CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	2224
COMPANY NAME	**:**	SELANGOR DREDGING BERHAD
FINANCIAL YEAR	**:**	March 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.

Application	:	Applied	
Explanation on application of the practice	:	The Board of Directors ("**Board**") of Selangor Dredging Berhad ("**Company**" or "**SDB**") is mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards. The Board discharges its duties and responsibilities that are set out in the Board Charter which is available at the Company's website www.sdb.com.my, with the objective of safeguarding the interest of shareholders and other stakeholders, whilst the Board Committees' roles and responsibilities in discharging their functions delegated by the Board are set out in the terms of reference of each respective Board Committees. The Board and employees are committed to adhere to the Group's Code of Conduct.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board is responsible for instilling good governance practices, provides leadership to the Board, chairing the meetings of the Company and the Board, represents the Board to shareholders, and together with the Board, reviews and approves the strategic objective and policies of the Group. When chairing the Board meetings, the Chairman will lead and provide explanation to the Board on the board agenda and encourage participation from other Board members during the Board meeting deliberation. The role of the Chairman of the Board is set out in Paragraph 3.3.1 of the Board Charter.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and Managing Director ("MD") are held by different individuals. The Chairman provides strong leadership to the Board in its cohesive oversight of Management and ensuring Board effectiveness and standards of conduct whilst the MD is responsible for strategic planning, business development, oversees the business operations, implement of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has a small Board that comprises five board members, which includes two Independent Directors.	
		Mr Eddy Chieng is the Non-Executive Chairman of the Board. He is also the Chairman of Remuneration Committee, and member of Investment and Nominating Committees. He has carried out his duty with integrity and objectivity and constantly challenges and provides advice in boardroom deliberations.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The role and responsibilities of the Company Secretary are as follow: - (a) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation; (b) Ensure adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance; (c) Attend Board, Committees and General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising; (d) Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings; (e) Assist the Chairman in the preparation for and conduct of meetings; in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation. SDB also engages the services of Tricor Corporate Services Sdn. Bhd., an external consultant, on corporate secretarial matters and compliance to provide additional advice on issues pertaining to compliance and Corporate Governance.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	The Board meets regularly during the year, with the annual meeting diary tentatively made in advance to facilitate Directors' planning. There is a formal schedule of matters reserved for discussion at the scheduled Board meetings. The notice of the Board meetings is circulated to Board members at least seven (7) days before the meeting and the agenda and Board papers are circulated to the Directors five days before each meeting. The Directors are supplied with Board papers with necessary information that are accurate, clear and comprehensive to enable informed decision making at the Board meetings. In addition, Board members can seek further advice or clarification from Management when required. The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Chairman's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

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

Application	:	Applied
Explanation on application of the practice	:	The Board is mindful of the need to protect the interests of its shareholders and other stakeholders. In discharging its duties effectively, the Board is guided by its Board Charter which sets out the roles and responsibilities of the Board. The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The last review was carried out in 2022. The Board Charter is available on our website at www.sdb.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Directors' Code of Conduct consists of three main areas, namely: • Corporate Governance; • Relationship with shareholders, employees, creditors, customers and other stakeholders; and • Social responsibilities and the environment. The Code of Conduct is published on the Company's website at www.sdb.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company also has in place a Whistleblowing Policy which provides a structured reporting channel and guidance to all employees and external parties to whistle blow without the fear of victimisation. The reportable activities include fraud, bribery, abuse of power, conflict of interest, theft or embezzlement, misuse of company's property and non-compliance with company's policies. The Policy is available for access on the Company's website	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board and management acknowledge and realize the importance of sustainability as a crucial enabler for the organization's and group's long-term success. Their focus on sustainability challenges, company growth, human capital development, long-term relationships with all stakeholders, and environmental protection is ingrained in the organisation's vision and core values. The Risk Management and Sustainability Committee ("RMSC"), reports to the Board and is responsible for overseeing sustainability practices, plans, assesses materiality, executes, implements, and monitors sustainability initiatives. Information on key sustainability matters and initiatives is disclosed in the Sustainability Statement of the Annual Report 2023.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board and management have always strived to live and display their commitment to sustainability as guided by the Sustainability Development Goals ("**SDG**") and will consider incorporating additional SDG goals into the organisation's long-term journey here at Selangor Dredging Berhad. Currently, SDB adopts a two-pronged approach strategy for sustainability. At the highest level of decision making, the Board of Directors and Senior Management sets the overall direction by building the vision, goals and putting in place proper governance, framework and policy. At the operational level, employees implement initiatives to instil the right mindset, habits and culture throughout the organisation.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is kept up to date on the progress of the Group's sustainability goals and efforts through participation in the Risk & Sustainability Management Committee's semi-annual updates on the Enterprise Risk Management Report. The Board believes that a sustainable business approach may grow its business, improve its reputation, and drive market prospects. The Board recognises the importance of environmental protection and preservation in all of its business activities and, as such, supports measures to encourage a cleaner and healthier environment in its day-to-day quality development, which contributes positively to the environment ecosystem's sustainability. In February 2023, the Board has attended "Enhanced Practices and Disclosures of Sustainability Statement" training to keep abreast of the current requirement and issues pertaining to sustainability.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board had through its Nominating Committee carried out annual performance evaluation on the Board effectiveness in addressing the Company's material sustainability risks and opportunities.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.5- Step Up
The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Adopted
Explanation on adoption of the practice	:	This initiative is headed by a dedicated sustainability officer, who has been nominated by the Risk and Sustainability Committee to plan and implement the Group's sustainability objectives and initiatives. The person is responsible for ensuring that the Group's Sustainability tenets and commitments are in sync with the Group's business activities.

