social and governance elements.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 1.2

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

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| Application : | Applied | |
| Explanation on application of the practice : | <p>Mr. Heng Fu Joe, an Independent Non-Executive Director was the Chairman of the Board since 1 November 2017 until his resignation on 1 October 2022 in line with the best practices as recommended by the Malaysian Code on Corporate Governance. The Board is currently led by Mr. Choo Seng Hong who was appointed as the Non-Independent Non-Executive Chairman on 1 October 2022.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> • 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. <p>The Chairman's profile is available in the Profile of Directors in the Annual Report.</p> | |
| Explanation for departure : | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.3

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

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| Application : | Applied | |
| Explanation on application of the practice : | <p>The positions of the Chairman and the Managing Director ("MD") are held by different individuals and their roles are kept separate to ensure balance of power and authority. 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.</p> <p>The Chairman 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 the day-to-day operations of the Company and the Group.</p> <p>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 www.scientexpackagingak.com.my/corporate-governance.</p> | |
| Explanation for departure : | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.4

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

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’.

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| Application : | Applied | |
| Explanation on application of the practice : | <p>Mr. Heng Fu Joe, the previous Chairman of the Board was the Chairman of the Nomination and Remuneration Committee (“NRC”), Risk Management Committee and a member of the Audit Committee during the financial year ended 2022 (“FY2022”) until his resignation as an Independent Non-Executive Director (“INED”) of the Company on 1 October 2022 in line with the best practices as recommended by the Malaysian Code on Corporate Governance.</p> <p>The Board considered the NRC’s annual assessment on the effectiveness of the Board Committees (“BCs”) for FY2022 and is of the view that Mr. Heng Fu Joe had exercised objectivity and independence when deliberating on the observations and recommendations presented by the respective BCs at Board meetings, notwithstanding his membership in the BCs. Furthermore, the BCs comprised a majority of INEDs to safeguard the independence of the BCs and proposals from the BCs are escalated to the Board for discussion.</p> <p>Following the resignation of Mr. Heng Fu Joe, Mr. Choo Seng Hong was appointed as the Chairman of the Board on 1 October 2022. He is not a member of any of the Board Committees.</p> | |
| Explanation for departure : | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.5

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.

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| Application : | Applied | |
| Explanation on application of the practice : | <p>The Directors have access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Company Secretary assists the Board and Board Committees in the conduct of meetings and in the discharge of their governance obligations.</p> <p>The Company Secretary had attended trainings to keep abreast with the latest changes in laws and regulatory requirements.</p> <p>The roles and responsibilities of the Company Secretary are specified in the Board Charter, accessible at www.scientexpackagingak.com.my/corporate-governance.</p> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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.

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

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

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

Practice 2.1

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

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

| Application : | Applied |
|---|---|
| Explanation on application of the practice : | <p>The Board Charter sets out the Board's strategic intent and serves as a source of reference to facilitate the effective discharge of the Board's duties.</p> <p>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, Management and the Company Secretary are outlined in the Board Charter.</p> <p>Key matters reserved for the Board's review/approval include:</p> <ul style="list-style-type: none">• <i>Strategy and management</i>: 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.• <i>Structure and capital</i>: 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.• <i>Finance</i>: 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.• <i>Internal controls</i>: To ensure that the Group has sound risk management and internal control systems in place.• <i>Board membership and other appointments</i>: 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. <p>The Directors are encouraged to attend relevant training programs to enable them to discharge their duties effectively as provided in the Board Charter. All the Directors attended trainings during the financial year ended 31 July 2022 and the list of programs attended is set out in the Corporate Governance Overview Statement in the Annual Report.</p> <p>Procedures are also in place in the Board Charter for the Board/individual Director to seek independent professional advice</p> |

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| | <p>at the Company's expense, if necessary.</p> <p>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 www.scientexpackagingak.com.my/corporate-governance.</p> | |
| <p>Explanation for departure :</p> | | |
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| <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 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.

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| Application : | Applied | |
| Explanation on application of the practice : | <p>The Group'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.</p> <p>The Anti-Bribery and Anti-Corruption Policy signifies the Group's zero tolerance stance against all forms of bribery and corruption and the Board's continued commitment to uphold ethical business conduct.</p> <p>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 the Group. The codes and policy are accessible at www.scientexpackagingak.com.my/corporate-governance.</p> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 3.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a Whistleblowing Policy that 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 the Group.</p> <p>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.</p> <p>The Whistleblowing Policy is available at www.scientexpackagingak.com.my/corporate-governance.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

