

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1899
COMPANY NAME : BATU KAWAN BERHAD
FINANCIAL YEAR : September 30, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Batu Kawan Berhad ("BKB") is led by an experienced and diverse and effective Board who sets strategic objectives and direction for the Group. This is to ensure its long-term success and the delivery of sustainable value to its stakeholders. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitates effective, thorough and considered discharge of the Board's statutory and fiduciary duties and responsibilities.</p> <p>In order to ensure the effective discharge of its functions and responsibilities, the Board has put in place a governance structure where specific powers of the Board are delegated to the relevant Board Committees and sub-Committees. The Board Committees comprise Audit and Risk Committee ("ARC"), Nomination Committee ("NC") and Remuneration Committee ("RC") whilst the executive committees are Group Risk Management Committee ("GRMC"), Sustainability Steering Committee, Sustainability Working Group and Anti-Corruption Working Group. To ensure accountability, the Board has an overall responsibility for the proper conduct of the Company's business and the <i>Board Charter</i> sets out the respective roles and responsibilities of the Board and Board Committees, and is available on the Company's website, www.bkawan.com.my.</p> <p>The duties and responsibilities of the Board include, but are not limited to the following:</p> <p>(1) Ensure strategic planning supports long-term value creation and includes strategies on economic, environmental, governance and social considerations underpinning sustainability.</p> <p>The Board approves the strategic plan and ensures that the necessary resources are in place for the Group to meet its objectives and review Management's performance. The Board reviewed the capital budgets and regularly monitors the progress of their</p>

utilisation throughout the year, using appropriate financial indicators and industry benchmarks.

In financial year 2024, two (2) off-site sessions were held in April and September 2024 for discussions on the key strategies and business plan for the half-year review and the new financial year end. At these meetings, Management presented their short-term and long-term business strategy plans which covered economic, environmental, social and governance aspects. The areas covered at the meetings included updates to the current investments of the Group, challenges and opportunities arising from these investments as well as the strategies moving forward. The finalised annual budget was subsequently presented to the Board for approval in September 2024.

(2) *Promote good corporate governance culture within the Company based on the principles of transparency, objectivity and integrity.*

The Board has in place policies and procedures to promote good corporate governance such as *Code of Conduct for Directors, Code of Conduct and Ethics for the Company, Group Whistleblowing Policy, Policy on Related Party Transactions, Corporate Disclosure Policy and Procedures, and Group Anti-Corruption Policy*, which these policies are made available on the Company's website. These policies demonstrate the Company's commitment in upholding appropriate standards of ethical conduct and behavior at all levels of the Group's businesses.

In discharging its duties and responsibilities, the Board is governed by the governance structure which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, BKB Managing Director and Management.

(3) *Review and conclude Management's proposals for the Company, delegate the management of the business to the BKB Managing Director and Management, and monitor its implementation of the proposals.*

(4) *Ensure there is effective risk management, compliance and control systems (including legal compliance).*

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system in BKB to safeguard the interests of shareholders, customers, employees and the Group's assets. Through the GRMC, the Board oversees the risk management framework of the Group. The GRMC advises the ARC and the Board on areas of high risk and the adequacy and effectiveness of the Group's risk management and internal control system which is embedded in all aspects of the Group's activities.

(5) Ensure there are measures in place to provide for succession planning of Board and Senior Management for business continuity.

The Board, through the NC and RC, has oversight of the succession planning of Board members and Senior Management positions across the Group. The NC is responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries. In making these recommendations, the NC considers the criteria such as the required mix of skills, experience and knowledge, which the Directors bring to the Board. In addition, the Board has adopted a *Directors' Fit and Proper Policy*, which serves as a guide for the NC and the Board in their review and assessment of candidates to be appointed as Directors.

(6) Ensure the integrity of the financial and non-financial reporting of the Company and its subsidiaries.

The Board, through the ARC, ensures the integrity of the financial and non-financial reporting of the Group.

(7) Ensure all Directors are able to understand financial statements and forms a view on the information presented.

The Board, through the assessment conducted by the NC, is satisfied that all its members possess financial literacy given it is the responsibility of the Directors to oversee the Group's financial reporting obligations.

(8) Ensure that visits to operational sites or key subsidiaries are organised in order to deepen the Board's understanding of the Group, in particular that of the Non-Executive Directors.

During the year under review, Management arranged on-site visits, offering valuable opportunities for informal engagement between the Board and Management teams across the Group's operations. This gave the Directors an opportunity to have better understanding of the businesses and for Management to get acquainted with the holding company's Board.

(9) Ensure corporate accountability by maintaining effective communication with shareholders and other stakeholders.

The Board ensures high standards of transparency and accountability in the disclosure of information to its shareholders as well as to potential investors and the public. The Company uses various channels for effective communication with the shareholders and other stakeholders including releasing timely announcements and disclosures to Bursa Malaysia Securities Berhad, conduct of general meetings and update information available at the Company's website at www.bkawan.com.my.

	(10) <i>Periodically review the anti-corruption programme to ensure its effectiveness and efficiency, as well as to provide assurance that BKB Group is operating in compliance with its corruption-related policies and procedures.</i>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of Batu Kawan Berhad, who was appointed by the Board, is responsible for ensuring Board effectiveness and smooth functioning of the Board in the interest of good corporate governance. His role and responsibilities are provided in the <i>Company's Board Charter</i>, which is available on the Company's website at www.bkawan.com.my.</p> <p>The role and responsibilities of the Chairman include:</p> <ol style="list-style-type: none">(1) Controls board proceedings, either from an agenda perspective or from a time perspective, and does not allow for factions to develop or allow himself to join a faction.(2) Provides effective leadership for the Board so that the Board can perform its responsibilities effectively and fulfils its obligations under the <i>Board Charter</i>.(3) Ensures that his fellow Directors work together with the Senior Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.(4) Sets the Board agenda together with the Company's Managing Director and ensures that his fellow Directors receive complete and accurate information in a timely manner.(5) Leads Board meetings and discussions to ensure efficient conduct of the Board meetings.(6) Encourages active participation and allows dissenting views to be freely expressed to ensure core issues of the Group are addressed.(7) Promotes consultative and respectful relations between the Board members and between the Board and Management.(8) Chairs shareholders' meetings and ensures appropriate steps are taken to provide effective communication with stakeholders to ensure their views are communicated to the Board as a whole.(9) Provides guidance and mentorship to Senior Management to ensure alignment with the Group's strategic objectives and to cultivate a culture that embodies the Group's values. <p>The 2024 Board Effectiveness Evaluation results reflected Directors' views that the Chairman has displayed good leadership in ensuring the smooth functioning of the Board in the interest of good corporate governance. The Chairman's management of meeting agendas and engagement with his fellow Directors was positively rated.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director (“MD”) are held by different individuals with clear and distinct roles which are formally documented in the <i>Board Charter</i> (which is available on the Company’s website, www.bkawan.com.my). The division in the roles of the Chairman and MD is clearly defined so as to promote accountability and facilitate division of responsibilities between them as a check and balance mechanism.</p> <p>The Chairman, Tan Sri Dato’ Seri Lee Oi Hian manages the Board effectiveness and conduct with the focus on strategy, governance and compliance, whilst the MD, Dato’ Lee Hau Hian has overall responsibility for the day-to-day management, operating units, organisational effectiveness and implementation of Board policies and decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Chairman, Tan Sri Dato' Seri Lee Oi Hian is a member of the Nomination Committee ("NC").</p> <p>The Board has put in place safeguard mechanisms in the form of checks and balances to prevent the exercising of undue influence on Committee-level deliberations by the Chairman of the Board. The NC comprises majority of Independent Directors and the decision-making processes of the Committee are collectively made in accordance with the <i>Terms of Reference</i> of the Committee, as well as all other applicable policies and procedures.</p> <p>Tan Sri Lee, who is respected by both Directors and Management for his broad knowledge, vast past experience and dynamism, has continuously promote objectivity across the NC. More information on Tan Sri Lee's detailed experience and background can be found on Page 19 of the <i>Annual Report 2024</i>. Tan Sri Lee also showed impartiality in his judgement and conduct.</p> <p>Given the diverse skills and competencies of the Directors, particularly the Independent Directors and the Chairman's wealth of experience, the NC is often able to leverage on the knowledge, accumulated experience and insights of the Chairman in making key Committee decisions, that are made in the best interests of the Company.</p> <p>The NC also comprises exclusively of Non-Executive Directors and is chaired by an Independent Director. In the assessment of the Committee's effectiveness, the current composition of NC is effective and facilitate fast decision-making.</p> <p>The Board agreed to the continuation of Tan Sri Lee as a member of the NC based on the following justifications:</p> <p>(1) He is familiar and have wide experience relating to the BKB Group's business operations; and</p>

