

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5147  
**COMPANY NAME** : SAMCHEM HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board understands its obligation to shareholders and other stakeholders and is collectively responsible for meeting the objectives and goals of the Company. In discharging these responsibilities, the Board puts in place the following frameworks and processes to meet its objectives and review management performance:</p> <ul style="list-style-type: none"><li>• Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval;</li><li>• Board Committees, namely Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in the relevant Board Committee Charters. These Committees have the authority to examine particular issues and report to the Board with their recommendations;</li><li>• Periodic review of the financial results as a mean to overseeing the conduct of the business and the overall performance management of the business affairs of the Group. When reviewing the financial result, the Board will assess and challenge management's performance and proposals and monitor management execution in order to ensure the Group's business are being managed effectively;</li><li>• Deliberate the interim and annual financial reporting with management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist</li></ul>

	<p>the public, investors and shareholders to make informed decision;</p> <ul style="list-style-type: none"> <li>• Review the appointment of C-suite personnel and ensure that they have the necessary skills and experience to assist the Board in managing the Group;</li> <li>• Review related party transaction, if any to ensure the compliance with Listing Requirements and the interest of minority shareholders are not detrimental by related party transactions;</li> <li>• Review and deliberate the internal audit findings and assess the effectiveness and adequacy of the systems of internal control in the Group;</li> <li>• Annual and half yearly reviews of the achievement of financial performance targets and aims in the annual budget by Chief Executives and senior management of the respective subsidiaries; and</li> <li>• Observe the regulatory frameworks and requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and corporate finance advisors for corporate exercises, when necessary.</li> </ul>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board. To do so, the Chairman has:</p> <ul style="list-style-type: none"><li>• Ensured Board members receive accurate, timely and clear information and are well-informed about company and industry developments;</li><li>• Set the board agenda in consultation with the Company Secretaries and ensures that board members receive complete and accurate information in a timely manner;</li><li>• Facilitated board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making;</li><li>• Chaired board meetings and reviewed and approved together with the Board on the strategic issues of the Group; and</li><li>• Chaired Annual and Extraordinary General Meetings and represented Board in communicating with shareholders during the general meetings</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The position of Executive Chairman is held by Mr. Ng Thin Poh, while the position of Chief Executive Officer is held by Mr. Eugene Chong Wee Yip, who assumed this role effective 3 April 2023.</p> <p>The Chairman is primarily responsible for the orderly conduct and effectiveness of the Board, whereas the CEO is to lead the management of the Company and has overall responsibility for the operational decisions, including the implementation of the Board's policies.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board, Mr. Ng Thin Poh is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all corporate governance matters. Presently, the Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. All Directors have unrestricted access to the advice and services of the Company Secretaries.</p> <p>The key responsibilities carried out by the Company Secretaries during the financial year are as follows:</p> <ul style="list-style-type: none"><li>• Advised the Board on Company Secretarial matters and maintains register, statutory records and company secretarial documents</li><li>• Updated the Board and its Committees on issues relating to corporate governance, compliance with laws, rules and regulations, procedures and protocol affecting the Company</li><li>• Co-ordinated with the Board on the meeting agenda and schedule</li><li>• Managed the general meeting proceedings</li><li>• Attended and prepared minutes of Board meetings and ensured that protocol and procedures of Board meetings are adhered to and that applicable rules and regulations are complied with</li><li>• Advised Directors to fulfil their obligations in regards to:<ul style="list-style-type: none"><li>– Disclosure of interest in securities of the Company</li><li>– Disclosure of transactions with the Company</li><li>– Prohibition of dealing in securities during closed period and moratorium</li><li>– Restriction on disclosure of price sensitive information</li></ul></li></ul>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of business and to evaluate the Management's performance of the Group. Accordingly, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the board meeting.</p> <p>The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened. The Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members as soon as possible before the next meetings.