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

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

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

| Application | : | Applied | | | | | | | | |
|---|--|--|-----------------------|-----------------------------------|---------------------------|---|--------------------------|--|------------------------|--|
| Explanation on application of the practice | : | <p>The Group is committed towards building a sustainable business and conducting our operations as a responsible corporate citizen. The Board steers a strong sustainability culture and assumes overall responsibility of the Group’s sustainability agenda whilst Management ensures that sound sustainability best practices are integrated in the day-to-day operations of the Group. The sustainability governance structure is as follows:</p> <table border="1"> <thead> <tr> <th><u>Key Leadership</u></th> <th><u>Roles and Responsibilities</u></th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>Assumes overall responsibility of the Group’s sustainability agenda</td> </tr> <tr> <td>Managing Director</td> <td> <ul style="list-style-type: none"> • Reviews material sustainability matters with the Management team • Formulates sustainability strategies/initiatives with the Management team • Reports to the Board on material sustainability matters </td> </tr> <tr> <td>Management Team</td> <td> <ul style="list-style-type: none"> • Responsible for stakeholder engagement process, identifying material sustainability matters, executing and monitoring implementation of sustainability initiatives/strategies • Reports to the Managing Director on material sustainability matters </td> </tr> </tbody> </table> | <u>Key Leadership</u> | <u>Roles and Responsibilities</u> | Board of Directors | Assumes overall responsibility of the Group’s sustainability agenda | Managing Director | <ul style="list-style-type: none"> • Reviews material sustainability matters with the Management team • Formulates sustainability strategies/initiatives with the Management team • Reports to the Board on material sustainability matters | Management Team | <ul style="list-style-type: none"> • Responsible for stakeholder engagement process, identifying material sustainability matters, executing and monitoring implementation of sustainability initiatives/strategies • Reports to the Managing Director on material sustainability matters |
| <u>Key Leadership</u> | <u>Roles and Responsibilities</u> | | | | | | | | | |
| Board of Directors | Assumes overall responsibility of the Group’s sustainability agenda | | | | | | | | | |
| Managing Director | <ul style="list-style-type: none"> • Reviews material sustainability matters with the Management team • Formulates sustainability strategies/initiatives with the Management team • Reports to the Board on material sustainability matters | | | | | | | | | |
| Management Team | <ul style="list-style-type: none"> • Responsible for stakeholder engagement process, identifying material sustainability matters, executing and monitoring implementation of sustainability initiatives/strategies • Reports to the Managing Director on material sustainability matters | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | |
| Measure | : | | | | | | | | | |
| Timeframe | : | | | | | | | | | |

Intended Outcome

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

Practice 4.2

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.

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| Application : | Applied | |
| Explanation on application of the practice : | <p>The Group recognises that stakeholder engagement is pivotal in managing sustainability concerns and expectations effectively. Sustainability matters are communicated to the Group’s stakeholders through the following means:</p> <ul style="list-style-type: none"> • Annual report – the Group’s Sustainability Statement includes a description on governance, stakeholder engagement, materiality matrix and key sustainability matters aligned with the United Nations Sustainable Development Goals. • Corporate Website - information on the Group’s sustainability framework and relevant codes and policies underpinning environmental, social and governance elements are accessible at the corporate website at www.scientexpackagingak.com.my/sustainability-new/ and www.scientexpackagingak.com.my/corporate-governance. • Stakeholder engagement via various platforms e.g. meetings, corporate website, surveys, audits and community events. • Programmes to enhance employees’ awareness on the Group’s sustainability commitments. <p>Further information on stakeholders’ communication is disclosed in the “Stakeholder Engagement” section of the Group’s Sustainability Statement in the Annual Report.</p> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 4.3

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

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| Application : | Applied | |
| Explanation on application of the practice : | <p>Management updates the Board on sustainability related developments and initiatives at Board meetings to ensure that matters are communicated and managed on a timely basis.</p> <p>Directors are also encouraged to attend trainings to gain further insights on environmental, social and governance (“ESG”) matters related to the Group’s business and operations. The training programmes attended by the Board members during the financial year ended 31 July 2022 which include ESG related topics are set out in the Corporate Governance Overview Statement in the Annual Report.</p> | |
| Explanation for departure : | | |
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| <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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The annual performance evaluation exercise undertaken by the Nomination and Remuneration Committee ("NRC") in relation to the effectiveness of the Board includes assessment on proper governance and management of sustainability matters.</p> <p>Having considered the NRC's evaluation, the Board is satisfied that the Directors and senior management possess the necessary skills and expertise and have sufficiently discharged their duties and responsibilities efficiently in addressing the Group's material sustainability risks and opportunities during the financial year ended 31 July 2022.</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.