	(2) He has exercised due care during his tenure as a member of the NC, and carried out his duties in the best interest of the Company and shareholders.			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:	<p>The membership of the Chairman in the NC allows the Board and Management to leverage on his expertise and experience. Tan Sri Lee remains unbiased, objective and independent in expressing his opinions and in participating in the decision-making of the Board Committee.</p> <p>The NC and the Board will continue to carry out annual independence assessment of the qualification of the Chairman in order to identify, evaluate and determine whether he can continue acting in the best interest of the Company and bringing independent and professional judgement to the Board's deliberations.</p>		
Timeframe	:	<table border="1"> <tr> <td>Others</td> <td>The Company intends to maintain the current practice of evaluating the effectiveness and independence of the Chairman's membership on the NC.</td> </tr> </table>	Others	The Company intends to maintain the current practice of evaluating the effectiveness and independence of the Chairman's membership on the NC.
Others	The Company intends to maintain the current practice of evaluating the effectiveness and independence of the Chairman's membership on the NC.			

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of Batu Kawan Berhad are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016. Two (2) of the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators whilst the other is a member of the Malaysian Institute of Accountants.</p> <p>The Board members have access to the advice and services of the Company Secretaries especially relating to procedural and regulatory requirements.</p> <p>The primary responsibilities of the Company Secretaries include the following:</p> <ol style="list-style-type: none">(1) Advising the Board on its roles and responsibilities.(2) Monitoring corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.(3) Ensuring adherence to the Board's and Board Committees' policies and procedures.(4) Managing Board and Board Committees meeting logistics, attending and recording minutes of meetings as well as facilitating board communications.(5) Facilitating training needs of the Board members by organising development programmes in-house.(6) Providing updates and assisting the Board with interpreting regulatory requirements. <p>The Company Secretaries constantly undertake continuous professional development to keep abreast of relevant corporate governance and regulatory requirements.</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	:		
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Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors are provided with an annual meeting calendar which is prepared and circulated in advance of each new year in order to facilitate the Directors' time planning. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, and the Annual General Meeting of the Company.</p> <p>All Directors are provided with sufficient information and time to prepare for Board meetings. Board and Management receive formal notification of Board and Board Committee meeting dates approximately one (1) month prior to the meetings. All Directors are provided with an agenda and a set of Board papers to Board meetings at least seven (7) days prior to the meetings. The Company encourages a paperless environment. For ease of access and seamless connectivity, all meeting materials are kept in a secure web-based platform and the Directors are granted access to meeting materials via respective user identities and passwords.</p> <p>The Company Secretaries are responsible to ensure that all proceedings of meetings are properly minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. All decisions/rationale will be recorded in these minutes. These minutes of meetings would also be circulated to all Directors on a timely manner.</p> <p>Every Director has the opportunity to review and make corrections to the minutes. Board decisions or action items are also communicated to the relevant members of Management for their follow-up.</p> <p>Key decisions are always made at Board meetings, with Directors' Circular Resolutions confined to formalising matters that have already been discussed at Board meetings. Such Directors' Circular Resolutions are also accompanied by Board papers to keep the Directors informed of the matter concerned. All Directors' Circular Resolutions are then tabled for noting and confirmation at the next Board 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 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 <i>Board Charter</i> of the Company serves as an authoritative policy document that sets out the Board's strategic intent, authority and terms of reference. It sets out the roles, functions, obligations, rights, responsibilities and powers of the Board, as well as the policies and practices of the Board in respect of its duties, functions and responsibilities. The <i>Board Charter</i> clearly explains the relationship and interaction between the Board, Board Committees, individual Directors and Managing Director.</p> <p>The <i>Board Charter</i> was adopted by the Board on 20 February 2013, and the last review was carried out in May 2024 to ensure it complies with the latest legislation and best practices, and remains relevant and effective for good governance policies and processes. The <i>Board Charter</i> is available on Batu Kawan Berhad's website, www.bkawan.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to engage in continuous efforts to identify best practices which support the Company in building a culture of good corporate governance. The Board is also responsible to steer the direction of the Group in terms of ethics, by determining the way in which ethical considerations are to be approached, conducted and addressed. The Board has established, implemented and promulgated a <i>Code of Conduct and Ethics of the Company</i> to demonstrate the Company's commitment in upholding appropriate standards of ethical conduct and behaviour at all levels of the Company's businesses. This <i>Code of Conduct and Ethics of the Company</i>, together with other related policies, procedures and guidelines, sets out fundamental set of rules to define how the Company is to conduct its business and set out standards which the Batu Kawan Berhad ("BKB") Group and its employees or officers are required to comply with when dealing with each other, shareholders, other stakeholders, and the broader community.</p> <p>This <i>Code of Conduct and Ethics of the Company</i> covers the following principles and standards:</p> <ul style="list-style-type: none">• governance of the Company;• avoidance of conflicts of interest;• compliance of anti-bribery and corruption;• prohibition of inside information and securities trading;• prevention of money laundering and terrorism financing;• restriction on unfair business practices;• protection of own intellectual property and prohibition of use of intellectual property rights of others;• commitment to corporate responsibility;• encouragement of a diverse, equal opportunity and inclusive workforce;• no tolerance to harassment;• prohibition on the use of forced or bonded labour, human trafficking and child labor;

	<ul style="list-style-type: none"> • promotion of safe workplaces and prevention on workplace accidents and injuries; and • maintaining integrity and accuracy in business records <p>The Board has also formalised a <i>Code of Conduct for the Directors</i> which governs the underlying core ethical values and commitment to high standards of integrity, transparency, accountability and corporate social responsibility as well as to promote good business conduct and to maintain a healthy corporate culture that engenders integrity, transparency and fairness in BKB. This code provides commitment to ethical values through the key requirements relating to conflict of interest, public representation, insider trading, confidentiality of information and compliance with law and regulations.</p> <p>These codes (last reviewed and updated in August 2022) are published on the Company’s website, www.bkawan.com.my.</p> <p>In addition, the codes are complemented by <i>BKB Group Anti-Corruption Policy</i> and its <i>Standard Operating Procedures (“SOP”)</i> which set out the Group’s stance on corruption and bribery. The said policy and SOP serve as a control measure for the Group’s employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships. The <i>Group Anti-Corruption Policy</i> is available on the Company’s website at www.bkawan.com.my.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a <i>Group Whistleblowing Policy</i> whereby the stakeholders (including employees) can raise their concerns in confidence, without fear of retaliation, and are protected from reprisals and victimisation in respect of whistleblowing done in good faith. The Company conducts all internal investigation processes in compliance with the applicable laws and with focus on accuracy, precision, fairness and respect for all parties involved, to ensure that all parties receive fair and ethical treatment. All concerns can be addressed to the immediate superior or the Company's Managing Director, or to the Audit and Risk Committee Chairman for concerns which cannot be resolved through normal channels of the immediate superior or the Company's Managing Director.</p> <p>The Group views seriously any wrongdoing on the part of any of its stakeholders. Stakeholders include employees, business partners, customers, contractors, suppliers, trading and joint-venture partners, shareholders and members of the public, where relevant. Hence, whistleblowing is viewed positively by the Group as a means to ensure that the standards by which the Group subscribes to are upheld and maintained at a high standard.</p> <p>The Audit and Risk Committee reviews on a quarterly basis all whistleblowing cases received.</p> <p>The <i>Group Whistleblowing Policy</i> is published on our Company's website, www.bkawan.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.1