</p> <p>Separately, all Board members have unrestricted access to timely and accurate information in furtherance their duties and subject to Board's approval may seek independent professional advice when necessary, in discharging its various duties, at the Company's expense.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has defined its Board Charter and schedule of matter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval.</p> <p>The Board has also established the Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. The terms of reference of each Board Committee are set out in Board Charter. These Committees have the authority to examine particular issues and report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters lies with the Board.</p> <p>The Board Charter will be periodically reviewed to ensure that the Company complies with the latest guidelines issued by the regulatory authorities from time to time.</p> <p>These Board Charter and Schedule of Matter are published in the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has established and published its Code of Conducts and Ethics and Whistleblowing policy in the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a> .  Internally, the Board communicates the Code of Conducts and Ethics, Anti-Bribery and Corruption and Whistleblowing Policy to staff members through the Human Resource Department so that all staff members are clear on what is considered acceptable behaviour and practice in the Company and the policies and procedures on whistleblowing.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As mentioned in Practice 3.1, the Board has established and published its Code of Conducts and Ethics and Whistleblowing Policy and the Board communicates the Code of Conducts and Ethics and Whistleblowing Policy to staff members through the Human Resource Department. There were no incidents to report under the Whistleblowing policy.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The management, governance and implementation of the sustainability agenda and policies rests with the Management team, led by the Executive Director and overseen by the Board. The Group has established a Sustainability Committee to:</p> <ul style="list-style-type: none"><li>• develop the sustainability roadmap, strategy and aligning with business objectives</li><li>• identifying sustainability risks and opportunities</li><li>• advising the Board and seeking Board endorsement on the sustainability agenda</li><li>• overseeing implementation of policies and assessing effectiveness</li><li>• identifying and implementing the stakeholder engagement process</li><li>• report to the Board on sustainability progress</li></ul> <p>The Sustainability Committee is chaired by the Executive Director of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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 4.2**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group ensures that its sustainability strategies, priorities and goals are communicated internal and external stakeholders regularly via:</p> <ul style="list-style-type: none"> <li>• Annual report</li> <li>• Investor &amp; Analysts briefings</li> <li>• Media Release</li> <li>• Corporate website</li> <li>• Internal communication tools – video conferences, emails and physical visibility</li> </ul> <p>In addition, the Group also communicates its ambition at selected activities to raise awareness for environmental matters.</p>
<b>Explanation for departure</b>	:	  
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Company Enterprise-Wide Risk Management Framework sets out the approach to the identification, assessment, management, monitoring and reporting of risks. This framework will set the direction in which the Board will evaluate the Company’s risk based on an integrated approach which will include sustainability issues such as environmental, social and climate risks. The Board recognises the significance of sustainability issues and will take the gradual appropriate actions to stay abreast on the sustainability risks and opportunities.</li> <li>• The Board will proactively initiate discussions around sustainability and governance issues.</li> <li>• The Directors also continuously undertake professional trainings related to sustainability and governance issues. The relevant trainings attended by the members of the Board are as follows:             <ol style="list-style-type: none"> <li>i. ESG Talk</li> <li>ii. A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs</li> <li>iii. ESG materiality assessment – How to carry out effective &amp; meaningful assessments</li> <li>iv. Carbon Footprint – How to start and using the data</li> <li>v. Sustaining ESG Momentum – Maintaining &amp; Improving performance for the long term</li> <li>vi. Sustainability in the Digital Edge</li> </ol> </li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As the Company is developing and still fine tuning their Sustainability Framework in accordance to Bursa Malaysia’s Sustainability Reporting Guidelines and do not have sufficient data generated yet, the Company will only develop the criterias to evaluate the performance of Board and senior management in addressing the material sustainability risks and opportunities after one year’s data has been obtained.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Ms. Ng Ai Rene, an Executive Director of the Board is the designated person to spearhead the sustainability efforts and strategies of the Group. She is supported by a Sustainability Committee and other departments 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 5.1