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| Application : | Adopted |
| Explanation on adoption of the practice : | <p>The Managing Director provides dedicated focus to manage sustainability strategically throughout the Group and his key responsibilities include:</p> <ul style="list-style-type: none">• Reviewing material sustainability matters with the Management team• Formulating sustainability strategies/initiatives with the Management team• Reporting to the Board on material sustainability matters. |

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.

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|---|---|
| Application : | Applied |
| Explanation on application of the practice : | <p>The Nomination and Remuneration Committee ("NRC") reviewed the composition of the Board and Board Committees ("BC") and tenure of the Independent Non-Executive Directors' ("INED") during the financial year ended 2022 ("FY2022") in line with the best practices of corporate governance.</p> <p>The Board's composition was refreshed during FY2022 with the appointment of the new Directors, signifying the Company's continued commitment in ensuring progressive leadership, independence and diversity on the Board.</p> <p>With regard to the annual re-election, the NRC assessed the Directors based on their contribution, attendance and participation at meetings, industry and business knowledge, skills, expertise, time commitment, fit and proper criteria and independence of the INEDs.</p> <p>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. Regulation 87 of the Company's Constitution states that all newly appointed Directors are subject to re-election by the shareholders at the annual general meeting after their appointment. Mr. Chang Chee Siong is due for re-election pursuant to Regulation 81 and the newly appointed Directors, Ms. Tan Hong Koon, Mr. Cham Chean Fong @ Sian Chean Fong, Mr. Choo Seng Hong, Mr. Lim Kah Fan and Madam Koh Huey Min in accordance with Regulation 87 of the Company's Constitution at the 49th Annual General Meeting ("AGM").</p> <p>The Board concurred with the NRC's evaluation that the Directors possess the skills, expertise and competence, have allocated sufficient time and attention to the affairs of the Company, carried out their fiduciary duties professionally and have met the fit and proper criteria in the Fit and Proper Policy. The INEDs comply with the independence requirements and are able to demonstrate objective judgement in the discharge of their duties.</p> <p>Hence, the Board unanimously supports the re-election of the abovenamed Directors and recommends shareholders to vote in favour of the re-election of the above Directors at the Company's AGM. The Directors concerned 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 AGM.</p> <p>The information of the Directors who are subject to re-election is set out in the Profile of Directors in the Annual Report.</p> |

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

Intended Outcome

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

Practice 5.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board comprises six (6) Directors, three (3) of whom are Independent Non-Executive Directors (“INEDs”), constituting half of the Board.</p> <p>The INEDs bring independent judgement, knowledge, skills and experience to Board deliberations during the decision-making process.</p> <p>The Board has considered the Nomination and Remuneration Committee’s (“NRC”) assessment and is satisfied with the independence of the INEDs as they:</p> <ul style="list-style-type: none"> • fulfil the criteria of independence, as defined in Bursa Malaysia Securities Berhad’s Main Market Listing Requirements; and • continue to provide impartial and objective views and independent advice to ensure proper check and balance at the Board and Board Committees’ meetings. <p>The INEDs have also provided their confirmation of independence to the NRC.</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 5.3

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | The two (2) Independent Non-Executive Directors ("INEDs"), Mr. Heng Fu Joe and Ms. Caroline Ang Choo Bee who had served the Board for more than nine (9) years had resigned as INEDs with effect from 1 October 2022 in line with the best practices as recommended by the Malaysian Code on Corporate Governance. None of the current INEDs of the Company have exceeded the cumulative terms of nine (9) years. |
| 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.

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|--|-------------|
| 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.

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|---|--|
| Application : | Applied |
| Explanation on application of the practice : | <p>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 and valuable insights that are beneficial to the Group.</p> <p>The Nomination and Remuneration Committee (“NRC”) is responsible for making recommendations to the Board for the appointment of new directors. The NRC adheres to a formal and transparent procedure for the nomination and 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.</p> <p>Prospective candidates are identified from various sources, including independent sources such as the Institute of Corporate Directors’ Malaysia. The NRC assesses whether the candidate has the necessary skills, qualifications, calibre and has met the fit and proper criteria, including character and integrity, competence and experience, time and commitment to serve the Board effectively as stated in the Fit and Proper Policy. In the case of the appointment of an Independent Director, the NRC also considers whether the candidate meets the requirements of independence as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Background/reference checks are undertaken as part of the assessment process prior to proposing the prospective candidate for appointment as an INED.</p> <p>The NRC meets with the prospective candidate to ascertain the candidate’s suitability for appointment as a Board member. The shortlisted candidate’s profile and the NRC’s recommendation will then be escalated to the Board for approval. The NRC will arrange for the Board members to meet the prospective candidate upon request by the Board.</p> <p>The NRC assessed Ms. Tan Hong Koon, Mr. Cham Chean Fong @ Sian Chean Fong, Mr. Choo Seng Hong, Mr. Lim Kah Fan and Madam Koh Huey Min’s suitability to be appointed as Directors of the Company based on the above nomination procedure and criteria before recommending their appointments to the Board for approval.</p> |