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>One of the duties and responsibilities of the Batu Kawan Berhad (“BKB”) Board under its <i>Board Charter</i> is to ensure the governance of sustainability in the Group. The Board, assisted by the Sustainability Steering Committee and Sustainability Working Committee, oversees the sustainability of the Group’s operations and strategies. The Sustainability committees integrate sustainability considerations in the day-to-day operations of the Company and ensure effective implementation of the Company’s sustainability strategies and plans. The Sustainability Steering Committee comprises Senior Management personnel from various Operating Centres. The Sustainability Working Committee comprises key representatives from departments which are involved in monitoring the sustainability performance of the Group.</p> <p>At BKB, sustainability matters are viewed seriously and hence, the initiatives undertaken by the Sustainability committees are led by BKB’s Managing Director who reports to the Board on a regular basis. The Sustainability Steering Committee also collaborates with the Sustainability Working Committee to oversee the implementation of sustainability-related initiatives and activities. Sustainability priorities and initiatives updates are presented bi-annually to provide the Board a clear insight of the management of sustainability risks and opportunities.</p> <p>Further details on the sustainability governance structure are provided in the <i>Sustainability Statement of the Annual Report 2024</i>.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Batu Kawan Berhad (“BKB”) Group works collaboratively with various internal and external stakeholders from the community, business, government, suppliers, and service providers. This ensures accountability and responsiveness to the expectations and interests of all stakeholders. The Group identified the key stakeholder groups that impact or are directly having impact by the value creation activities. The priority areas include key aspects of the marketplace, environment, workforce and the community. Initiatives within each priority area are driven by relevant departments across the Group.</p> <p>The Group continues to leverage on various communication platforms with the internal and external stakeholders in delivering the Company’s sustainability strategies and priorities e.g. the annual <i>Sustainability Statement</i>, Company’s website, internal meetings and emails, townhalls and conferences, financial performance results, general meetings.</p> <p>The Board (through its Sustainability Steering Committee) has put in place a <i>Group Sustainability Policy</i> to govern the overall Sustainability approach for the BKB 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

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Batu Kawan Berhad (“BKB”) is cognisant that Directors are expected to have a strong understanding and be able to engage in discussions with Management in addressing sustainability-related risks. During the financial year (“FY”) 2024, the Board together with the Sustainability Steering Committee, assessed the Sustainability performance of FY 2023 sustainability performance of the Group to use the resulting outcome to better manage their processes for improvements. They also reviewed the sustainability initiatives for FY 2024 (which in addition to the existing framework, included amongst others tracking of performance for other Scope 3 categories associated with value chain emissions and incorporating a ‘Statement of Assurance’ in the <i>Sustainability Statement</i> for FY 2024).</p> <p>The Directors had also participated in training and/or seminars, including Bursa Malaysia’s <i>Mandatory Accreditation Programme Part I</i> on corporate governance and director’s roles, duties and liabilities and <i>Part II</i> on sustainability, to stay abreast with and understand the sustainability issues relevant to the Company and the Group’s businesses, including climate-related risks and opportunities. The trainings attended by the Board members during the FY 2024 are available on the Company’s website, www.bkawan.com.my.</p> <p>In addition, updates are provided to the Board members on Sustainability-related matters such as news, articles or reports, to ensure the Board is kept abreast on the latest developments and trends, in the local and global scene.</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 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>During the annual Board Effectiveness Evaluation for financial year 2024, the Board of Batu Kawan Berhad (“BKB”) (through BKB Nomination Committee) reviewed its performance in areas including the evaluation of the Group’s strategic and business plans which promote sustainability.</p> <p>The areas assessed are as follows:</p> <ol style="list-style-type: none">1) Responsibility of Board and Management for sustainability governance in the Company;2) Board’s understanding of sustainability issues relevant to the Group and its businesses;3) Discussions and deliberations on Environmental, Social and Governance (“ESG”) risks and opportunities at Board and Board Committee meetings; and4) The Board’s leadership in supporting the Group’s ESG goals. <p>From the results of the Board Effectiveness Evaluation in relation to sustainability-related matters, the majority of Directors viewed that the Board, together with Management, takes responsibility for sustainability governance, engages in satisfactory discussions on ESG matters, keeps updated on relevant sustainability issues, and generally supports the Group’s ESG objectives. There is also consensus that more corporate resources, instead of relying on subsidiary’s resources, will be placed for sustainability management.</p> <p>Similarly, Management’s commitment in taking into account Sustainability considerations when implementing Company strategies, business plans and risk management policies/procedures is, amongst others one of the criteria in their performance assessment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	Dato' Lee Hau Hian, Managing Director of Batu Kawan Berhad (" BKB "), has been assigned to manage sustainability strategically in the operations of BKB. Besides being responsible for the ongoing development and implementation of the Group's sustainability-related strategies, he will also provide progress status updates and present sustainability-related disclosures to the Board for information.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Refreshing the Board composition</u></p> <p>In accordance with the <i>Terms of Reference</i> of Batu Kawan Berhad (“BKB”) Nomination Committee (“NC”), the NC is responsible to review and assess the balance of BKB Board and Board Committees in terms of size, structure and composition. The review is to ensure that the composition complies with the provisions of the relevant guidelines and regulations.</p> <p>The NC is also responsible to assist the Board (amongst others) in the development and implementation of the policies on the nomination and appointment of Directors and Board Committee members in BKB Group.</p> <p>In this respect, the Board (upon recommendation of NC) has put in place a <i>Directors’ Fit and Proper Policy</i> to serve as a guide for NC and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking re-election.</p> <p>During the financial year 2024 (“FY 2024”), the NC reviewed the composition of the Board and Board Committees based on its required mix of skills, experience and other qualities which are considered important by the Board.</p> <p>In October 2023, one of BKB Independent Directors, Tan Sri Rastam bin Mohd Isa had resigned from the Board and arising from his resignation, Tan Sri Rastam also ceased as a NC member and the Remuneration Committee (“RC”) chairman. The Board (as recommended by the NC) approved the appointment of an Independent Director, Mr. Lim Ban Aik as a NC member and the RC chairman (to take over Tan Sri Rastam’s positions). For Board Committee rotation, the Board also appointed, Dr. Tunku Alina Alias (Senior Independent Director) and Dato’ Yeoh Eng Khoon (Non-Independent Non-Executive Director) as RC members, followed by the retirement of Tan Sri Lee Oi Hian (Non-Independent Non-Executive Chairman) as a RC member. The appointments were made after having considered, amongst others, suitability of Board members based on their appropriate level of expertise, experience and commitment for appointment to Board Committees.</p>