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee regularly review and recommend to the Board on the overall composition of the Board and Board Committees based on objective criteria and with due regard of the appropriate size, diversity, required mix of skills, experience, age, cultural background, gender, core competencies, and adequacy of balance between Executive Directors and Independent Non-Executive Directors.</p> <p>Nomination Committee is assisting the Board in the assessment of the Directors for appointment, re-appointment or re-election, would ensure that all directors fulfil fit and proper requirements as stated in the Fit and Proper Policy.</p> <p>The Terms of Reference of Nomination Committee and Fit and Proper Policy were reviewed and published in the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board is satisfied with the current composition of the Board in providing a check and balance in the Board as well as diversity of perspectives and views in Board’s decision-making process. Presently, the Board consists of Executive and Non-Executive Directors with a mixture of suitably qualified and experienced professionals. The Board comprises six (6) members, where half of the Board are Independent Non-Executive Directors. This is in line with this Practice where it requires non-large company to have at least half of the Board members comprises independent directors.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance to the Company's Board Charter, the maximum tenure of an independent non-executive Director shall not exceed the cumulative term of nine years from the date of first appointment as Director or upon the expiry of the on-going term of appointment as Director whichever is the later.</p> <p>The Board is mindful of the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.</p> <p>Any extension beyond nine years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be a consideration for the Board to decide. In the event the Board continued to retain the Independent Director after the nine (9) years, an annual shareholders' approval must be sought through a two-tier voting process in order to retain the said Director as an Independent Director.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has adopted a 9-year policy for Independent Director which is indicated in the Board Charter.</p> <p>The Board is mindful of the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Any extension beyond nine years will require Board justification and shareholder approval unless the said Director wishes to be re-designated as non-independent non-executive Director which shall be a consideration for the Board to decide. In the event the Board continued to retain the Independent Director after the nine (9) years, an annual shareholders' approval must be sought through a two-tier voting process in order to retain the said Director as an Independent Director.</p> <p>The Board Charter is published in the Company's website and can be downloaded at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a>.</p>

## 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.

<b>Application</b> :	Applied																																																																								
<b>Explanation on application of the practice</b> :	<p>The 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. The current diversity in the ethnicity, age distribution and skillsets of the existing Board is as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreign</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[ 1 ]</td> <td>[ 5 ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ 6 ]</td> <td>[ ]</td> <td>[ 5 ]</td> <td>[ 1 ]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[ ]</td> <td>[ 3 ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ 3 ]</td> <td>[ ]</td> <td>[ 2 ]</td> <td>[ 1 ]</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age Group</th> <th>30-39 years</th> <th>40-49 years</th> <th>50-59 years</th> <th>60-69 years</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[ 1 ]</td> <td>[ ]</td> <td>[ ]</td> <td>[ 5 ]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[ 1 ]</td> <td>[ 1 ]</td> <td>[ ]</td> <td>[ 1 ]</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Skill</th> <th>Accounting &amp; Finance Management</th> <th>Chemistry</th> <th>Legal / Law</th> <th>Business Management</th> </tr> </thead> <tbody> <tr> <td>Number of Directors</td> <td>[ 2 ]</td> <td>[ 1 ]</td> <td>[ 2 ]</td> <td>[ 1 ]</td> </tr> <tr> <td>Top Three Senior Management</td> <td>[ 1 ]</td> <td>[ 1 ]</td> <td>[ 1 ]</td> <td>[ ]</td> </tr> </tbody> </table>									Race/Ethnicity				Nationality		Gender		Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female	Number of Directors	[ 1 ]	[ 5 ]	[ ]	[ ]	[ 6 ]	[ ]	[ 5 ]	[ 1 ]	Top Three Senior Management	[ ]	[ 3 ]	[ ]	[ ]	[ 3 ]	[ ]	[ 2 ]	[ 1 ]	Age Group	30-39 years	40-49 years	50-59 years	60-69 years	Number of Directors	[ 1 ]	[ ]	[ ]	[ 5 ]	Top Three Senior Management	[ 1 ]	[ 1 ]	[ ]	[ 1 ]	Skill	Accounting & Finance Management	Chemistry	Legal / Law	Business Management	Number of Directors	[ 2 ]	[ 1 ]	[ 2 ]	[ 1 ]	Top Three Senior Management	[ 1 ]	[ 1 ]	[ 1 ]	[ ]
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Number of Directors	[ 1 ]	[ ]	[ ]	[ 5 ]																																																																					
Top Three Senior Management	[ 1 ]	[ 1 ]	[ ]	[ 1 ]																																																																					
Skill	Accounting & Finance Management	Chemistry	Legal / Law	Business Management																																																																					
Number of Directors	[ 2 ]	[ 1 ]	[ 2 ]	[ 1 ]																																																																					
Top Three Senior Management	[ 1 ]	[ 1 ]	[ 1 ]	[ ]																																																																					
<b>Explanation for departure</b> :																																																																									