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

Intended Outcome

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

Practice 5.6

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

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

| | |
|--|---|
| Application : | Applied |
| Explanation on application of the practice : | <p>The Nomination and Remuneration Committee (“NRC”) adheres to a formal and transparent procedure for the nomination and appointment of new Directors. Prospective candidates are identified from various sources, including independent sources as stated in the NRC’s Terms of Reference, accessible at www.scientexpackagingak.com.my/corporate-governance.</p> <p>The NRC 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.</p> <p>The Company had engaged the Institute of Corporate Directors’ Malaysia to assist in sourcing for suitable and qualified candidate(s) in accordance with the Board selection criteria for appointment of the Independent Non-Executive Director.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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 Nomination and Remuneration Committee assessed the Directors who are seeking for re-election at the Company's Annual General Meeting.</p> <p>The Profile of Directors, which includes information on the Directors' qualifications, working experience, directorship in other public companies and listed issuers and conflict of interest is disclosed in the Company's Annual Report. Details of the Directors' attendance at Board and Board Committees' meetings are available in the Corporate Governance Overview Statement, whilst their interests in shareholdings are disclosed in the Analysis of Shareholdings section in the Annual Report. The Board's statement and justification to support the re-election of the Directors are set out in Practice 5.1 herein and the Corporate Governance Overview Statement.</p> <p>The information of newly appointed directors, including the respective Director's interest, qualification, position, working experience and occupation are disclosed in the announcements pertaining to their appointments which are submitted to Bursa Securities Malaysia Berhad.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Mr. Heng Fu Joe, the Senior Independent Non-Executive Director (“INED”) was the Chairman of the Nomination and Remuneration Committee (“NRC”) during financial year ended 31 July 2022 until his resignation on 1 October 2022.</p> <p>The present Chairman of the NRC is also a Senior INED of the Board.</p> <p>The current composition of the NRC is as follows:</p> <ol style="list-style-type: none"> 1. Mr. Cham Chean Fong @ Sian Sean Fong (Chairman, Senior INED – appointed on 1 July 2022) 2. Mr. Lim Kah Fan (member, INED - appointed on 1 October 2022) 3. Madam Koh Huey Min (member, INED – appointed on 1 October 2022) <p>The NRC’s authority and duties are governed by its Terms of Reference, accessible at www.scientexpackagingak.com.my/corporate-governance.</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 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | There are two (2) female Directors, an Executive Director, and an Independent Non-Executive Director on the Board, comprising 33% of the Board composition. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.10

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 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 are two (2) female Directors on the Board and one (1) female senior manager in the Company's Senior Management team. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 6.1

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

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

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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has implemented an annual assessment process for the Nomination and Remuneration Committee (“NRC”) to carry out the required assessments of the Board, Board Committees (“BCs”), Directors and members of the BCs.</p> <p>The NRC’s assessment process involves having the Directors complete questionnaires, which will then be collated by the Company Secretary and forwarded to the NRC members for their evaluation and sharing with the Board members.</p> <p>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 (including sustainability matters) and the Board’s relationship with Management.</p> <p>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.</p> <p>The assessment of Directors is based on their contribution to the Board and/or BCs, attendance and participation at meetings, industry and business knowledge, skills, expertise, time commitment and independence of the INEDs and whether they have met the fit and proper criteria.</p> <p>Having considered the annual assessment undertaken by the NRC for the financial year ended 31 July 2022, the Board confirmed as follows:</p> <p><u>Individual Directors, Board and the Board Committees</u></p> <p>The Board concurs with the NRC that its composition, with a combination of diverse personalities, skills, expertise and core competencies provides a range of perspectives and is conducive for quality decision making. The BCs are operating efficiently and effectively in assisting the Board and the members have sufficient knowledge, skills and expertise in discharging their roles and responsibilities. The Directors provided valuable contributions at Board and BCs’ meetings, devoted sufficient time in matters pertaining to the</p> |

| | | |
|---|---|--|
| | <p>Company and performed their duties professionally.</p> <p><u>Re-election of Directors</u></p> <p>Information on the assessment undertaken by the NRC in respect of the Directors who are standing for re-election at the 49th Annual General Meeting of the Company is set out in Practice 5.1 herein.</p> <p><u>Independence of the INEDs</u></p> <p>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.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has in place policies/procedures to determine the remuneration of Directors and Senior Management and these are reflected in the Nomination and Remuneration Committee's ("NRC") Terms of Reference accessible at www.scientexpackagingak.com.my/corporate-governance.</p> <p>The NRC 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.</p> <p>The remuneration is aligned with the business strategy and long-term objectives and reflects the respective Director's responsibilities, expertise and complexity of the Group's business activities.</p> <p>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 ("INEDs") received meeting allowances, monthly allowances, yearly Audit Committee allowance (benefits) and Directors' fees during the financial year ended 31 July 2022. The fees payable to the INEDs for FY2022 will be tabled at the Company's 49th Annual General Meeting for the 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