	<p>Further details on the changes to the compositions of the Board and Board Committees are found in the <i>Corporate Governance Overview Statement</i> in the <i>BKB Annual Report 2024</i>.</p> <p><u>Director's Retirement/Re-election</u></p> <p>Pursuant to the Constitution of BKB, one-third (1/3) of the Directors of the Company for the time being shall retire from office at least in each three (3) years but shall be eligible for re-election.</p> <p>For the purpose of determining the eligibility of the Directors standing for re-election, the Board through its NC had assessed the retiring Directors, Dato' Yeoh Eng Khoon, Mr. Lee Yuan Zhang and Ms. Susan Yuen Su Min, and considered the following:</p> <ol style="list-style-type: none"> 1) the Directors' performance and contribution based on the Board Effectiveness Evaluation for FY 2024 results; 2) the Directors' level of contribution to Board's and Board Committees' deliberations; 3) the level of independence demonstrated by the Independent Director (ie. Ms. Susan Yuen Su Min), and her ability to act in the best interests of the Company; and 4) the Directors' fitness and propriety with reference to the <i>Directors' Fit and Proper Policy</i> of the Company. <p>Based on the aforesaid assessment, the Board and NC are satisfied that the retiring Directors met and fulfilled the fit and proper criteria prescribed in the <i>Fit and Proper Policy</i> of the Company.</p> <p>They are also satisfied with the performance and eligibility of the said Directors, who have informed that they wish to stand for re-election at the forthcoming Annual General Meeting in 2025. The Directors standing for re-election have discharged their responsibilities and duties effectively and efficiently.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure															
Explanation on application of the practice	:																
Explanation for departure	:	<p>As at 30 September 2024, the Board of Batu Kawan Berhad comprises eight (8) members, seven (7) Non-Executive Directors (including the Chairman) and one (1) Executive Director, with three (3) Directors being Independent Directors as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>Number of Directors</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Executive Director</td><td>1</td><td>12.50</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>4</td><td>50.00</td></tr><tr><td>Independent Non-Executive Director</td><td>3</td><td>37.50</td></tr><tr><td>TOTAL</td><td>8</td><td>100</td></tr></tbody></table> <p>The composition of the Board meets the <i>Main Market Listing Requirements of Bursa Malaysia Securities Berhad</i> of at least one-third (1/3) of the board being independent.</p> <p>The Board views that the existing number of Independent Directors, is adequate to provide a fair check and balance in bringing independent judgement and ensure board decisions are made objectively in the best interest of the Company.</p> <p>The current mix of Independent Non-Executive, Non-Executive and Executive Directors, along with Management support, effectively prevents domination of deliberations and decision-making by a selected group of individuals.</p> <p>The composition of the Board consists of qualified individuals with a broad base of industry knowledge, experience and technical skills necessary in the management and direction of the Group, which is essential for the sustainable and growth of the business, as well as to promote the interest of all stakeholders. The Board believes that its present composition constitutes an optimal size for the Group's current business profile, which is appropriate for leading the Group effectively on its future business growth.</p>	Designation	Number of Directors	Percentage (%)	Executive Director	1	12.50	Non-Independent Non-Executive Director	4	50.00	Independent Non-Executive Director	3	37.50	TOTAL	8	100
Designation	Number of Directors	Percentage (%)															
Executive Director	1	12.50															
Non-Independent Non-Executive Director	4	50.00															
Independent Non-Executive Director	3	37.50															
TOTAL	8	100															

	<p>The current Independent Directors possess sound understanding of the nature of the Group’s business which can serve as a valuable resource on strategic planning. Moreover, they are able to exercise intelligent reviews of transactions involving Management, Directors and controlling shareholders.</p> <p>Furthermore, the Nomination Committee, having evaluated the current size of the Board, concluded that the current composition and size of the Board are adequate to enable the Directors to effectively discharge their roles and responsibilities.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>The Board, through its Nomination Committee, will review annually the composition of the Board to ensure its appropriateness and effectiveness. The performance of the Independent Directors is also reviewed annually to ensure that they continue to demonstrate their ability to exercise independent judgement. The Independent Directors will continue to provide fair checks and balances, bringing independent and objective judgement to both Board and Board Committees’ deliberation.</p>
<p>Timeframe</p>	<p>:</p> <p>Others</p>	<p>The Company intends to maintain the current practice of evaluating the effectiveness and independence of the Independent Directors on the Board and Board Committees.</p>

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied							
Explanation on application of the practice	:	To-date, none of the present Independent Non-Executive Directors of the Company has exceeded the nine (9) years’ tenure.							
		<table border="1"> <tr> <th colspan="2">Length of Tenure of Independent Directors</th> </tr> <tr> <td>0 – 3 years</td> <td style="text-align: center;">2</td> </tr> <tr> <td>4 – 6 years</td> <td style="text-align: center;">1</td> </tr> </table>		Length of Tenure of Independent Directors		0 – 3 years	2	4 – 6 years	1
Length of Tenure of Independent Directors									
0 – 3 years	2								
4 – 6 years	1								
Explanation for departure	:								
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>									
Measure	:								
Timeframe	:								

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied																																
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) and Remuneration Committee of Batu Kawan Berhad (“BKB”) assess the suitability of Directors and Senior Management based on their professional qualifications and proven track record of integrity, ability and reliability in the corporate services and business sectors and makes recommendations to the Board.</p> <p>The <i>Directors’ Fit and Proper Policy</i> adopted by the Board will serve as a guide for the NC and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election.</p> <p>The process for the appointment and re-election of the Directors to the Board requires the NC to:</p> <ol style="list-style-type: none"> (1) review the annual Board Effectiveness Evaluation results; (2) source for the candidate; (3) evaluate suitability and match the criteria of the candidate; (4) conduct engagement session with the candidate; (5) recommend to the Board for appointment; and <p>following which, the Board approves the appointment of the candidate.</p> <p>The NC also oversees an orientation and education programme for new recruits to the Board as an integral element of the process of appointing new Directors.</p> <p>The diversity in the race/ethnicity, age and gender of the Board and Key Senior Management (“KSM”) as at 30 September 2024 was as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="3">Race/Ethnicity</th> <th colspan="2">Gender</th> <th colspan="5">Age Group</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Male</th> <th>Female</th> <th>30 to 39</th> <th>40 to 49</th> <th>50 to 59</th> <th>60 to 69</th> <th>70 to 79</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>1</td> <td>7</td> <td>0</td> <td>6</td> <td>2</td> <td>1</td> <td>0</td> <td>1</td> <td>2</td> <td>4</td> </tr> </tbody> </table>		Race/Ethnicity			Gender		Age Group					Malay	Chinese	Indian	Male	Female	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79	Number of Directors	1	7	0	6	2	1	0	1	2	4
	Race/Ethnicity			Gender		Age Group																												
	Malay	Chinese		Indian	Male	Female	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79																							
	Number of Directors	1	7	0	6	2	1	0	1	2	4																							

	Number of KSM	0	9	0	8	1	1	1	5	0	2
	<p>The NC and Board, upon its annual assessment, confirmed that the diversity of the existing Board's composition has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.</p> <p>The <i>Board Charter</i> of the Company sets out the expectation on the Directors' commitment to the Company. Each of the Board members is expected to commit sufficient time to carry out their role as Directors and/or member of the Board Committees in which they are members. A Director is also expected to advise the Chairman of the Board of his/her intention to join the board of another company outside the Group. In this respect, the NC noted that none of the Directors hold more than five (5) directorships each in listed corporations.</p> <p>Senior Management positions are filled based on merit. The appointment of KSM was also made with due regard for diversity in skills, experience, age and cultural background.</p>										
Explanation for departure	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:										
Timeframe	:										

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) practises a clear and transparent nomination process which includes the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, deliberation by NC and recommendation to the Board. The nomination process also involves a formal procedure for sourcing and appointing new directors to the Board, taking into account factors such as skills, experience, personal attributes and diversity required of Directors, both collectively and individually.</p> <p>The NC and Board will continue to source for suitably qualified candidates via various means such as independent or search agencies, if required.</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 profiles of Directors are published in the Batu Kawan Berhad (“BKB”) <i>Annual Report 2024</i>. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in BKB, if any.</p> <p>During the year, the Nomination Committee (“NC”) assessed the re-election of the three (3) Directors, Dato’ Yeoh Eng Khoon, Mr. Lee Yuan Zhang and Ms. Susan Yuen Su Min at the forthcoming Annual General Meeting of the Company, and considered the following:</p> <ol style="list-style-type: none">1) the Directors’ performance and contribution based on the Board Effectiveness Evaluation for financial year 2024 results;2) the Directors’ level of contribution to Board’s and Board Committees’ deliberations;3) the level of independence demonstrated by the Independent Director (ie. Ms. Susan Yuen Su Min), and her ability to act in the best interests of the Company; and4) the Directors’ fitness and propriety with reference to the <i>Directors’ Fit and Proper Policy</i> of the Company. <p>The information for the Directors standing for re-election is disclosed in the <i>Explanatory Notes to the Notice of the Sixtieth Annual General Meeting</i>.</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	:		
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Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The appointment of Chairman of the Nomination Committee (“NC”) is set out in its <i>Terms of Reference</i> . The NC is chaired by an Independent Non-Executive Director, Ms. Susan Yuen Su Min. The specific roles and responsibilities of the Independent Directors are as set out in the <i>Board Charter</i> , which is available on the Company’s website, www.bkawan.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure		
Explanation on application of the practice	:			
Explanation for departure	:	<p>As at 30 September 2024, the Board of Batu Kawan Berhad comprised eight (8) Directors, of whom two (2) are females, providing a representation rate of 25%, which complies with the new requirement of <i>Bursa Malaysia Main Market Listing Requirements</i> to have at least one (1) woman director on the board of a listed company.</p> <p>The Board acknowledges the importance of boardroom diversity and will commit to diversity at the leadership and employee levels. In tandem with the heightened emphasis on the dimension of gender, the Board ensures there is clear commitment to develop a corporate culture that also embraces the aspect of gender diversity. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender.</p> <p>The Board continues to source for suitably qualified lady candidates for appointment to the Board via various means or search firms (including independent firms), in order to achieve 30% female directors on the Board.</p>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:	The Board will continue to source for suitable lady candidates and will consider the appointment of additional lady Directors as and when there are right candidates available.		
Timeframe	:	<table border="1"> <tr> <td>Others</td> <td>The Company complies with the new requirement in <i>Bursa Malaysia Main Market Listing Requirements</i> to have at least one (1) female director on the board of a listed issuer. It remains committed to meeting the target of 30% female Directors and will recruit suitably qualified female directors as and when it is in the best interest of the Company.</td> </tr> </table>	Others	The Company complies with the new requirement in <i>Bursa Malaysia Main Market Listing Requirements</i> to have at least one (1) female director on the board of a listed issuer. It remains committed to meeting the target of 30% female Directors and will recruit suitably qualified female directors as and when it is in the best interest of the Company.
Others	The Company complies with the new requirement in <i>Bursa Malaysia Main Market Listing Requirements</i> to have at least one (1) female director on the board of a listed issuer. It remains committed to meeting the target of 30% female Directors and will recruit suitably qualified female directors as and when it is in the best interest of the Company.			

