

CORPORATE GOVERNANCE REPORT

STOCK CODE : KGB 0151
COMPANY NAME : KELINGTON GROUP BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance monitoring and measurement, risk management and internal controls, standards of conduct, shareholder communication and critical business decisions. The matters reserved for the collective decision of the Board re listed in the Board Charter. Each of the Directors is aware of the obligation to exercise unfettered judgement, in good faith with due care and skill.</p> <p>The Board implements a strategy planning process to oversee the matters delegated to Management and ensure the goals and targets are in line with the Company's strategic plan and long-term objectives, taking into consideration its core values and standards through the vision and mission of the Company as set out in the Board Charter.</p> <p>The Board delegates and confers some of the Board's authorities and discretion on the Executive Directors as well as on properly constituted Committees comprising Non-Executive Directors which operate within their clearly defined Terms and Reference approved by the Board and report to the Board on matters considered and their recommendations thereon. The Ultimate responsibility of the final decision on all matters however lies with the Board.</p> <p>The Board Committees consist of Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. The power delegated to the Board Committees are set out in the Terms of Reference of each of the committees as set out in the Board Charter.</p> <p>The Board Charter and the Board Committees' Terms of Reference of the Company are available on the Company's website at www.kelington-group.com.</p>

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

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 Board is led by Ir. Gan Hung Keng, the Chairman cum Chief Executive Officer of the Company, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board as well as leading the Board to work towards a high performance culture.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"> • providing leadership for the Board so that the Board can perform its responsibilities effectively; • Leading the Board in setting the values and standard of the Company; • maintaining a relationship of trust with and between the Executive and the Non-Executive Directors; • ensuring the provision of accurate, timely and clear information to Directors; • ensuring effective communication with shareholders and relevant stakeholders; • arranging evaluation of the performance of the Board, its Committees and individual Directors; • facilitating the effective contribution of the Non-Executive Directors and ensuring constructive relations be maintained between the Executive and Non-Executive Directors; and • facilitating the on-going development of all Directors. 	
Explanation for departure	:	N/A	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

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	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	<p>The roles of the Chairman and Chief Executive Officer ("CEO") have not been separated and both functions continue to be held by Ir. Gan Hung Keng. Although the roles of Chairman and CEO are combined, the Board is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient checks and balances.</p> <p>The Company has yet to identify a Chairman who is sufficiently suitable for the role with the right experience, strength and understanding of the Group's business operations as the Group involves in the high technologies industry which provides end-to-end engineering solutions for ultra high purity gas and chemical delivery system.</p> <p>The Board has established the roles and responsibilities of the Chairman which are distinct and separate from the duties and responsibilities of the CEO as set out in the Board Charter.</p> <p>All decisions of the Board are made unanimously or by consensus. To ensure balance of power and authority on the Board, the Board comprises half of Independent Directors to provide more effective oversight of Management as well as to support objective and independent deliberation review and decision-making.</p> <p>The Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision making that could create a potential conflict of interest.</p> <p>The Board will continue to source for a suitable candidate for the position of Chairman.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supported by two (2) suitably qualified Company Secretaries. The Company Secretaries have been providing guidance to the Board, particularly on corporate governance issues and compliance with relevant policies and procedures, rules and regulatory requirements and ensure good information flow within the Board, Board Committees and Management.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Attending Board and Committee meetings as well as General Meetings and ensuring deliberations and decisions at the meetings are properly documented and the minutes is circulated in a timely manner and kept in the minutes books; • Ensuring compliance of the Company's Constitution, Listing Requirements, Companies Act 2016, Malaysian Code on Corporate Governance and other regulatory requirements; • Providing support and guidance to the Board on issues relating to the Company's Constitution, Companies Act 2016, and the best practices on governance matters; and • Performing the statutory duties as prescribed under the Companies Act 2016. <p>The Company Secretaries shall continue to guide the Directors on the requirement to be observed arising from new regulation and guidelines issued by authorities.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors have access to the services of the Company Secretaries as well as all information within the Group for the Board's affairs and businesses. In addition, the Directors may seek independent professional advice at the Company's expenses to enable the Board to discharge their duties with adequate knowledge in relation to the matters being deliberated, where necessary.</p> <p>Board Meetings for the ensuing year are scheduled in advance prior to the end of the current financial year. This enables Management to plan ahead the yearly business and corporate affairs and ensure timely preparation of information for dissemination to the Board. The Board has a defined schedule of matters reserved for the Board's decision and that the Board papers for meetings will be circulated to the Board at least seven (7) days before the meeting. This is to ensure all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting.</p> <p>The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensure that the deliberations at Board and Board Committee meetings are well documented. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Committee prior to the meeting for their perusal before confirmation at the following Board and Board Committees meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them to make informed decisions to discharge their duties and responsibilities.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which clearly sets out the Board's strategic intents and outlines the Board's roles and responsibilities in discharging its fiduciary and leadership functions.</p> <p>The Charter provides guidance for the Directors and Senior Management regarding the responsibilities of the Board, Board Chairman, Board Committees, Executive Directors, Non-Executive Directors and Independent Non-Executive Directors as well as the requirements of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The Board Charter would be periodically reviewed and updated to take into consideration of the needs of the Company and any new rules, laws and regulations that may have impact on the corporate governance practices of the Company and the responsibilities of the Board in discharging its governance function.</p> <p>The last review of the Board Charter was conducted on 26 February 2021 and a copy of which is available on the Company's website at www.kelington-group.com.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In keeping with the principles of sound corporate governance, the Board is committed to promote a culture of integrity and ethical values. The Company has put in place its set of Code of Ethics and Conduct ("CoEC").</p> <p>The CoEC is applicable to all Directors and employees within the Group as well as third parties performing works or services for and on behalf of the Company. It governs the desired standard of behaviour and ethical conduct expected from each individual to whom the CoEC applies.</p> <p>The Board has approved the adoption of Anti-Bribery and Corruption Policy ("ABC Policy") includes No Gift Policy and the amended Whistleblowing Policy which applies to all Directors and employees of the Group as well as the Group's agents and contractors. The ABC Policy supplements the CoEC and serve as control measures to address and manage the risk of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company and provides the basis on which the Company will be able to defend itself against any corruption charges that may be brought by any parties against the Company.</p> <p>The CoEC and the ABC Policy are incorporated into the Board Charter which is available on the Company's website at www.kelington-group.com.</p>
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