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

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

Practice 7.2

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

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nomination and Remuneration Committee ("NRC") is responsible for setting the framework and making recommendations to the Board on matters concerning the general remuneration policy of Directors and Senior Management.</p> <p>The NRC's Terms of Reference which deals with its authority and duties is accessible at www.scientexpackagingak.com.my/corporate-governance.</p> <p>During the financial year ended 31 July 2022, the Board had approved the new Executive Director's remuneration and the revised remuneration package for the Non-Executive Directors' at the recommendation of the NRC which will take effect in financial year ending 31 July 2023.</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

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 | : | The remuneration of Directors paid and payable by the Company and the Group for the financial year ended 31 July 2022, on a named basis is set out in the attached table and the Corporate Governance Overview Statement in the Annual Report. |

| 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 | Mr. Chang Chee Siong | Executive Director | - | - | 516 | 151 | - | 155 | 822 | - | - | 516 | 151 | - | 155 | 822 |
| 2 | Mr. Low Geoff Jin Wei (resigned on 1 July 2022) | Executive Director | - | - | 317 | 72 | - | 74 | 463 | - | - | 317 | 72 | - | 74 | 463 |
| 3 | Mr. Heong Mun Foo (resigned on 1 October 2022) | Executive Director | - | - | 120 | 35 | - | 20 | 175 | - | - | 120 | 35 | - | 20 | 175 |
| 4 | Ms. Tan Hong Koon (appointed on 1 July 2022) | Executive Director | - | - | 5 | - | - | 1 | 6 | - | - | 5 | - | - | 1 | 6 |
| 5 | Mr. Heng Fu Joe (resigned on 1 October 2022) | Independent Director | 42 | - | - | - | - | 86 | 128 | 42 | - | - | - | - | 86 | 128 |
| 6 | Ms. Caroline Ang Choo Bee (resigned on 1 October 2022) | Independent Director | 13 | - | - | - | - | 47 | 60 | 13 | - | - | - | - | 47 | 60 |
| 7 | Mr. Faris Salim Cassim (resigned on 1 July 2022) | Independent Director | 12 | - | - | - | - | 41 | 53 | 12 | - | - | - | - | 41 | 53 |
| 8 | Mr. Cham Chean Fong @ Sian Sean Fong (appointed on 1 July 2022) | Independent Director | 1 | - | - | - | - | 3 | 4 | 1 | - | - | - | - | 3 | 4 |

* Subject to the approval by shareholders at the 49th Annual General Meeting.

Intended Outcome

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

Practice 8.2

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

| Application | : | Departure | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------|--|----------------|----------------|--|-------------|--|----------------|----------------|----------------|----------------|------------------------------|-------|-------|-------|-------|----------------------------|-----|-----|-----|-----|--|-------|-------|-------|-------|
| Explanation on application of the practice | : | | | | | | | | | | | | | | | | | | | | | | | | | |
| Explanation for departure | : | <p>The Board 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.</p> <p>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.</p> <p><u>Compensation of key management personnel</u></p> <p>The remuneration of key management personnel, excluding Directors of the Company during the financial year ended 31 July 2022 is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">The Group</th> <th colspan="2">The Company</th> </tr> <tr> <th>2022 RM'000</th> <th>2021 RM'000</th> <th>2022 RM'000</th> <th>2021 RM'000</th> </tr> </thead> <tbody> <tr> <td>Short-term employee benefits</td> <td>2,069</td> <td>2,000</td> <td>1,271</td> <td>1,173</td> </tr> <tr> <td>Defined contribution plans</td> <td>260</td> <td>242</td> <td>200</td> <td>185</td> </tr> <tr> <td></td> <td>2,329</td> <td>2,242</td> <td>1,471</td> <td>1,358</td> </tr> </tbody> </table> <p>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.</p> | | The Group | | The Company | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 | Short-term employee benefits | 2,069 | 2,000 | 1,271 | 1,173 | Defined contribution plans | 260 | 242 | 200 | 185 | | 2,329 | 2,242 | 1,471 | 1,358 |
| | The Group | | | The Company | | | | | | | | | | | | | | | | | | | | | | |
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 | | | | | | | | | | | | | | | | | | | | | | |
| Short-term employee benefits | 2,069 | 2,000 | 1,271 | 1,173 | | | | | | | | | | | | | | | | | | | | | | |
| Defined contribution plans | 260 | 242 | 200 | 185 | | | | | | | | | | | | | | | | | | | | | | |
| | 2,329 | 2,242 | 1,471 | 1,358 | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | : | <p>Ms. Caroline Ang Choo Bee, the Audit Committee ("AC") Chairperson during the financial year ended 31 July 2022 was not the Chairperson of the Board, thus ensuring the overall effectiveness and independence of the AC. Ms. Caroline Ang Choo Bee resigned as an Independent Non-Executive Director ("INED") of the Company on 1 October 2022 in line with the best practices as recommended by the Malaysian Code on Corporate Governance.</p> <p>The present Chairman of the AC is also not the Chairman of the Board. The AC comprises three (3) members, all of whom are INEDs.</p> <p>The composition of the AC currently is as follows:</p> <ol style="list-style-type: none"> 1. Mr. Lim Kah Fan (Chairman, INED – appointed on 1 October 2022) 2. Mr. Cham Chean Fong @ Sian Sean Fong (member, Senior INED – appointed on 1 July 2022) 3. Madam Koh Huey Min (member, INED – appointed on 1 October 2022) |
| 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