Intended Outcome

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

Practice 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of a diverse boardroom and workforce, and is committed to diversity at the leadership and employee levels. In tandem with the heightened emphasis on the dimension of gender, the Board ensures there is clear commitment to develop a corporate culture that embraces the aspect of gender diversity. Hence, it remains committed to a minimum 30% female representation on the Board notwithstanding that the latest amended <i>Main Market Listing Requirements</i> of Bursa Malaysia only requires public listed companies to have at least one (1) woman Director.</p> <p>The Group is committed in creating a safe and comfortable workplace for all employees. It practices inclusivity and non-discrimination by race, caste, nationality, gender, religion, marital status, union membership or political affiliation. Such commitment is also disclosed in the <i>Code of Conduct and Ethics for the Company</i>.</p> <p>To this end, the Group has put in place strong policies on Diversity, Equality and Inclusion to ensure there is a culture of diversity in terms of race, religion, gender, regional and industry experience, cultural and geographical background, ethnicity, age and perspective. Incidences of bullying and harassment of any sort are never tolerated.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Nomination Committee (“NC”) is responsible to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The NC continually reviews and evaluates its requirements for an appropriate mix of skills and experience to ensure the Board’s composition remains relevant and optimal.</p> <p>In May 2024, the NC/Board had engaged Tricor Axcelasia Sdn Bhd as the external facilitator to conduct the Board Effectiveness Evaluation (“BEE”) exercise for FY 2024. The BEE exercise was conducted using customised questionnaires to assess the Board, Board Committees and individual Directors’ performance and qualities. The BEE was conducted through the following approach:</p> <ul style="list-style-type: none">(i) Online questionnaires;(ii) Statistical compilation of results and analysis;(iii) Review of documentation; and(iv) Confidential one-on-one interviews. <p>The effectiveness of the Board was assessed in the following areas:</p> <ul style="list-style-type: none">(i) Board Structure;(ii) Board Accountability;(iii) Information & Engagement;(iv) Board Procedures;(v) Managing Director/Senior Management; and(vi) Board Committees. <p>The assessment of individual Directors’ contributions and performance is conducted based on assessments in the following areas:</p> <ul style="list-style-type: none">(i) Contribution & Performance;(ii) Calibre & Personality;(iii) Information & Engagement; and(iv) Qualification & Experience.

	<p>The online questionnaires also included feedback from selected Key Senior Management to obtain their perspective on the Board performance.</p> <p>The BEE results confirmed that the Board and Board Committees, as well as the individual Directors have discharged their roles and responsibilities effectively with commitment and professionalism in accordance with the <i>Board Charter, Codes of Conducts and Terms of References</i>. The Board had operated as a cohesive and cooperative body, fostering trust, openness, and respect in its relationships with both Board members and Management. Additionally, the Board was effectively managed and remains committed to maintaining its focus on driving sustainable long-term business growth. Overall, there are no major concerns regarding the assessment of BKB's board effectiveness, although some areas of improvement were identified to further enhance the Board's performance.</p> <p>The summary of the results and feedback was presented to the NC for deliberation and action plans were recommended to the Board for discussion and approval.</p> <p>The findings and results of the assessment were documented, summarised and reported to the Board. The assessment revealed that the Board and Board Committees had performed well and satisfactorily, with most of the questions rated positively. The Board agreed that it had performed well and was satisfied with its overall performance, while acknowledging some areas for improvement.</p> <p>The NC concluded that the Board and Board Committees were satisfied with their existing composition, and that the current mix of skills, knowledge, experience and strength of the Directors enabled the Board, respective Board Committees and Directors to discharge their duties effectively. Therefore, the Board will continue to focus on the identified areas for improvement.</p> <p>The NC has also assessed Directors' effectiveness and training needs by reviewing the results of the Board evaluation and the Directors' commitment to training during the financial year. The NC noted that the members of the Board, had attended various programmes to keep abreast with general economic, industry and technical developments as well as changes in legislation and regulations affecting the Group's operations.</p> <p>Details of the training and seminars attended by the Directors during the financial year under review are set out in the <i>Corporate Governance Overview Statement of the 2024 Annual Report of the Company</i>.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure :		
Timeframe :		

Intended Outcome

The 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 put in place a formal <i>Remuneration Policy for Directors and Senior Management</i> ("Remuneration Policy") 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.</p> <p>The objectives of this <i>Remuneration Policy</i> are to:</p> <ul style="list-style-type: none">• help attract, recruit, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with the responsibilities of their positions and contributions, be competitive in the industry; and• encourage value creation for the Company by aligning the interests of Directors and Senior Management with the long-term interests of shareholders. <p>The Board, through the Remuneration Committee ("RC") conducts periodic reviews of the criteria to be used in recommending the remuneration package of Directors and Senior Management to ensure that it is in line with current market practices and needs. The <i>Remuneration Policy</i> was last reviewed and updated in May 2022. The <i>Remuneration Policy</i> of the Company is made available at the Company's website, www.bkawan.com.my.</p> <p>The fees of the Non-Executive Directors and any benefits payable to the Directors shall from time to time be determined by Ordinary Resolutions of the Company in general meeting in accordance with Section 230 of the <i>Companies Act 2016</i>.</p> <p>The Board, as a whole, upon recommendations from the RC, determines the fees of Non-Executive Directors and benefits payable to</p>