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 Board has adopted a Whistleblowing Policy (“Policy”) which can be accessed at the Company’s website at www.kelington-group.com.</p> <p>The Policy facilitates the disclosure of improper conduct (wrongdoings or criminal offences) within the Group and provides guidance on how disclosures shall be made.</p> <p>The Audit Committee (“AC”) and Chief Executive Officer (“CEO”) of the Company have overall responsibility for the implementation of the Policy. The administration of the Policy is carried out by the Corporate Compliance and Integrity Department (“CCID”). The AC exercises the oversight function over the administration of the policy.</p> <p>The Policy sets out detailed procedures on how to make a complaint, the procedures after a complaint is received, and provides general information about whistleblowing and whistleblower protection. During the FY 2020, no whistleblowing reports were received by the AC.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has ten (10) members, comprising one (1) Executive Chairman, one (1) Executive Director, five (5) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.</p> <p>The Board consists of members with a balance of skills, attributes, knowledge and experience. Each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	<p>Mr Chan Thian Kiat and Mr Tan Chuan Yong, the independent directors of the Company have each served as Independent Director for a period exceeding nine (9) years but not more than twelve (12) years.</p> <p>The Nomination Committee ("NC") had assessed the independence of Mr Chan Thian Kiat and Mr Tan Chuan Yong and concluded that they have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements, and thus, they would be able to function as check and balance and bring an element of objectivity to the Board.</p> <p>Based on the recommendation of the NC, the Board agreed to seek for shareholders' approval at the forthcoming 21st Annual General Meeting to retain Mr Chan Thian Kiat and Mr Tan Chuan Yong as Independent Directors of the Company.</p> <p>The justification for retaining Mr Chan Thian Kiat and Mr Tan Chuan Yong as Independent Directors are set out on page 220 of the Annual Report 2020.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which including the selection of Board members.</p> <p>While the Board supports the philosophy of gender diversity in the Board Composition and Senior Management and recognises the benefits that it can bring, the Board believes that any new appointments of Directors and Senior Management should be based on their merit, skills and experiences and not driven by age, cultural background and gender.</p> <p>The Board, through the Nomination Committee, will consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics are sought, as part of its selection exercise for Board and Senior Management of the Company.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Presently, the Company has one (1) female Director on the Board. The Board will endeavour to meet its target of 30% women directors in line with the country's aspirational target of 30% representation of women directors. The Board had approved a board diversity policy for the Company that states among others the commitment to ensure the requisite diversity of our Board members, encompassing for example, age, ethnicity and gender and leveraging on differences in thought, perspective, knowledge, skill, regional and industry experience and background. The board diversity policy which is embedded in the Board Charter can be accessed at www.kelington-group.com .	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee (“NC”) is entrusted by the Board with the responsibility to recruit potential candidate for appointment of director. The policies and procedures for recruitment and appointment of Directors are guided by the Terms of Reference of the NC. The Board will have ultimate responsibility and final decision on the appointment. In identifying candidates for appointment of Directors, the NC will not solely rely on recommendations from existing Board members, Management or major shareholders, and will utilise the independent sources if there is a need to source for candidate with the relevant skills, expertise, integrity, character, commitment, etc. There was no new appointment during the financial year 2020.	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) comprises all Independent Non-Executive Directors, and is chaired by Mr Soo Yuit Weng, an Independent Non-Executive Director of the Company.</p> <p>A summary of key activities undertaken by the Nomination Committee, in discharging its functions and duties during the financial year under review is set out below:-</p> <ul style="list-style-type: none">• Reviewed the size, mix and the composition of the Board and Board Committees and assessed the performance and effectiveness of the Board as a whole, Board Committees and contribution of each individual Director;• Reviewed and assessed the independence of the Independent Directors;• Reviewed and recommended to the Board, the re-election and re-appointment of the Directors who will be retiring at the AGM of the Company;• Considered the continuation of office of the Independent Non-Executive Directors who have served for a cumulative term of more than nine (9) years at the AGM of the Company.• Reviewed and assessed the term of office and performance of the Audit Committee and each of its members;• Reviewed and assessed the performance of the Chief Financial Officer; and• Assessed and evaluated the training needs of the Directors. <p>The Term of Reference of the NC is incorporated into the Board Charter which is available on the corporate website of the Company at www.kelington-group.com.</p>
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A
		N/A