There is an effective and independent Audit Committee.

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

Practice 9.2

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit Committee'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.</p> <p>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.</p> <p>None of the AC members have been former key audit partners of the Company/Group.</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

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'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").</p> <p>The AC's Policy on External Auditors includes the following:</p> <ul style="list-style-type: none">• 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;• 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• 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. <p>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 <i>By-Laws (on Professional Ethics, Conduct and Practice)</i> of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants</i>. The External Auditors' non-audit service includes the review of the Statement on Risk Management and Internal Control which are not likely to affect the independence and objectivity of the External Auditors.</p> <p>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 reappointment of Deloitte PLT as the Company's External Auditors at the forthcoming Annual General Meeting.</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 | : | 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 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 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.</p> <p>The AC members attended trainings during the financial year ended 31 July 2022 ("FY2022") to keep themselves abreast of relevant developments. The programs attended by the AC members are set out below:</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Programmes attended during FY2022</th> </tr> </thead> <tbody> <tr> <td>Cham Chean Fong @ Sian Sean Fong <i>(appointed on 1 July 2022)</i></td> <td>Anti-Corruption and Anti-Bribery E-Training</td> </tr> <tr> <td>Mr. Heng Fu Joe <i>(resigned on 1 October 2022)</i></td> <td> <ul style="list-style-type: none"> - MIA Webinar: Digital Signature – How Does It Work and What Is the Legal Implication - Audit Sampling - Rethink, Reimagine & Redesign: Business Model Of The Future - Baker Tilly Malaysia Network Conference 2022 </td> </tr> <tr> <td>Ms. Caroline Ang Choo Bee <i>(resigned on 1 October 2022)</i></td> <td> <ul style="list-style-type: none"> - MBRS – Annual Return - Interest Schemes Act 2016 Duties & Responsibilities of Trustees - Cash flow Matters in your Business - Roadmap to Fundraising via Interest Scheme Act 2016 </td> </tr> </tbody> </table> | Director | Programmes attended during FY2022 | Cham Chean Fong @ Sian Sean Fong <i>(appointed on 1 July 2022)</i> | Anti-Corruption and Anti-Bribery E-Training | Mr. Heng Fu Joe <i>(resigned on 1 October 2022)</i> | <ul style="list-style-type: none"> - MIA Webinar: Digital Signature – How Does It Work and What Is the Legal Implication - Audit Sampling - Rethink, Reimagine & Redesign: Business Model Of The Future - Baker Tilly Malaysia Network Conference 2022 | Ms. Caroline Ang Choo Bee <i>(resigned on 1 October 2022)</i> | <ul style="list-style-type: none"> - MBRS – Annual Return - Interest Schemes Act 2016 Duties & Responsibilities of Trustees - Cash flow Matters in your Business - Roadmap to Fundraising via Interest Scheme Act 2016 |
| Director | Programmes attended during FY2022 | | | | | | | | | |
| Cham Chean Fong @ Sian Sean Fong <i>(appointed on 1 July 2022)</i> | Anti-Corruption and Anti-Bribery E-Training | | | | | | | | | |
| Mr. Heng Fu Joe <i>(resigned on 1 October 2022)</i> | <ul style="list-style-type: none"> - MIA Webinar: Digital Signature – How Does It Work and What Is the Legal Implication - Audit Sampling - Rethink, Reimagine & Redesign: Business Model Of The Future - Baker Tilly Malaysia Network Conference 2022 | | | | | | | | | |
| Ms. Caroline Ang Choo Bee <i>(resigned on 1 October 2022)</i> | <ul style="list-style-type: none"> - MBRS – Annual Return - Interest Schemes Act 2016 Duties & Responsibilities of Trustees - Cash flow Matters in your Business - Roadmap to Fundraising via Interest Scheme Act 2016 | | | | | | | | | |
| 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 10.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>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.</p> <p>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.</p> <p>The Board is assisted by the Risk Management Committee and Audit Committee in reviewing the effectiveness of the risk management and internal control systems.</p> <p>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.</p> <p>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.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | |
|---|--|
| Application : | Applied |
| Explanation on application of the practice : | <p>Risk management is integrated into business processes across the entire organisation. The Board is assisted by the Risk Management Committee ("RMC") and Audit Committee ("AC") in assessing the effectiveness of the risk management and internal control systems. The 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. Management personnel may be invited to attend RMC meetings, where necessary, to brief the RMC on potential risks and actions that may be taken to mitigate and control these risks.</p> <p>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.</p> <p>The other key elements of the Group's risk management and internal control system are as follows:</p> <ul style="list-style-type: none">• Appropriate organisational structure with clearly defined delegation of responsibilities and lines of authority. The Group's operations are supported by experienced Management personnel and heads of departments who are accountable for the conduct and performance of their respective departments.• Structured 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 RMC is assisted by the Management to establish and implement an effective risk management framework, including implementing the processes of identifying, evaluating, monitoring and reporting of risks and internal controls as well as taking appropriate and timely corrective actions needed to mitigate and control the risks. Management also provides assurance to the Board that these processes have been carried out accordingly. 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. During FY2022, the RMC reviewed the finance and corruption risk registers and assessed the associated risks. Management also updated the Board on the COVID-19 situation and the Group's existing controls to ensure the safety and wellbeing of its employees and stakeholders. |