	<p>the Directors. Directors' fees and other benefits payable to the Directors for carrying their duties as Directors of the Company, are duly approved by the shareholders at the Annual General Meeting of the Company.</p> <p>For the year under review, the RC recommended, and the Board approved (subject to shareholders' approval at the forthcoming Annual General Meeting in February 2025), an increase in the Non-Executive Directors' fees and fees of the Board Committees. The recommendation followed a review of the Non-Executive Directors' remuneration, including benchmarking against selected similar-sized companies within the same industry to ensure competitiveness. The Board and RC also considered the increased responsibilities, expanded time commitments, and the need for fair remuneration practices to attract and retain qualified directors with the expertise needed for effective oversight. Upon shareholders' approval, the increased fees will remain constant for the next three (3) financial years (i.e FY 2024 to FY 2026). However, to ensure that the Directors' fees align with appropriate peer groups and are measured against profits and other targets set in accordance with the Company's annual budget and plans, the RC will review the Directors' fees annually.</p> <p>The table below outlines the remuneration structure (where the fees of the Non-Executive Directors and Board Committees are subject to shareholders' approval at the forthcoming Annual General Meeting in February 2025) for the Directors:</p> <table border="1" data-bbox="560 1155 1406 1597"> <thead> <tr> <th>Remuneration</th> <th>Fees (RM) Per Annum</th> <th>Meeting Allowances (RM)</th> </tr> </thead> <tbody> <tr> <td>Chairman of the Board</td> <td>232,000</td> <td rowspan="6">2,000 per meeting</td> </tr> <tr> <td>Board member</td> <td>155,000</td> </tr> <tr> <td>Chairman of the Audit and Risk Committee</td> <td>40,000</td> </tr> <tr> <td>Audit and Risk Committee member</td> <td>30,000</td> </tr> <tr> <td>Chairman of the Nomination Committee ("NC") and RC respectively</td> <td>30,000</td> </tr> <tr> <td>NC and RC member respectively</td> <td>20,000</td> </tr> </tbody> </table>	Remuneration	Fees (RM) Per Annum	Meeting Allowances (RM)	Chairman of the Board	232,000	2,000 per meeting	Board member	155,000	Chairman of the Audit and Risk Committee	40,000	Audit and Risk Committee member	30,000	Chairman of the Nomination Committee ("NC") and RC respectively	30,000	NC and RC member respectively	20,000
Remuneration	Fees (RM) Per Annum	Meeting Allowances (RM)															
Chairman of the Board	232,000	2,000 per meeting															
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<p>Explanation for departure :</p>																	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																	
<p>Measure :</p>																	

Timeframe	:		
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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 Remuneration Committee ("RC") of the Company has been established since 2001 and comprises a majority Independent Non-Executive Directors.</p> <p>The RC carried out its duties in accordance with its <i>Terms of Reference</i> (which clearly sets out its role and responsibilities). A copy of the <i>Terms of Reference</i> can be obtained from the Company's website, www.bkawan.com.my.</p> <p>The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities, which include amongst others, the following:</p> <ol style="list-style-type: none">(1) Reviewed and recommended to the Board the Non-Executive Directors' fees and benefits payable to the Directors of the Company and where appropriate, other companies within the Group, as well as the remuneration and terms of service of the Executive Director. The Board then agreed that shareholders' approval be sought at the Annual General Meeting on the Directors' remunerations.(2) Reviewed the Group's remuneration policy, benefits and salary scales for its Senior Management and executives, taking into account the demands, complexities and performance of the Group as well as skills and experience required in order to attract and retain the right talent to drive the long-term objectives of the Group.(3) Reviewed and recommended the annual bonus quantum for bonus schemes applicable to employees of the Group.(4) Reviewed the terms and conditions of the service agreements and to consider and review the remuneration and compensation packages including overall benefits and tenure, where applicable,

	<p>and to monitor the structures and levels of remuneration to ensure consistency with the Company's remuneration objectives of some Key Senior Management of the Group.</p> <p>(5) Reviewed the effectiveness of the Company's performance measurement and reward process.</p> <p>The RC met once during the year under review where all the RC members attended.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The details of the remuneration for the financial year 2024 of the Directors of Batu Kawan Berhad are disclosed in the <i>Corporate Governance Overview Statement</i> of the <i>2024 Annual Report</i>.</p> <p><u>Note:</u></p> <p>^ On 2 October 2023, Tan Sri Rastam bin Mohd Isa resigned as an Independent Non-Executive Director.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Seri Lee Oi Hian	Non-Executive Non-Independent Director	260	18	0	0	0	0	278	260	210	6,420	8,025	32	2,265	17,212
2	Dato' Lee Hau Hian	Executive Director	0	192	4,380	4,070	35	1,355	10,032	317	208	4,380	4,070	35	1,355	10,365
3	Dato' Yeoh Eng Khoon	Non-Executive Non-Independent Director	167	12	0	0	3	0	182	465	34	0	0	7	41	547
4	Mr. Quah Chek Tin	Non-Executive Non-Independent Director	185	22	0	0	3	0	210	185	22	0	0	3	0	210
5	Tan Sri Rastam bin Mohd Isa^	Independent Director	1	0	0	0	0	0	1	1	0	0	0	0	0	1
6	Dr. Tunku Alina binti Raja Muhd Alias	Independent Director	212	22	0	0	0	0	234	212	22	0	0	0	0	234
7	Mr. Lee Yuan Zhang	Non-Executive Non-Independent Director	185	22	0	0	0	0	207	195	76	576	288	0	139	1,274
8	Mr. Lim Ban Aik	Independent Director	231	26	0	0	0	0	257	231	26	0	0	0	0	257
9	Ms. Susan Yuen Su Min	Independent Director	215	26	0	0	0	0	241	215	26	0	0	0	0	241
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is of the view that the disclosure of the top five (5) Senior Management on a named basis would be disadvantageous to the Group, given the sensitivity of the information and competitiveness in the market for talent. The Group would like to ensure employee retention efforts are safeguarded at all times.</p> <p>Moreover, the Board is satisfied that the Senior Management's remuneration commensurate with their individual performance as well as Company's performance.</p> <p>The Board had benchmarked the remuneration package of the Company's Senior Management with industry standards and ensures that the remuneration of Senior Management is commensurate with the scope of work, and performance of the individual and the BKB Group. With the existing robust internal process, the Board assures that the remuneration of the top five (5) Senior Management is fair and in line with market practices as the remuneration packages are justified by individual performance, job responsibilities and the Group's performance against financial objectives.</p> <p>Additionally, the Company has disclosed the total key management personnel compensation in a Note to the Audited Financial Statements for financial year 2024.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will continue to evaluate the need for such disclosure with the monitoring of the market development. The necessary disclosures will be made if satisfied that it is in the best interest of the Group to do so.	
Timeframe	:	Others	The Company intends to maintain the current practice to preserve the confidentiality of such information.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chair of the Audit and Risk Committee (“ARC”) and the Chairman of the Board are held by different persons. The ARC Chair, Dr. Tunku Alina binti Raja Muhd Alias is the Senior Independent Non-Executive Director and she is not the Chairman of the Board.</p> <p>The separation of the positions as Board Chairman and ARC Chairman enables the ARC Chairman to devote sufficient time to the affairs of the ARC. The ARC Chairman is responsible for ensuring that the ARC meetings run efficiently, and each agenda item is thoroughly and thoughtfully discussed by all members of the ARC.</p> <p>The ARC Chairman also plays the role of the key contact between the ARC members and Board members, as well as Senior Management and the auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the Board were former partners within the cooling-off period of three (3) years, and no such person is appointed as a member of the Audit and Risk Committee (“ARC”). This policy statement is as stipulated in the ARC <i>Terms of Reference</i> that requires a former partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated the responsibility to assess the suitability, objectivity and independence of the Company's external auditors to the Audit and Risk Committee ("ARC"). Through the ARC, the Board has direct relationship with the External Auditors. The ARC has established in its <i>Terms of Reference</i> to include the function of evaluating the performance of the external auditors. Assessment on the performance of the External Auditors was carried out at the ARC meeting based on the independence and capabilities of the External Auditors, the effectiveness of the audit process, as well as the level of non-audit services rendered by the External Auditors to the Company. The ARC met the external auditors without the presence of Management once during the year under review.</p> <p>In November and December 2024, the ARC assessed the suitability and independence of the Company's External Auditors, Messrs BDO PLT ("BDO"). The Committee considered:</p> <ul style="list-style-type: none">(a) the quality of BDO's performance based on their reporting and deliverables;(b) the adequacy of experience and resources provided by BDO to the BKB Group; and(c) their independence and level of non-audit services rendered to the Group for the financial year 2024 ("FY 2024"). <p>The ARC deliberated on the performance and suitability of BDO based on the quality of audit, competency and sufficiency of resources of BDO in relation to the FY 2024 audit. The Committee agreed that the provision of non-audit services by BDO to BKB Group for the FY 2024 did not in any way impair BDO's objectivity and independence as External Auditors of BKB.</p> <p>Having regard to the outcome of the annual assessment of BDO, the Board approved the ARC's recommendation to seek shareholders' approval for BDO's re-appointment at the forthcoming Annual General Meeting in 2025 and to authorise the Directors to fix BDO's remuneration.</p>