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) undertakes annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. The Board evaluation comprises Board Assessment, Individual Director Assessment and Assessment of Independence of Independent Directors.</p> <p>The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman’s role and responsibilities. For Individual Director Assessment, the assessment criteria include contribution to interaction, quality of inputs, and understanding of role. In assessing the independence of Independent Non-Executive Directors for the financial year under review, the criteria set out in paragraph 1.01 of the Listing Requirements were deployed.</p> <p>The results of the assessment would form the basis of the NC’s recommendation to the Board for the re-election of Directors at the next Annual General Meeting (“AGM”).</p> <p>Based on the annual assessment conducted, the NC was satisfied with the existing Board composition and concluded that each of the Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review, and recommended to the Board the re-election of retiring Directors and continuance in office of the Independent Non-Executive Directors who have served beyond 9 years as the Company’s independent Non-Executive Director, for shareholders’ approval at the Company’s forthcoming AGM.</p> <p>In addition, the NC had reviewed the terms of office of the Audit Committee (“AC”) and each member of the AC and was of the opinion that the AC had discharged their duties and obligation effectively.</p>

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

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee ("RC") and the Board ensure that the Company's remuneration policy remains supportive to the Company's corporate objectives and is aligned with the interest of shareholders, and further that the remuneration packages of Directors and key Senior Management Officers are sufficiently attractive to attract and to retain persons of high calibre.</p> <p>The remuneration policy is available on the Company's website at www.kelington-group.com.</p> <p>The remuneration of Directors is reviewed by the RC and determined by the Board as a whole. The remuneration package for Executive Directors have been structured to link rewards to corporate and individual performance.</p> <p>The remuneration of Independent Non-Executive Directors' is in the form of Directors' Fees which reflects the diverse experience, skill sets and the level of responsibilities. In addition, the Independent Non-Executive Directors are also paid meeting allowance based on their attendance.</p> <p>The remuneration for Non-Executive Directors who are Non-Independent and are representatives of the KGB Group are not paid by the Company but are paid by the KGB Group.</p> <p>The Directors' fees and benefits payable to the Independent Non-Executive Directors of the Company is subject to the shareholders' approval at the Company's Annual General Meeting.</p> <p>Directors do not participate in decisions regarding their own remuneration packages.</p> <p>The remuneration of Senior Management which are not covered under the Group's Remuneration Policy are determined jointly by the Chief</p>

	Executive Officer and Chief Operating Officer, taking into consideration the role, skills, competency and the performance of the individual.	
Explanation for departure	: N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	N/A