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In its selection of board members, the Board provides equal opportunity to all candidates. The Nomination Committee will consider recommendations from existing board members, management, major shareholders and third-party sources such as Institute of Corporate Directors Malaysia to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.</p> <p>Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the Directors' interest, position and experience are set out in the Directors' profile in the Annual Report. The performance of the retiring directors is assessed by the Nomination Committee and Board before recommendation is made to the shareholders for approval. For Independent Directors, the Nomination Committee also assess their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the listed company as a whole.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Mr. Lok Kai Chun who is an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company currently has one (1) female director and five (5) male directors.</p> <p>The Board acknowledges that the best practise of Malaysian Code on Corporate Governance (“MCCG”) 2021 for the board of Large Companies to comprise at least 30% women on board. The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% women representation target at Board level, the Company has complied with the minimum of one (1) woman director of the Listed Issuers pursuant to 15.02(b) of the Main Market Bursa Securities Listing Requirement. The Board will endeavour to improve the gender diversity in the Board composition.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board does not have formal gender diversity policy presently. Nonetheless, the Board support the gender diversity initiative and has a female Executive Director in the Board and gender diverse management team. The Board would consciously be on the lookout to further promote the gender diversity requirements if a suitable opportunity avails.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Nomination Committee undertakes annual assessment to evaluate the performance of each individual Directors, the effectiveness of the Board and the Board Committees by way of self-assessment. Directors are required to fill out the self-assessment forms and provide their feedback, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation.</p> <p>Based on the assessment, the Board is satisfied with the overall performance effectiveness of the Board, Board Committees and individual directors and the independence of Independent Directors.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board's Charter which is published in the Company's website provides the following policies and procedures on remunerations of directors and senior management:</p> <ul style="list-style-type: none"><li>• Competitive and realistic remunerations of Directors are formulated with the aims to attract, motivate and retain Directors with the relevant experience, expertise and quality needed to assist in managing the Company and the Board effectively.</li><li>• For Executive Directors and senior management, the remuneration packages link rewards to corporate and individual performance whilst for the Non-Executive Directors, the level of remuneration is linked to their experience and level of responsibilities undertaken.</li><li>• The level of remuneration for the Executive Directors and senior management is assessed by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.</li><li>• The determination of directors' remuneration is subject to Board's approval. The director concerned should abstain from discussing his/her own remuneration.</li></ul> <p>Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p>

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established its Remuneration Committee and has defined the terms of reference of this Committee. These terms of reference are disclosed in the company's website.</p> <p>The members of the Remuneration Committee are as follows and comprise wholly Non-Executive Independent Directors:</p> <p><b><u>Chairman:</u></b> Dato' Razali Basri, Independent Non-Executive Director</p> <p><b><u>Members:</u></b> Mr. Hor Wai Kong, Independent Non-Executive Director Mr. Lok Kai Chun, Independent Non-Executive Director</p> <p>The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. All Directors shall abstain from discussions and decisions on their own remuneration. Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries will be put forward to shareholder for approval in the coming AGM.</p> <p>During the meeting held on 15 April 2024, the Remuneration Committee had reviewed and recommended the remuneration of the Executive Directors and the fees payable to Non-Executive Directors to the Board. The details of the Board members' remunerations are presented in the next practice.</p>

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The disclosure is as per attached.

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	NG THIN POH	Executive Director	Input info here	Input info here	420000	1150000	Input info here	72000	1642000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	NG AI RENE	Executive Director	Input info here	Input info here	264000	100000	Input info here	Input info here	364000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	CHEONG CHEE YUN	Executive Director		Input info here	185000	30000	Input info here		215000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	HOR WAI KONG	Independent Director	60000	3500			Input info here	Input info here	63500	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	DATO' RAZALI BIN BASRI	Independent Director	60000	3500	Input info here	Input info here	Input info here	Input info here	63500	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	LOK KAI CHUN	Independent Director	60000	3500	Input info here		Input info here	Input info here	63500	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7										Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8										Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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.