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

Practice 5.1
The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	An assessment of the Board's performance is carried out for the year under review, including the Independent Directors' performance. The assessment criteria include board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc. During the annual assessment exercise, the Directors are given performance evaluation sheet for Individual Director to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation section for the respective Board Committees. The Board assessment is conducted by way of self-assessment. Directors are required to fill up the self-assessment forms and provide their feedbacks, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation The annual principal function of the Nominating Committee is to assess and review the performance of the Board, Board of Directors and Board Committees and to consider the appropriate size and composition of the Board. The underlying policy in determining the size and composition of the Board is based on the consideration of the complexity and scale of operations of the Company and the Group, the Board balance and Board's capacity to discharge its responsibilities effectively. The review activities and the criteria and processes carried out by the Nominating Committee is as follows:- i. Review of the Performance and Effectiveness of the Board, Board Committees and Individual Directors

	The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peers, quality of the input of the Directors and their understanding of their respective roles. ii. Annual Independence Assessment On an annual basis, the Nominating Committee will review the independence of the Independent Directors. Criteria for assessment of independence are primarily based on the requirements and definition of "independent director" as set out in the Listing Requirements and the integrity and objectivity of the independent director in discharging his duties. iii. Conduct assessment of fit and proper for Directors Standing for Re-Election at the Forthcoming Annual General Meeting ("**AGM**").	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 5.2
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The lack of majority independent directors in the current Board composition which comprises two (2) out of five (5) directors does not jeopardise the Board's independent deliberations and all decisions are made in the best interests of company. Although Mr Eddy Chieng is a Non-Independent Non-Executive Director, being a Chairman of the Board his willingness to challenge the Management with questions without fear and debate constructively during board meetings helps to reinforce the check and balance of Board's decision-making process.	
		No alternative practice	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied	
Explanation on application of the practice	:	None of the independent Directors have served the Board beyond the cumulative terms of 9 years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.4 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Practice 5.5
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

Application	:	Applied	
Explanation on application of the practice	:	The Board pursues diversity in terms of skills, background, knowledge, industry experience, culture, independence, ethnicity, age and gender both at the Board level and Senior Management. The Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions. During the financial year, Directors' Fit and Proper policy has been incorporated in Board Charter and it serves as a guide to Nominating Committee and the Board to assess the fit and properness of Directors. Please refer to the Annual Report, Profile of Directors and the senior management on pages 12 to 17 for further information.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application :	Applied	
Explanation on application of the practice :	The Nominating Committee ("NC") is responsible for recommending suitable candidates for Directorships to the Board. The responsibilities of the Nominating Committee in this regard are outlined in its Terms of Reference. The Nominating Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. Based on the recommendation of the member of NC, the Board has appointed one (1) new Independent Director, namely Mr Boh Boon Chiang in replacement of Dato' Christoper Chan Choun Sien on 8 June 2023. The Board is mindful on this Practice and would consider utilising independent sources to identify suitable qualified candidate in the future. Based on the current size of the Group, the sourcing of candidate(s) via recommendations made by the existing Board member is a better option as it saves time and resources and rendering it more efficient and effective.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 5.7
The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The activities of Nominating Committee, the information of directors and justification for re-appointment of Directors are available in Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.8
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	Mr Boh Boon Chiang, the current Chairman of Nominating Committee is an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.9
The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Presently, the Board has three (3) female directors out of a total of five (5) which represents 60% of the Board Composition.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Company does not have a formalised Board and Senior Management gender diversity policy alongside targets and measures. Even though there is no formal policy, the majority of the present Board members are female directors**.** The main consideration of the candidate for the Board is based on relevant qualifications, experience, knowledge and expertise that will enhance the Board's value.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.		
Application	:	Applied
Explanation on application of the practice	:	An assessment of the Board's performance is carried out for the year under review, including the Independent Directors' performance. The assessment criteria include board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc. During the annual assessment exercise, the Directors are given performance evaluation sheet for Individual Director to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation section for the respective Board Committees. The Board assessment is conducted by way of self-assessment. Directors are required to fill up the self-assessment forms and provide their feedbacks, views and suggestions for improvement. The results of these self-assessment forms are compiled and tabled to the Nominating Committee for review and deliberation.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome