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a Remuneration Committee ("RC") which comprised exclusively Non-Executive Directors. The RC reviews and recommends to the Board annually the Board's remuneration package and/or reward payments that reflect their respective contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year. The RC is governed by written Terms of Reference which deals with its authority and duties. The Terms of Reference of the RC is set out in the Board Charter and is available on the Company's website at www.kelington-group.com .	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 7.1

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

Application	:	Applied																																																																																																																																																																		
Explanation on application of the practice	:	<p>Details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2020 are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">COMPANY LEVEL</th> <th rowspan="2">Fee (RM)</th> <th rowspan="2">Salary (RM)</th> <th colspan="2">Defined Contribution Plan (RM)</th> <th rowspan="2">Bonus (RM)</th> <th rowspan="2">Benefits in-kind (RM)</th> <th rowspan="2">Share-based payment (RM)</th> <th rowspan="2">Allowance (RM)</th> <th rowspan="2">Total (RM)</th> </tr> <tr> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ir. Gan Hung Keng</td> <td>-</td> <td>599,723</td> <td>71,856</td> <td>-</td> <td>501,103</td> <td>15,833</td> <td>41,890</td> <td>11,000</td> <td>1,241,405</td> </tr> <tr> <td>Ong Weng Leong</td> <td>-</td> <td>569,723</td> <td>68,256</td> <td>-</td> <td>475,957</td> <td>16,667</td> <td>41,890</td> <td>10,000</td> <td>1,182,493</td> </tr> <tr> <td>Total</td> <td>-</td> <td>1,169,446</td> <td>140,112</td> <td>-</td> <td>977,060</td> <td>32,500</td> <td>83,780</td> <td>21,000</td> <td>2,423,898</td> </tr> <tr> <td>Non-Executive Directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chan Thian Kiat</td> <td>48,400</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,702</td> <td>2,800</td> <td>52,902</td> </tr> <tr> <td>Tan Chuan Yong</td> <td>48,400</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,702</td> <td>2,000</td> <td>52,102</td> </tr> <tr> <td>Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman</td> <td>44,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,440</td> <td>1,200</td> <td>46,640</td> </tr> <tr> <td>Soo Yuit Weng</td> <td>48,400</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,440</td> <td>3,600</td> <td>53,440</td> </tr> <tr> <td>Ng Lee Kuan</td> <td>44,000</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>1,200</td> <td>45,200</td> </tr> <tr> <td>Cham Teck Kuang</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Hu Keqin</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Soh Tong Hwa</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>233,200</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>6,284</td> <td>10,800</td> <td>250,284</td> </tr> <tr> <td>Total Directors' Remuneration</td> <td>233,200</td> <td>1,169,446</td> <td>140,112</td> <td>-</td> <td>977,060</td> <td>32,500</td> <td>90,064</td> <td>31,800</td> <td>2,674,182</td> </tr> </tbody> </table>	COMPANY LEVEL	Fee (RM)	Salary (RM)	Defined Contribution Plan (RM)		Bonus (RM)	Benefits in-kind (RM)	Share-based payment (RM)	Allowance (RM)	Total (RM)			Executive Directors										Ir. Gan Hung Keng	-	599,723	71,856	-	501,103	15,833	41,890	11,000	1,241,405	Ong Weng Leong	-	569,723	68,256	-	475,957	16,667	41,890	10,000	1,182,493	Total	-	1,169,446	140,112	-	977,060	32,500	83,780	21,000	2,423,898	Non-Executive Directors										Chan Thian Kiat	48,400	-	-	-	-	-	1,702	2,800	52,902	Tan Chuan Yong	48,400	-	-	-	-	-	1,702	2,000	52,102	Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman	44,000	-	-	-	-	-	1,440	1,200	46,640	Soo Yuit Weng	48,400	-	-	-	-	-	1,440	3,600	53,440	Ng Lee Kuan	44,000	-	-	-	-	-	-	1,200	45,200	Cham Teck Kuang	-	-	-	-	-	-	-	-	-	Hu Keqin	-	-	-	-	-	-	-	-	-	Soh Tong Hwa	-	-	-	-	-	-	-	-	-	Total	233,200	-	-	-	-	-	6,284	10,800	250,284	Total Directors' Remuneration	233,200	1,169,446	140,112	-	977,060	32,500	90,064	31,800	2,674,182
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GROUP LEVEL	Fee (RM)	Salary (RM)	Defined Contribution Plan (RM)	Bonus (RM)	Benefits in-kind (RM)	Share-based payment (RM)	Allowance (RM)	Total (RM)
	Executive Directors							
Ir. Gan Hung Keng	-	599,723	71,856	501,103	15,833	41,890	11,000	1,241,405
Ong Weng Leong	-	569,723	68,256	475,957	16,667	41,890	10,000	1,182,493
Total		1,169,446	140,112	977,060	32,500	83,780	21,000	2,423,898
Non-Executive Directors								
Chan Thian Kiat	48,400	-	-	-	-	1,702	2,800	52,902
Tan Chuan Yong	48,400	-	-	-	-	1,702	2,000	52,102
Vice Admiral (Retired) Datuk Haji Jamil bin Haji Osman	44,000	-	-	-	-	1,440	1,200	46,640
Soo Yuit Weng	48,400	-	-	-	-	1,440	3,600	53,440
Ng Lee Kuan	44,000	-	-	-	-	-	1,200	45,200
Cham Teck Kuang	-	342,449	28,014	136,710	-	32,591	-	539,764
Hu Keqin	-	420,224	40,284	164,052	-	32,591	-	657,151
Soh Tong Hwa	-	450,113	75,975	201,400	21,250	32,591	-	781,329
Total	233,200	1,212,786	144,273	502,162	21,250	104,057	10,800	2,228,527
	233,200	2,380,386	286,231	1,479,222	53,750	187,837	31,800	4,619,925
Explanation for departure	: N/A							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>								
Measure	: N/A							
Timeframe	: N/A				N/A			