| | |
|--|--|
| | <ul style="list-style-type: none"> • There are established policies, codes, standard operating procedures, security controls and plans to ensure that the Group conducts business in a sustainable manner and in compliance with applicable laws and regulations. These policies and procedures are communicated to all stakeholders and are reviewed based on developments within the regulatory and business environment to ensure relevance and effectiveness. The codes and policies are accessible at www.scientexpackagingak.com.my/corporate-governance. • 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/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. • Year-end financial statements are audited by the external auditors and discussions on significant matters noted in the course of the audit of the Group's financial statements are presented by the external auditors to the AC. Private discussions are held between the external auditors and the AC members without the presence of the Executive Directors and Management personnel to deliberate on issues pertaining to the audit. • Annual surveillance audits are undertaken 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. <p>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 FY2022 are adequate and effective to safeguard shareholders' interests, the Group's assets and the interests of other stakeholders.</p> <p>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.</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 10.3 - 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 ("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.</p> <p>During the financial year ended 31 July 2022, the RMC comprised a majority of independent directors – three (3) Independent Non-Executive Directors (INEDs) and two (2) Executive Directors.</p> <p>The RMC currently comprises three (3) members with a majority of Independent Non-Executive Directors and its composition is as follows:</p> <ol style="list-style-type: none">1. Mr. Cham Chean Fong @ Sian Sean Fong (Chairman, Senior INED – appointed on 1 July 2022)2. Mr. Chang Chee Siong (member, Managing Director)3. Madam Koh Huey Min (member, INED – appointed on 1 October 2022) <p>The RMC's authority and duties are governed by its Terms of Reference, accessible at www.scientexpackagingak.com.my/corporate-governance/.</p> |

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 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.</p> <p>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.</p> <p>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.</p> <p>Further details of the internal audit function are disclosed in the AC report in the Annual Report.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 11.2

The board should disclose–

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group's internal audit function is performed by the Internal Audit Department ("IAD") of the holding company, Scientex Berhad. The internal audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>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 2022.</p> <p>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.</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