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	The disclosure is as per attached.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	EUGENE CHONG WEE YIP	CHIEF EXECUTIVE OFFICER	200,001-250,000	Choose an item.	400,001-450,000	Choose an item.	Choose an item.	650,001-700,000
2	MAISARAH TANG ABDULLAH	HEAD OF ADMIN/HUMAN RESOURCE	200,001-250,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	300,001-350,000
3	NG BING HONG	CHIEF ACCOUNTANT	100,001-150,000	Choose an item.	50,001-100,000	Choose an item.	Choose an item.	150,001-200,000
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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not Applicable to Samchem Holdings Berhad which is not a Large Company

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Presently, the members of Audit and Risk Management Committee (“ARMC”) comprising fully Independent Non-Executive Directors and the Chairman of the ARMC Mr. Hor Wai Kong is not the Chairman of the board.</p> <p>Mr. Hor Wai Kong is a member of The Malaysian Institute of Certified Public Accountants and also a member of The Malaysian Institute of Accountants.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	When considering the appointment of former key audit partner from its current External Auditor's firm, the ARMC is mindful of the minimum three (3) years cooling off period best practice under the MCCG before appointing this partner as a member of the ARMC.  Presently, none of the present members of the ARMC were former audit partners of the Company's auditors.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present External Auditors of the Company were engaged since the financial year 2013. Annually, the ARMC will review the appointment, performance and remuneration of the External Auditors before recommending them to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM for re-appointment.</p> <p>In assessing the External Auditors, the ARMC will consider the adequacy of resources of the firm, quality of service and competency of the staffs assigned to the audit as well as the auditors' independence and fee.</p> <p>During the presentation of the External Auditors' report on 23 February 2024, the ARMC had convened a meeting with the External Auditors without the presence of the Executive Directors; and obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Based on these feedbacks, the ARMC had further undertaken the above procedures in assessing the External Auditors and recommended to the Board to approve the recommendation for seeking shareholders' approval at the forthcoming AGM on the appointment of Messrs Baker Tilly Monteiro Heng as the External Auditors of the Company for financial year 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The members of ARMC are fully comprised of Independent Non-Executive Directors and the Chairman of the ARMC is not the Chairman of the board.

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an effective and independent ARMC. The ARMC members are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>The Board had reviewed the terms of office of the ARMC members and assessed the performance of the ARMC through the annual board committee assessment facilitated by the Nomination Committee. Based on this assessment, the Board is satisfied with the performance of the ARMC and the level of knowledge and skills of the ARMC members needed to discharge their duties and to understand the matters under the Committee's purview on financial reporting.</p> <p>In order to enhance the financial literacy of each member, all members of the ARMC will conscientiously participate in relevant development programmes on accounting and auditing standards, practices and rules for self-improvement and development.</p> <p>By the above various Practices, the ARMC is able to up hold its independence and is able to function in ensuring that the Company's financial statement is a reliable source of information.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the oversight of risk management through ARMC while the Executive Directors together with the senior management team are primarily responsible for managing risks and implementing internal controls in the Group.</p> <p>Information of the Group's internal control and risk management is presented in the Statement on Risk Management and Internal Control set out on pages 58 to 60 of the Annual Report. The Board has also commented in the said statement that they are satisfied with the effectiveness and adequacy of the existing level of systems of risk management and internal control.</p> <p>Going forward, the Board will implement an enhanced formal enterprise risk management framework defining its risk policy and risk appetite by revisiting, assessing and reviewing the risk profile of the Group together with the risk assessment and risk mitigation plan in 2024. This framework will also assess comprehensively into the sustainability issues.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the risk management and internal control features as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are presented in the Statement on Risk Management and Internal Control set out on pages 58 to 60 of the Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The members of ARMC are comprised of wholly Independent Non-Executive Directors.