Intended Outcome

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

Practice 7.2

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

Application	:	Departure																																																		
Explanation on application of the practice	:	N/A																																																		
Explanation for departure	:	<p>The Board has considered the need for transparency in the disclosure of its Key Senior Management remuneration as recommended by Malaysian Code on Corporate Governance 2017 and is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with the requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.</p> <p>The Key Management Personnel Compensation of the Group and the Company was disclosed on an unnamed basis in Note 38 of the Audited Financial Statement as at 31 December 2020, as detailed below:-</p> <table border="1"> <thead> <tr> <th></th> <th colspan="2">The Group</th> <th colspan="2">The Company</th> </tr> <tr> <th></th> <th>2020</th> <th>2019</th> <th>2020</th> <th>2019</th> </tr> <tr> <th></th> <th>RM'000</th> <th>RM'000</th> <th>RM'000</th> <th>RM'000</th> </tr> </thead> <tbody> <tr> <td>(b) Other key management personnel:-</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Short-term employee benefits:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>- fee</td> <td>-</td> <td>304</td> <td>-</td> <td>-</td> </tr> <tr> <td>- salaries, bonuses and other benefits</td> <td>3,947</td> <td>5,714</td> <td>675</td> <td>652</td> </tr> <tr> <td>Defined contribution benefits</td> <td>197</td> <td>276</td> <td>36</td> <td>37</td> </tr> <tr> <td>Share-based payments</td> <td>262</td> <td>269</td> <td>59</td> <td>109</td> </tr> <tr> <td></td> <td>4,406</td> <td>6,563</td> <td>770</td> <td>798</td> </tr> </tbody> </table> <p>The estimated monetary value of benefits-in-kind provided by the Group and the Company to the other key management personnel were approximately RM9,000 (2019 - RM27,000) and RM9,000 (2019 - RM9,000).</p> <p>The performance of Senior Management is evaluated on an annual basis and measured against the targets set for the year. The remuneration packages are reviewed annually, and adjustments to their remuneration are made based on their role, skills, competency and the performance of the individual.</p>		The Group		The Company			2020	2019	2020	2019		RM'000	RM'000	RM'000	RM'000	(b) Other key management personnel:-					Short-term employee benefits:					- fee	-	304	-	-	- salaries, bonuses and other benefits	3,947	5,714	675	652	Defined contribution benefits	197	276	36	37	Share-based payments	262	269	59	109		4,406	6,563	770	798
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	The Company is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure on named basis of the remuneration of the Senior Management personnel who are not Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	N/A