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

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

Practice 12.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board 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.</p> <p>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, general meetings, various corporate announcements made to Bursa Securities, the Company's corporate website and investor engagements. Stakeholders may direct their queries or concerns to the Company through www.scientexpackagingak.com.my/contact/.</p> <p>General meetings also provide a forum for shareholders to engage with the Board members and seek information about matters pertaining to the Group. The Company held its 48th AGM in year 2021 virtually through live streaming and online voting using the Remote Participation and Voting facility provided by a reputable service provider. 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 minutes of the 48th AGM were also made available on the Company's website at www.scientexpackagingak.com.my/agm-egm/ for the benefit of shareholders who were unable to attend the said AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Pursuant to the Constitution of the Company, the notice of the general meeting is 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.</p> <p>In line with the Malaysian Code on Corporate Governance 2021, the Notice of the AGM of the Company dated 8 November 2022 has been issued to the shareholders 28 days before the AGM scheduled to be held on 7 December 2022.</p> <p>A copy of the notice is made available at the Company’s website at www.scientexpackagingak.com.my/agm-egm/ and advertised in a nationally circulated English daily newspaper. The AGM notice provided 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.</p> <p>The Administrative Guide is also provided to shareholders, and it sets out information on details of the AGM, shareholders’ entitlement to attend the AGM, their right to appoint a proxy or representative, registration process, voting procedure and submission of questions in relation to agenda items in the AGM. The guide is available on the Company’s website at www.scientexpackagingak.com.my/agm-egm/.</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

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 six (6) Board members were present either physically or via the remote platform at the virtual 48th Annual General Meeting (“AGM”) to engage with the shareholders. The external auditors participated in the 48th AGM via video conference to provide professional and independent clarification on the Group’s audited financial statements.</p> <p>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.</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

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company leveraged on technology and held its 48th Annual General Meeting on 29 December 2021 (“AGM”) virtually through live streaming and online voting using the Remote Participation and Voting (“RPV”) facility provided by a reputable service provider. 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.</p> <p>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.</p> <p>In line with Paragraph 8.29A of the Listing Requirements, voting of resolutions at the Company’s 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 leveraged on technology to facilitate electronic voting at the general meeting for greater transparency and efficiency in the voting process. The poll administrator briefed the shareholders, proxies and corporate representatives on the online voting procedures. The poll results were announced to Bursa Malaysia Securities Berhad on the same day.</p> <p>The Company will ensure that the service provider which is handling the general meetings has sufficient controls in place for sound cyber hygiene practices, including data privacy and security to prevent cyber threats during the conduct of general meetings.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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>General meetings serve as an important communication channel for shareholders, and this was highlighted by the Chairman at the commencement of the Company's 48th Annual General Meeting (AGM).</p> <p>Shareholders were able to participate and interact with the Board during the AGM through live streaming of the proceedings and submission of their questions/comments on the agenda items via a text box provided during the AGM. Shareholders also had the opportunity to submit their queries to the Board in advance of the meeting electronically via the meeting platform. To facilitate and encourage shareholders' participation, the procedures on registration, submission of questions and remote voting were communicated to the shareholders in the Administrative Guide for the AGM.</p> <p>Shareholders were given sufficient opportunity to pose questions to the Board during the AGM. The Company's Managing Director and Executive Director endeavoured to answer all substantive questions raised by the shareholders pertaining to the Group's performance, strategies, sustainability and corporate related matters. Responses to the pre-meeting questions were shown on screen for shareholders' reference. Questions/comments from the shareholders which were not answered during the AGM due to time constraint were responded via email to the respective shareholders and included in the minutes of the AGM available at www.scientexpackagingak.com.my/agm-egm/.</p> <p>Shareholders may also direct their queries or concerns to the Company through www.scientexpackagingak.com.my/contact/.</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.

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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 48th Annual General Meeting (“AGM”) was held virtually through live streaming and online voting using the Remote Participation and Voting (“RPV”) facility provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIH online website at www.tih.online. Tricor’s TIH online meeting platform was selected after considering its reliability and stability to support the conduct of a virtual general meeting. The online platform was secured exclusively for the members with approved registration for the RPV at the AGM.</p> <p>Requisite measures were undertaken by the Company and Tricor to ensure a smooth broadcast of the AGM and participation by shareholders. To encourage shareholders’ participation, the AGM Administrative Guide was provided to guide shareholders on the process for submitting questions to the Board prior to and during the AGM. Shareholders and proxyholders were also able to seek assistance from Tricor’s support team in the event of any technical issues during the virtual meeting.</p> <p>The 48th AGM was conducted smoothly with the relevant infrastructure and systems in place, enabling shareholders to participate and make informed voting decisions at the AGM. Pre-AGM queries and responses were displayed on screen during the meeting for the shareholders’ reference. All questions posed by shareholders during the AGM and the responses in relation thereto were included in the minutes of meeting and posted on the Company’s website within thirty (30) business days from the date of the AGM in accordance with the best practice in the Malaysian Code on Corporate Governance.</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

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.

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| <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 | : Minutes of the 48 th Annual General Meeting (“AGM”) held on 29 December 2021 were uploaded on the Company’s website at www.scientexpackagingak.com.my/agm-egm/ within thirty (30) business days from the date of the AGM in accordance with the best practice in the Malaysian Code on Corporate Governance. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

**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.

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