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC reviewed and approved the Internal Audit Plan to ensure the appropriateness of the audit plan. The ARMC has also discussed with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any changes in the Group’s operating environment.</p> <p>When reviewing the Internal Audit reports, the ARMC will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations. ARMC will also review the adequacy and effectiveness of the corrective actions that were recommended.</p> <p>The ARMC also conduct an annual review of the performance of the Internal Auditor and also assess their resources adequacy as well as their independence to discharge their duties.</p> <p>A private session with the Internal Auditors will be held without the presence of management by the ARMC, if needed to allow the Internal Auditors to exchange their views freely to the ARMC.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Function is outsourced and carried out by Resolve IR Sdn. Bhd. an internal audit consulting firm.</p> <p>The internal audit function is headed by a director who is assisted by a manager and supported by an audit executive. The Director in charge is a qualified accountant and a member of the Institute of Internal Auditors Malaysia while the rest of the team members are accounting graduates.</p> <p>The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:</p> <ul style="list-style-type: none"><li>i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on ARMC and Board of Directors;</li><li>ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;</li><li>iii. the Company website at <a href="http://www.samchem.com.my">www.samchem.com.my</a>;</li><li>iv. meetings with research analysts and fund managers if required to give them a better understanding of the business conducted by the Group in particular, and of the industry in which the Group's business operates, in general; and</li><li>v. participation in surveys and research conducted by professional organisations as and when such requests arise.</li></ul> <p>Shareholders and investors are also encouraged to interact and feedback to the Chairman for any opinions or concerns during the Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to adopt integrated reporting based on a globally recognized framework. The Company will review and enhance the disclosures in future annual report towards adopting integrated reporting framework. The Company will take gradual measures to implement and adopt an integrated reporting framework.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Annual General Meeting serves as an important means for shareholders communication. In order to encourage shareholders' participation and engagement with the Board and senior management effectively in the AGM, notice of the Annual General Meeting and Annual Reports are sent to shareholders 28 days prior to the meeting in line with best practices as recommended by the MCCG and in accordance to the Company's Constitution and the provision in the Companies Act 2016. In addition, the Board would ensure that this Notice contains details of resolutions proposed along with background information and explanatory notes that are relevant.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At each Annual General Meeting, the Board presents the progress and performance of the Group’s business and encourages participation of shareholders during questions and answers sessions. The Chairman and the Board will respond to all questions raised by the shareholders during the Annual General Meeting.</p> <p>All Board members attended the last AGM. The shareholders questions were fully answered and responded to.</p> <p>Going forward, the Board will ensure its full attendance in the AGM and the respective Chairmen of the Board Committees will attend to questions raised pertaining to their duties.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board will consider where possible the convenience of shareholders in selecting a suitable and appropriate location to hold its AGM. The last AGM was held in Level 3, Lot 6, Jalan Sungai Kayu Ara 32/39, Seksyen 32 40460 Shah Alam, Selangor Darul Ehsan.</p> <p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>Explanation for each proposed resolution set out in the Notice of AGM will be provided during AGM to assist shareholders in making their decisions and exercising their voting rights.</p> <p>All resolutions set out in the Notice of AGM were put to vote by poll. The Company had appointed an independent scrutineer to validate the vote cast in the last AGM. The outcome of the AGM was then announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM were posted on the Company website.</p> <p>Nevertheless, if required by the regulatory authorities to conduct remote meetings, the Group will adopt technologies to conduct the meeting remotely.</p>

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Sixteenth (16th) Annual General Meeting ("AGM") was held on 31 May 2023</p> <p>The AGM is the platform for shareholders to raise questions on the Group's performance prior to and during the AGM. As active participation from the shareholders is greatly encouraged, the Board strives to answer as many questions as possible with concise answers during the AGM. If there are any questions which cannot be answered due to time constraints in the AGM, the Chairman will undertake to provide a response that is subsequently uploaded onto the corporate website.</p> <p>Minutes of the AGM as well as all questions and answers are made available on the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

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

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board encourages shareholders to actively participate in the virtual general meeting by raising queries or providing feedbacks. Shareholders will also be given the chance to submit their questions prior to the meeting.</p> <p>The Board and Management strive to answer as many questions as possible with concise answers during the virtual general meetings, including questions that were raised prior to the meeting.</p> <p>If there are any questions which cannot be answered due to time constraints in the general meetings, the Chairman will undertake to provide a response that is subsequently uploaded onto the corporate website.</p> <p>Minutes of the general meetings as well as all questions and answers posted by the shareholders are made available on the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the general meetings as well as all questions and answers are made available on the Company's website at <a href="http://www.samchem.com.my">http://www.samchem.com.my</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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