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

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

Practice 7.1

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

Application :	Applied	
Explanation on application of the practice :	The Board has in place remuneration policy to determine the remuneration of directors and senior management and the same is provided in the Company's website www.sdb.com.my. The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of Managing Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. Directors' remuneration, details as set 51 to 52 out in Overview Statement on Corporate Governance at pages of the Annual Report 2023.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a Remuneration Committee and has defined the terms of reference of this Committee which is published on the Company's website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration of individual directors on named basis and the breakdown of their remuneration includes fees, salary, bonus, benefits in-kind and other emoluments are disclosed in the Company's Annual Report 2023.

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	Eddy Chieng Ing Huong	Non-Executive Non-Independent Director	88000	2500	0	0	0	0	90500	92000	2500	0	0	0	0	94500
2	Teh Lip Kim	Executive Director	40000	0	360000	180000	0	104711	684711	82874	0	720000	360000	0	209423	1372297
3	Teh Lip Pink	Non-Executive Non-Independent Director	40000	2500	0	0	0	0	42500	40000	2500	0	0	0	0	42500
4	Puan Selma Enolil bt Mustapha Khalil	Independent Director	48000	2500	0	0	0	0	50500	48000	2500	0	0	0	0	50500
5	Dato' Christopher Chan Choun Sien	Independent Director	56000	2500	0	0	0	0	58500	56000	2500	0	0	0	0	58500
6	Boh Boon Chiang	Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	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
8	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
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	Input info here

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

Practice 8.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has disclosed the top five (5) senior management's remuneration in bands of RM50,000 but not on named basis due to confidentiality and sensitivity of each remuneration package.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	Mr Boh Boon Chiang, an Independent Non-Executive Director is the Chairman of the Audit Committee whilst the Chairman of the Board is Mr. Eddy Chieng Ing Huong.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.2
The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The policy stated in the Term of Reference of Audit Committee.	
Explanation for departure	:		
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	Annually, the Audit Committee will review the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. In assessing the External Auditors, the Audit Committee will consider the adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit as well as the auditors' independence and fee. As part of the Audit Committee review processes, the Audit Committee will also obtain 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. During the presentation of the External Auditors' report on 13 July 2023, the Audit Committee had undertaken the above procedures in assessing the External Auditors and recommended to the Board for approval for seeking shareholders' approval at the forthcoming AGM on the re-appointment of the existing External Auditors, BDO PLT.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application	:	Applied
Explanation on application of the practice	:	All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report. During the Audit Committee Meetings, the members were briefed by the external auditors, BDO PLT on the following key areas: • Financial Reporting developments; • Malaysian Financial Reporting Standards; and • Other changes in regulatory environment. For the financial year under review, all Audit Committee members have attended training / seminar to keep themselves abreast with the latest development and changes to regulatory requirements and to ensure that they are equipped with the relevant knowledge.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Group has established an **Enterprise Risk Management ("ERM")** Framework to proactively identify, analyse, mitigate, and manage key risks to the best of its ability. This ERM Framework strives to provide a consistent and well-organized strategy across the organisation. It defines the ERM approach, which is in accordance with the ISO31000:2018 Risk Management Principles and Guidelines, supporting risk ownership and ongoing monitoring of important risks faced by the Group as identified by the Risk and Control Self-Assessment ("**RCSA**") process.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	During the financial year, the Board received half yearly updates on the latest status of the corporate risk scorecard. Each department will need to identify its risks, including the probability of occurrence, and the potential impact. They are required to outline their action plans for managing those risks to the desired level, through the RCSA process, which would be verified by the Risk & Compliance Department ("**RCD**"). All departments are required to report to the RCD on any occurrence of incident. Some departments would have additional reporting on identified Key Risk Indicators to the RCD based on a specific timeline set. Thereafter, all these reports will be consolidated by the RCD into a report known as the Risk Management & Controls Report which is presented to the RMSC and the Board for deliberation and guidance. KEY ELEMENTS OF INTERNAL CONTROL AT SDB: • **Terms of Reference** Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of Senior Management and the Board have been established. • **Organisational Structure and Accountability Levels** The Group has a well-defined organisational structure with clear reporting lines of responsibility. Delegation of authority and key business functions of the Group are centralised, to ensure accountability and quick impartment of risk management strategies. Including the setting up of the RMSC and appointing all Head of Departments as a Risk and Compliance Officer ("RCO") in their respective departments' in ensuring accountability. In addition, the Head of Departments are also required to appoint an Alternate Risk & Compliance Officer ("ARCO") within their respective departments to assist them with managing risk and implementing control activities. • **Limits of Authority ("LOA")** The LOA has been established as part of SDB's effort in ensuring an optimal balance between strong corporate governance practices and operational efficiency. It is a written delegation of