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee ("AC") consisting of three (3) members, all of whom are Independent Non-Executive Directors.</p> <p>The AC is chaired by Mr Chan Thian Kiat, a Senior Independent Non-Executive Director who is distinct from the Chairman of the Board. The profile of Mr Chan is set out on page 20 of the Annual Report 2020.</p> <p>The responsibility of the AC is outlined in the Terms of Reference of the AC, including but not limited to review the Group's risk management and internal control, financing reporting and the appointment and performance of External Auditors and Internal Audit Function.</p> <p>The Terms of Reference of the AC is available on the Company's website at www.kelington-group.com.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee ("AC") has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. and the said policy has been incorporated in the Terms of Reference of the AC. The Terms of Reference of the AC is available at the Company's website at www.kelington-group.com . Currently, no former key audit partner of the External Auditors of the Company is appointed as a member of the AC.	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	<p>An annual assessment of the competency and independence of the External Auditors was conducted by the Audit Committee ("AC") via a set of assessment questionnaire. In assessing the External Auditors' performance and suitability, the AC considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the External Auditors.</p> <p>The AC received assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accounts.</p> <p>Based on the outcome of the annual assessment conducted in April 2021 on the External Auditors' performance, technical competence and professional independence, the AC was satisfied with the External Auditors' performance and recommended to the Board for the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 2021, a resolution of which will be tabled at the forthcoming 21st AGM to be voted on by the shareholders.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises all Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	All members of the Audit Committee ("AC") are financially literate and assist the Board to oversee and scrutinise the process and quality of the financial reporting and ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards. The AC members undertake continuous professional development and have annual discussion with the external auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal control. The Board is responsible to define the level of risk appetite, approval and oversee the operation of the Group's Risk Management Framework, assess the effectiveness and reviewing any major/ significant risk facing the Group.</p> <p>To assist the Board in maintaining a sound system of internal control, the Board has established a Risk Management Committee comprising wholly Non- Executive Directors and chaired by an Independent Director, to assist the Board to identify, assess, manage, monitor and report underlying risks within the Group. The Risk Management Committee shall oversee the risk management process of the Group, reviews the Group's risk management framework and major risk policies and makes relevant recommendations to Management to update the Group Risk Profiles.</p> <p>The Board has been integrating the risk issues into their decision making process whilst maintaining the flexibility to lead the business of the Group through the ever-changing internal and external environments.</p> <p>The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.</p> <p>The Board has outsourced the internal audit function to an independent assurance provider, namely GRC Consulting Services Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the AC.</p> <p>Key policies and frameworks, such as the Risk Management Framework, are reviewed by the Risk Management Committee before they are approved by the Board for application.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Company.</p>

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

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that the Group's business activities involve some degree of risk and thus, key management staff and head of departments are delegated with the responsibility to manage identified risks within defined parameters and standards.</p> <p>Features of the risk management and internal control framework of the Company are set out in the Statement on Risk Management and Internal Control.</p> <p>Amongst others, these include:</p> <ul style="list-style-type: none">• The Executive Management Committee supports the Board in the operations of the Group and manages all the Group's business divisions in accordance with corporate strategies and business objectives, policies, key performance indicators and annual budgets as approved by the Board.• The Audit Committee, with the assistance of Risk Management Committee ("RMC"), has oversight over the Group's risk management framework, and obtains assurance through the independent consultant appointed, on the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also consults the independent external auditors of the Group, whenever required.• The RMC oversees and perform regular reviews on the risk management processes of the Group's business and operations to ensure prudent risk management.• The Nomination Committee and Remuneration Committee assist the Board including but not limited to reviewing and recommending appropriate remuneration policies for Directors, reviewing succession plans, recommending candidates to the Board, and evaluating the performance of the Board as a whole and the contribution of each individual Director (including Board Committees) on an annual basis.