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Committee ("ARC") of Batu Kawan Berhad comprises members with sound understanding of the language of accounting and finance and they possess wide range of skills, experience, knowledge and qualifications. Dr. Tunku Alina Binti Raja Muhd Alias holds a degree in law as well as a PhD in Islamic Finance, Mr. Quah Chek Tin is a member of the Malaysian Institute of Accountants, Ms. Susan Yuen Su Min has a degree in Computer Science, while Mr. Lim Ban Aik holds a degree in Commerce (Accounting & Finance) and Mr. Lee Yuan Zhang has a degree in Government and Economics.</p> <p>With their financial literacy, the ARC members are able to critically probe highly risky transactions as well as key accounting policies and judgments adopted by the Company in its financial reporting and give strategic input to the Board on the drivers of financial performance.</p> <p>The ARC members had attended various professional development programmes and seminars to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. Details of the professional development programmes and seminars attended by the ARC members during the financial year are set out in the <i>Corporate Governance Overview Statement</i> of the <i>2024 Annual Report</i> of the Company.</p> <p>The Nomination Committee ("NC") reviewed and assessed the duties carried out by the ARC during the financial year 2024 and was satisfied that the ARC and each of its members have sufficient understanding of the Group's business and able to apply a critical and probing view on the financial results and information prepared by Management. The ARC had also discharged their duties effectively and efficiently in accordance with its <i>Terms of Reference</i>.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility in maintaining a sound risk management and internal control system at Batu Kawan Berhad ("BKB") to safeguard the interests of shareholders, customers, employees and the Group's assets. The Board also recognises that such systems are designed to manage the Group's risks within an acceptable level, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group.</p> <p>Whilst the Board remains responsible over risk management and internal controls, the task of scrutinising the framework is taken up by the Audit and Risk Committee ("ARC"). The ARC members have sound knowledge of risk management and internal control concepts, and are able to assess risks in an objective manner. The ARC is supported by the Group Risk Management Committee ("GRMC"), headed by the BKB Managing Director, in overseeing the risk management efforts within the Group, and ensuring the effectiveness of the risk management policies and processes.</p> <p>A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining its corresponding risk control measures, and ensuring appropriate mitigating actions have been implemented. These on-going processes are co-ordinated by the Risk Management unit in conjunction with all the business heads within the Group and with periodic reporting to the GRMC, which in turn reports to ARC.</p> <p>The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and is of the view that the risk management and internal control system is operating satisfactorily and no material losses were incurred as a result of internal control weaknesses or adverse compliance events.</p>

	The BKB Managing Director, Chief Financial Officer and Head of Internal Audit have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by its Group Risk Management Committee ("GRMC"), headed by the Batu Kawan Berhad ("BKB") Managing Director in overseeing the risk management efforts within the BKB Group and ensuring the effectiveness of the risk management policies and processes. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining its corresponding risk control measures and ensuring appropriate mitigating actions have been implemented.</p> <p>The BKB Group's risks relating to its main subsidiary, Kuala Lumpur Kepong Berhad ("KLK") is managed by KLK's own Group RMC.</p> <p>The principal risks for financial year ended 30 September 2024, presented to the Audit and Risk Committee via Key Risk Indicators on a quarterly basis, have been reviewed by the BKB Board include risks relating to business and operation, regulatory, health and safety, financial and credit, investment, marketing, cybersecurity and sustainability.</p> <p>Further information on the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the <i>Statement on Risk Management and Internal Control</i> of the Company's 2024 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 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has an independent in-house Internal Audit Department (“IAD”) whose principal responsibility is to assess and report to the Board, through the Audit and Risk Committee (“ARC”), the systems of internal control of the Company.</p> <p>The IAD reports directly to the ARC and conducts reviews on internal controls and the effectiveness of the processes that are in place to identify, manage and report risks. Routine reviews are conducted on operating centres under the Group’s business segments in accordance with a risk-based audit plan approved annually by the ARC.</p> <p>The IAD carries out its duties in accordance with the <i>Internal Audit Charter</i> and its annual internal audit plan which is approved by the ARC. The <i>Internal Audit Charter</i> defines the purpose and scope of work, independence, responsibility, the authority accorded to the IAD.</p> <p>Their audit practices are guided by <i>Professional Internal Auditing Standards</i> as prescribed by the Institute of Internal Auditors, Malaysia.</p> <p>During the year under review, the activities carried out by the IAD are as follows:</p> <ol style="list-style-type: none">(1) Undertook internal audit based on the annual audit plan that had been reviewed and approved by the ARC including the review of operational compliance with established internal control procedures and reliability of financial records.(2) Conducted ad-hoc reviews with regards to specific areas of concern as directed by the ARC and Management.(3) Collected, reviewed and verified data for selected indicators as part of IAD’s limited assurance for Bursa Malaysia Securities Berhad’s sustainability reporting requirements.(4) Assessed key business risks at each business unit and performed continuous monitoring of those risks via risk validation procedures and reviewing supporting documentations.(5) Issued and presented quarterly internal audit report summaries to the ARC during the year, on the Batu Kawan Berhad Group’s operating centres with appropriate audit recommendations.
Explanation for departure	:	

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The personnel of the Internal Audit Department (“IAD”) is free from any relationship or conflicts of interest, which could impair their objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the Audit and Risk Committee functionally and administratively to the Company’s Chief Financial Officer.</p> <p>The IAD currently comprises two (2) personnel and is led by Puan Nur Aimi Amira binti Mohd Izuddin who holds a degree in Accounting, and is a Certified Chartered Accountant accredited by Malaysian Institute of Accountants. She has numerous years of working experience as an Internal Auditor in the oil and gas, construction and property, and manufacturing sectors. The IAD personnel have relevant qualifications and experience to carry out their duties independently and professionally.</p> <p>The Company’s IAD is also supported by the Internal Audit Division of its subsidiary, Kuala Lumpur Kepong Berhad which has 72 experienced audit personnel.</p> <p>The IAD is governed by the <i>Internal Audit Charter</i> which states the purpose and scope of work, independence, responsibility and the authority accorded to the IAD. Their audit practices are guided by the <i>Professional Internal Auditing Standards</i> (prescribed by the Institute of Internal Auditors, Malaysia).</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 Company recognises that ongoing communication and engagement with stakeholders are essential to provide stakeholders with a better appreciation of the Company's objectives and the quality of its management. The Group is committed to maintaining high standards in the dissemination of relevant and material information on the development of the Group via effective, comprehensive, timely and continuous disclosure.</p> <p>The Managing Director of the Company leads the stakeholder communication function and is supported by the Batu Kawan Berhad ("BKB") Chief Financial Officer and Company Secretaries. The Senior Independent Non-Executive Director acts as a point of contact for shareholders and other stakeholders, particularly on concerns which cannot be resolved through the normal channels of the Chairman of the Board and/or BKB Managing Director.</p> <p>The Company has in place a <i>Corporate Disclosure Policy and Procedures</i> that serves to provide accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and timely dissemination of material information to the stakeholders, media and regulators.</p> <p>The various communication channels which the Company uses to reach to its shareholders and stakeholders, include:</p> <p><u>Annual Report</u></p> <p>The <i>Annual Report</i> is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations, performance, challenges and its management. The Board places great importance on the content of the <i>Annual Report</i> to ensure the accuracy of the information as the <i>Annual Report</i> is a vital source of information for investors, shareholders and the general public.</p>