	authority by the Board to the Investment Committee and Management within the SDB Group. Its key objectives are to provide a holistic view of the authority limits set, to encourage delegation, empowerment and accountability, and to eliminate guesswork, confusion hence providing clarity. The LOA document is subject to periodical review to incorporate any changes that affect the authority limits. • **Management Styles and Control Procedures** Weekly operational meetings are conducted among senior management to discuss and review the business plans, budgets, financial and operational performances of the Group. Operating policies and procedures are made available to guide staff in their day-to-day work processes. Such operating policies and SOPs have been established, as well as reviewed and updated periodically to meet changing business~~,~~ operational needs and regulatory requirements. Establishment of dual control and clear line on segregation of duties via independent checks, review and reconciliation activities to prevent unauthorized activities, power abuse, fraud, corruption, bribery and human errors. Quality control and progress of the project is monitored via frequent schedule site visits by the relevant teams, regular site meetings with the contractors and deployment of fulltime staff on site. And a monthly project site report is presented to management for review. Moreover, external certification/standards such as the Building Quality Assessment System ("BuildQAS") standards are adopted to strengthen and improve the output processes and quality. • **Human Resource Policy** There are proper guidelines within the Group for recruitment and selection, compensation and benefits, performance management, code of conduct, and other relevant procedures in line with its brand promise and core values. Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their job expectations and to multi task when necessary, which is a step-in succession planning. The Whistleblowing Policy and Procedure has been revised in line with the established Anti-Bribery and Anti-Corruption Policy in compliance to the Malaysian Anti-Corruption Commission Act 2009 and its amendments. • **Business Continuity Management** Business Continuity Plan and Disaster Recovery Plan are in place with daily backup and system vendors support to provide assurance for business continuity. There are also offline procedures to implement in case of system failure. And annual testing is conducted at least twice without fail. • **Internal Audit** On a semi-annual manner, an independent internal audit function

	provides assurance to the Audit Committee through the execution of internal audit checks based on an approved risk based internal audit plan. Findings arising from these checks are presented, together with management's response and proposed action plans, to the Audit Committee for its review. Further details of the activities of the internal audit function are provided in the Audit Committee's Report. • **Tender** Review and award of major contracts are carried out through a rigorous tendering process by a Tender Committee. A minimum of three tenderers are called for and tenders are awarded based on selection criteria including quality, pricing, track record and speed of delivery. The tenders are reviewed by a Tender Committee, which comprises a few key selected members of the senior management to ensure transparency and independence in the award of contracts. • **Insurance on Key Assets** Adequate insurance of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group. • **Safety and Security** Management has always placed importance in complying to the Occupational Safety and Health Act, 1994 to ensure that all the employees are aware of the safety procedures that are in place for their own safety during any emergencies and that the Group's assets and resources are well protected from any accident or mishap. It is also important to note that the Internal Audit independently reviews the Enterprise Risk Management framework and internal control systems to provide to the Audit Committee with sufficient assurance that the systems of internal control are effective to address the risks identified. The Board is satisfied with the Group's system of risk management and the internal controls~~,~~ and is of the view that the system which is in place for the year under review is sound and adequate to safeguard shareholders' investments, customers' interests, employee's well-being and the Group's assets. The Board is mindful of the fact that the system of risk management and internal control practices must continuously be evolved and enhanced to support the Group's operations and adapt to suit changing business environment. Therefore, the Board with the assistance of RMSC, will, when necessary, put in place appropriate measures to further strengthen the system of internal control.