	<ul style="list-style-type: none"> • The General Manager of the respective business divisions of the Group manage their operations and report to the Executive Management Committee at the Group Level. • Corporate Compliance and Integrity Department (“CCID”) to ensure business processes follow all relevant legal and internal guidelines; and to review internal process, developing company policies, and responding to policy violations. • Sustainability Working Group oversees the operational aspect in relation to the environment, social (including health & safety) and governance . <p>The Group’s Internal Audit Function assists the Board and the Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group’s internal control system.</p> <p>The Board received assurance from the Group Chief Executive Officer and Chief Financial Officer that the Group’s risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group’s objectives during the financial year under review.</p> <p>The Statement on Risk Management and Internal Control as included in 2020 Annual Report provides the overview of the internal control framework adopted by the Company during the financial year 2020.</p>
Explanation for departure	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has outsourced the internal audit function to an independent assurance provider, namely GRC Consulting Services Sdn. Bhd. to provide an independent appraisal over the system of internal control of the Group to the Audit Committee ("AC").</p> <p>The main role of the Internal Audit Function is to review the effectiveness and adequacy of the Group's existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures. The Internal Auditors has direct access and report all the matters of internal control to the AC.</p> <p>The AC had in April 2021, conducted an evaluation of the Internal Audit Function, in terms of the competence, quality and timeliness of reporting as well as the independence for the financial year 2020. Based on the results of the evaluation, the AC is satisfied that the Internal Audit Function is effective and able to function independently.</p> <p>During the financial year under review, the internal auditors have conducted review on the Group in accordance to the Internal Audit Plan, which have been approved by the AC.</p> <p>Details of the Internal Audit Function are set out in the AC report in the 2020 Annual Report.</p>	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has outsourced the Internal Audit (“IA”) Function to GRC Consulting Services Sdn. Bhd. to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group’s internal control system and make recommendation for improvement.</p> <p>The Engagement Executive Director is Mr. Affeiz Abdul Razak who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is currently one of the Governors in The Institute of Internal Auditors Malaysia’s (IIAM) Board and had served previously as the Honorary Treasurer and Honorary Secretary of IIAM. He is a Chartered Member of Institute of Internal Auditors Malaysia – CMIIA, Certified Financial Services Auditor – CFSA (US) and has Accreditation in Internal Audit Function Assessment Validation by IIA (US), Associate Member of Association of Certified Fraud Examiners (US), Member of Business Continuity Institute (UK) – MBCI (UK), Affiliate Member of Institute of Risk Management (UK), Certified Business Continuity Institute (UK) Professional - CBCI with Merit (UK), Member of Institute of Corporate Directors Malaysia and Associate Member of Asian Institute of Chartered Bankers.</p> <p>The number of staff deployed for the IA reviews ranges from 3 to 4 staff per visit including the engagement Executive Director. The staff involved in the IA reviews possesses professional qualification and/or a university degree. Most of them are members of the IIAM. The IA staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The IA were conducted using a risk-based approach as and was guided by the International Professional Practice Framework (“IPPF”).</p> <p>The information on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the 2020 Annual Report.</p>

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group recognises the importance of prompt and timely dissemination of information to the shareholders and the investors, in order for these stakeholders to be able to make informed investment decisions. Towards this, the Company's website at www.kelington-group.com incorporates a corporate section which provides all relevant information on the Company and is accessible by the public. This corporate section enhances the investor relations function by including all announcements made, annual reports as well as the corporate and governance structure of the Company.</p> <p>The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws and a disclosure committee comprises of Executive Directors and Chief Financial Officer.</p> <p>The Board and Management have at all time ensured timely dissemination on the Company's performance and other matters affecting shareholders' interests to the shareholders and the investors through appropriate announcement (where necessary), quarterly announcements, relevant circulars, press releases and distribution of annual reports.</p>	
Explanation for departure	:	N/A	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	The Company does not fall under the category of “Large Companies” as defined in the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In 2020, the Notice of 20th Annual General Meeting (“AGM”) was sent to the shareholders at least 28 days before the AGM, in advance of the 21-days requirement under the Company’s Constitution, the Companies Act 2016 and the Listing Requirements, which providing additional time to the shareholders to allow them to make the necessary arrangements to attend and participate in person or by corporate representatives or proxies, and consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Company also provides details of the AGM to the shareholders in regard to the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM.</p> <p>In addition, there are explanatory notes providing detailed explanations for the resolutions to be tabled at the AGM to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>The Notice for the forthcoming 21st AGM was given to the shareholders 28 days before the meeting.</p>
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended the 20 th Annual General Meeting held on 10 July 2020 save for Mr Soh Tong Hwa, a Non-Executive Director who was unable to attend the AGM. The Directors, Chief Financial Officer and External Auditors were in attendance to answer questions raised by the shareholders. In compliance with the Malaysian Code on Corporate Governance 2017, all Directors shall endeavour to attend all general meetings.	
Explanation for departure	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	The number of shareholders of the Company is not large for it to leverage on technology to facilitate the shareholders voting in absentia or having remote shareholders' participation at general meetings.	
		The Company's general meetings have always been held at a venue which is easily accessible. Shareholders are entitled to appoint proxy/proxies to attend, participate, speak and vote on their behalf in their absence at general meetings.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

**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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