	<p><u>Announcements to Bursa Malaysia Securities Berhad</u></p> <p>Timely announcements of financial results on a quarterly basis, circulars and other relevant matters are made via Bursa LINK in a timely manner to ensure equal and fair access to information is provided to the investing public to make informed decisions. These announcements are also made available on the Company's own website, www.bkawan.com.my.</p> <p><u>General Meetings</u></p> <p>The Board ensures the Company's General Meetings, particularly the Annual General Meeting ("AGM"), are conducted in an efficient manner in order to serve as the principal forum for dialogue and interaction with the shareholders of the Company. At AGMs, shareholders are encouraged to present their views or to seek clarification on the progress, performance and major developments of the Company. The Chairman also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management.</p> <p>In February 2024, the Company held its AGM whereby all the eight (8) Directors, Management and External Auditors were present in person to engage directly with the shareholders at the meeting. The results of the AGM were released to Bursa Malaysia Securities Berhad immediately after the meeting to enable the public to know the outcome thereof. The AGM minutes are also made available on the Company's website, www.bkawan.com.my.</p> <p><u>Company website</u></p> <p>The Company website is freely accessible to the public and the Directors welcome feedback channelled through the website. To facilitate the stakeholders' understanding of the Company with respect to the business of the Company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board, corporate governance, policies, charters, terms of reference as well as other corporate information on the Company's website, www.bkawan.com.my for easy reference.</p> <p><u>Townhalls</u></p> <p>BKB Group fosters transparent communication with its employees, covering topics such as the Group's performance and growth strategies, Code of Ethics, training and development, performance evaluation and management, remuneration and benefits, occupational safety and health and wellbeing. Additionally, a whistleblowing channel is available for employees to express any concerns they may have.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board of Directors is of the view that its <i>Annual Report</i> provides sufficient financial and non-financial information to enable stakeholders to make informed decisions with respect to the Company.</p> <p>As such, the Company would periodically review the need for the adoption of an integrated reporting based on a globally recognised framework at the appropriate time.</p> <p>The comprehensive financial and non-financial information in the <i>Annual Reports</i>, including <i>Management Discussion and Analysis</i>, <i>Corporate Governance Overview Statement</i> and <i>Sustainability Statement</i>, has provided adequate information to stakeholders.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Company is reviewing the various available reporting frameworks to determine the most appropriate one for adoption, with particular consideration given to mandatory frameworks such as the National Sustainability Reporting Framework .
Timeframe	:	Within 1 year

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>Batu Kawan Berhad (“BKB”) dispatches the notice of its Annual General Meeting (“AGM”) to its shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the <i>Companies Act 2016</i> and <i>Main Market Listing Requirements</i> of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This allows the shareholders to make the necessary arrangements to attend and participate in the AGM, as well as sufficient time to consider the resolutions that will be discussed and decided at the AGM. The notice of AGM which forms part of the <i>Annual Report</i> is circulated to the shareholders in hardcopies by post. The said notice is also accessible by the shareholders via Bursa Malaysia’s website as well as the Company’s website, www.bkawan.com.my. The notice is also given by advertisement in one (1) nationally circulated daily newspaper (i.e <i>The Star</i>).</p> <p>The Company also provides details of the AGM to the shareholders regarding eligibility of the shareholders to attend the meeting, their rights to appoint proxies and other relevant information pertaining to the AGM. In addition, there are explanatory notes to the notice of AGM providing detailed explanation for each resolution proposed to enable shareholders to make an informed decision in exercising their voting rights.</p> <p>On 29 December 2023, the AGM notice which forms part of the <i>Abridged Annual Report 2023</i> was sent to all shareholders by post, posted on Bursa Malaysia and BKB websites, to inform that the Fifty-Ninth AGM will be held on 21 February 2024. The AGM notice was also published in <i>The Star</i> newspaper on 29 December 2023.</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	:		
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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 eight (8) Directors, the Company Secretaries and Senior Management, together with the External Auditors attended the Fifty-Ninth (“59th”) Annual General Meeting (“AGM”) held on 21 February 2024 to engage directly with shareholders and to be accountable for their stewardship of the Company. Amongst them, three (3) Directors were the Chairmen of the Audit and Risk Committee, Nomination Committee and Remuneration Committee.</p> <p>The proceedings of the 59th AGM included addressing issues raised by the shareholders and Minority Shareholders Watch Group in relation to the operational and financial performance of the Group, Questions and Answers session, and further clarification of the proposed resolutions, before putting such resolutions to vote. All queries raised were responded to by the Board during the AGM.</p> <p>The AGM minutes are made available to the shareholders and the public for viewing at the Company’s website, www.bkawan.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Fifty-Ninth (“59th”) Annual General Meeting (“AGM”) of the Company was held at an easily accessible venue to encourage shareholders’ attendance. Shareholders who could not attend the AGM in person had the option to appoint any persons as their proxies to attend, speak and vote on their behalf at the general meetings, in accordance with the relevant provisions of the <i>Constitution</i>.</p> <p>The Board decided to hold the Company’s 59th AGM physically for the following reasons:</p> <ul style="list-style-type: none"> (a) the Company believes that physical general meetings provide more opportunities for shareholders to interact face-to-face with the Board, Senior Management and other shareholders, which enhances the quality and depth of engagement and communication; (b) physical meetings reduce the risk of potential technical issues, disruptions or cyberattacks that could affect the smooth conduct of virtual or hybrid general meetings and compromise the security and integrity of the meeting and voting process; and (c) physical meetings preserve the sanctity of shareholder rights and ensure no shareholder is excluded due to technological barriers. <p>As an alternative practice, the Company had taken the following measures to ensure that shareholders were able to participate, engage and made informed voting decisions at the AGM:</p> <ul style="list-style-type: none"> (a) the AGM was held at an easily accessible venue and at convenient time to encourage shareholders’ attendance; (b) the Company allowed shareholders who were unable to attend the AGM in person to appoint any persons as their proxies to attend, speak and vote on their behalf at the AGM, in accordance with the relevant provisions of the <i>Constitution</i>; (c) the Company adopted electronic poll voting at the AGM for greater transparency and efficiency. All shareholders and proxies received

	<p>a personalised passcode embedded wrist band from the Share Registrar upon registration. The poll administrator briefed the shareholders and proxies on the voting procedures, and an independent external party was appointed as scrutineer for the electronic poll voting process.</p> <p>(d) the Company published the minutes of the AGM, including the questions and answers, the voting results and the resolutions passed, on the Company's website within a reasonable timeframe.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>By conducting physical general meetings, the Company observes Securities Commission's new requirement as stated in its August 2024 media release, whereby all public listed companies must hold hybrid or physical general meetings effective from 1 March 2025. However, the Company will continue to monitor the development infrastructure and technical support to support a smooth broadcast of a hybrid general meeting and interactive participation by shareholders. This includes assessing their feasibility in terms of practicality before deciding on the adoption of hybrid meetings.</p>
<p>Timeframe</p>	<p>:</p>	<p>Others</p> <p>The Company intends to maintain the current practice of conducting physical general meetings.</p>

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the commencement of the Fifty-Ninth Annual General Meeting ("59th AGM"), the Chairman informed that questions and answers for each resolution would be allowed upon the completion of the tabling of all resolutions.</p> <p>All the eight (8) Directors, Company Secretaries and Senior Management were present at the 59th AGM to provide responses to the questions posed by shareholders at the meeting in relation to the agenda items for the 59th AGM.</p> <p>In order to ensure the orderly conduct of the 59th AGM, the Chairman had conducted the meeting in the following manner:</p> <ol style="list-style-type: none">(1) the Chairman and Batu Kawan Berhad ("BKB") Managing Director ("MD") answered all questions relating to the audited financial statements which were received prior to the 59th AGM, including questions raised by the Minority Shareholders Watch Group in relation to the operational and financial matters, and corporate governance;(2) shareholders were invited to raise any questions during the 59th AGM; the Chairman and BKB MD responded to the questions raised at the meeting after tabling all the resolutions of the 59th AGM prior to the commencement of voting;(3) the questions and answers session held for about 30 minutes during which the Chairman and BKB MD were fully engaged in responding to those questions received from the shareholders or proxies;(4) The 59th AGM minutes were subsequently posted on the Company's website at www.bkawan.com.my.
Explanation for departure	:

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

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Company's minutes of the Fifty-Ninth Annual General Meeting ("AGM") held on 21 February 2024 detailing the meeting proceedings, together with the list of questions and answers provided during the AGM (including the Minority Shareholders Watch Group's questions and Company's responses) were uploaded to Batu Kawan Berhad's website at www.bkawan.com.my on 19 March 2024, which is within 30 business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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