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

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

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

Practice 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	Reviewing the internal audit function's effectiveness and independence is part of Audit Committee's ('AC') oversight responsibilities as stipulated in the AC Charter approved by the Board. The internal audit ('IA') function is outsourced to Tricor Axcelasia Sdn Bhd which has direct access to the Board through the Chairman of the AC and is independent of from the audit activities per Internal Audit Charter. The AC reviews and subsequently approves the Annual Internal Audit Plan and ensures IA is accorded with appropriate standing, resources and authority to facilitate the discharge of its duties. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. IA provides assurance and recommendations to the Audit Committee on the Group's governance, risk management and internal control systems. The representative from the Internal Auditors attended two of the meetings to table the internal audit reports, internal audit progress reports and annual audit plan during the financial year. The activities of the Internal Auditors during the financial year ended 31 March 2023 were as follows: • Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the Internal Audit Plan for the Group; • Developed and proposed an Internal Audit Plan for the year which was discussed and accepted by the AC and Board; • Conducted periodic audits on internal controls relating to operating system and standard operating procedures to monitor compliance and assess the adequacy and effectiveness of controls implemented by various companies within the Group; • Attended and reported to the AC at two meetings held during the financial year ended 31 March 2023; and • Highlighted areas of concern to the AC and ensuring that recommendations provided by the Internal Auditors are duly attended to and adhered by management within stipulated time frame. In the Internal Audit Progress Reports, the Internal Auditors had reported their findings in their subsequent follow-up reviews to the Audit Committee.

	It also important to note that the IA is independent in performing its internal audit task. And has direct access to communicate to the AC at all times. Further details are available in Audit Committee Report which is on pages 63 to 65 of the Company's Annual Report 2023.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 11.2
The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	The Internal Auditor reports functionally to the Audit Committee ("AC") and is independent in reporting to the AC. Internal Audit Function has been outsourced to Tricor Axcelasia Sdn Bhd since December 2020, and the Internal Audit task is carried out in accordance with the International Professional Practices Framework for Internal Auditing promulgated by the Institute of Internal Auditors ("IIA"). The Internal Audit Function adheres to IIA's mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit function's performance. And the Internal Audit Function conducts a risk based internal audit plan which will stipulate the audit coverage, resources and time frame, as per AC's approval. Every audit task is handled by well experienced personnel and the resources are allocated appropriately to cater to the planned audit schedule. Further details are available in Audit Committee Report which is on paged 63 to 65 the Company's Annual Report 2023.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group maintains a website at www.sdb.com.my. Shareholders and investors may access the information on the Group on corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter and code of conduct under the link of "Investor Relations". The personnel who have been identified as the investor contact persons of the Group, as shown in the website at www.sdb.com.my could be found under the link of "Investor Relations".	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.2

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

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

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

Practice 13.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The notice of the Sixty First Annual General Meeting held in 2022 was distributed more than 28 days in advance, while notice for the upcoming Annual General Meeting in 2023 has been provided to shareholders on 31 July 2023, more than 28 days before the meeting to be held on 29 September 2023.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	During the last Annual General Meeting, the Chairmen of the Board and the respective Board Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Board Committees.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.3
Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company will leverage on technology to hold a virtual meeting for its upcoming AGM. This will enable its shareholders to participate at the AGM remotely, including voting in absentia. In terms of good cyber hygiene practices to protect data privacy and security to prevent cyber threats, Tricor Malaysia informed that it has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. Stress test and penetration testing have been performed on TIIH online to test its resiliency. To provide further assurance to the public, Tricor Malaysia is ISO27001 certified. In addition to this, the TIIH Online is hosted in a secure cloud platform and the data center is ISO27001 certified.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 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.

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.			
Application	:	Applied	
Explanation on application of the practice	:	At the last AGM, the virtual meeting portal was opened for login 30 minutes before the commencement of the meeting. Upon logging in, shareholders were allowed to use the messaging window facility via Virtual Meeting portal to submit their questions. The MD and senior management had responded to all questions raised by shareholders during the meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.5
The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.		
Application	:	Applied
Explanation on application of the practice	:	The Company conducted a fully virtual 2022 AGM via the Remote Participation and Voting facilities ("**RPV**"). The RPV facilities provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd via its Securities Services e-Portal allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders were allowed to submit their questions at any time from the day of notice of AGM and up to the time when the meeting was in progress. At the "Questions and Answers" session, the Securities Services e-Portal allowed the live broadcast for the questions/remarks and answers made; and the shareholders had given the experience of real time interaction with the Board during the AGM. Questions posed by shareholders had been made visible to all meeting participants during the meeting via RPV facilities.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 13.6
Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Applied	
Explanation on application of the practice	:	The Summary of AGM Minutes which summarised the agenda item and the decisions reached at the AGM was uploaded to the website no later than the 30 business days after the AGM.	
Explanation for departure	:		
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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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