

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0209  
**COMPANY NAME** : AIMFLEX Berhad  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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.

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board recognises the role it plays in charting the strategic direction, managing the business and affairs of the Group and the enhancement of long-term shareholder value, including ensuring compliance with the Group's corporate objectives.</p> <p>The duties and responsibilities of the Board are clearly outlined in the Board Charter as follows:</p> <ul style="list-style-type: none"><li>(a) at all times act honestly, fairly, ethically and diligently in all aspects in accordance with the laws, rules and regulations applicable to the Company;</li><li>(b) ensure stakeholders are kept informed of the Company's performance and major developments affecting its state of affairs;</li><li>(c) identify and manage principal risks affecting the Company;</li><li>(d) maintain a robust and sound framework for internal control and risk management to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</li><li>(e) be responsible for the overall corporate governance of the Group, including environmental and social impact and the Group's strategic direction, establishing goals for Management and monitoring the achievement of these goals;</li><li>(f) input into and approve Management development of corporate strategies, including setting performance objectives;</li><li>(g) monitor corporate performance and implementation of strategies and policies;</li></ul> |

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|   | <p>(h) monitor and review Management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee;</p> <p>(i) ensure that succession planning of the Board and senior Management is in place;</p> <p>(j) monitor the Board composition, processes and performance with the guidance of the Nomination Committee;</p> <p>(k) review and approve remuneration of Directors under the guidance of the Remuneration Committee; and</p> <p>(l) ESOS is properly administered in accordance to the ESOS By-Laws.</p> |
| <p><b>Explanation for departure</b></p>   | <p>:</p>  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |
| <p><b>Measure</b></p>   | <p>:</p>  |
| <p><b>Timeframe</b></p>   | <p>:</p>  |

## Intended Outcome

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

## Practice 1.2

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Chairman of the Board is leading the Board in its collective oversight of management, is responsible for the effective overall functioning of the Board. There is a clear division of responsibilities between the Chairman and MD in the Company's Board Charter, which is available on the corporate website at <a href="https://www.aimflex.com.my/corporate-governance.html">https://www.aimflex.com.my/corporate-governance.html</a></p> <p>In fulfilling this role, the Chairman :-</p> <ul style="list-style-type: none"><li>o Provide governance in matters requiring corporate justice and integrity;</li><li>o Manage Board communication and Board effectiveness and effective supervision over Management;</li><li>o Create conditions for good decision-making during Board and Shareholders meetings;</li><li>o Ensure Board proceedings are in compliance with good conduct and practices;</li><li>o Protect the interest and provide for (if permissible) the information needs of various Stakeholders;</li><li>o Maintain good contact and effective relationship with external parties, investing public, regulatory agencies and trade associations;</li><li>o Ensure that quality information to facilitate decision-making is delivered to the Board by Management in a timely manner; and</li><li>o Ensure compliance with all relevant regulations and legislations.</li></ul> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |

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

### Intended Outcome

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

### Practice 1.3

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>There is a clear segregation of responsibilities between the Chairman and Managing Director to ensure there is an appropriate balance of power, authority and accountability at the Board level.</p> <p>The Chairman of the Board plays a critical role on the Board, leading the Board in its responsibilities for the business and affairs of the Company and oversight of management while the Managing Director is responsible to the Board for the overall management and profit performance of the Group, including all day-to-day operations and administration within the framework of Company policies, reserved powers and routine reporting requirements. The Managing Director may delegate aspects of his authority and power but remains accountable to the Board for the Company and the Group's performance.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> |  |
| <b>Application</b> :   | Applied  |
| <b>Explanation on application of the practice</b> :  | The Chairman of the Board is not a member of the Audit and Risk Committee, Nomination Committee and Remuneration Committee of the Company. |
| <b>Explanation for departure</b> :   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b> :   |  |
| <b>Timeframe</b> :   | 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Company Secretaries, namely Ng Heng Hooi, Wong Mee Kiat and Wong Mee Ching are the members of relevant professional bodies or possess license recognized under the Companies Act 2016. The Company Secretaries have duties to advise the Board on all governance matters, ensure the Board and its committee function effectively and in accordance with their terms of reference and best practice. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |



**Intended Outcome**

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

**Practice 1.6**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Board meetings are scheduled in advance and board papers were circulated at least one week prior to the Board meetings to enable the directors have sufficient time to review the board papers and deliberate issue effectively during board meetings. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

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

### Practice 2.1

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

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board adopted a Board Charter, which outlined the composition, roles and responsibilities, processes and procedures of the Board and the various Board Committees to facilitate their effective functions. The Board has a formal schedule of matters reserved to itself for decision to ensure that the governance of the Group is in the Board's hands.</p> <p>The Board Charter shall be reviewed by the Board periodically as and when required to keep the charter aligned with the changes in the corporate laws and regulations that may arise from time to time and also raises the directors' awareness of the organisation's overall policy framework.</p> <p>The Board Charter is available on the Company's website at <a href="https://www.aimflex.com.my/corporate-governance.html">https://www.aimflex.com.my/corporate-governance.html</a></p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

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

### Practice 3.1

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Group's Code of Conduct and Ethics ("the Code") reinforce group-wide ethical standards and to sustain a work environment that fosters integrity, caring, respect and professionalism. It serves the long-term interest of the Group by following the policy strictly to be lawful, highly principled and socially responsible in all business activities. The Code is applicable to all individuals working at all levels and grades, including senior managers, officers, directors, employees regardless the term of employment (permanent, fixed-term or temporary).</p> <p>As stated in Practice 3.1, the Code of Conduct and Ethics is also posted on the Corporate website at <a href="https://www.aimflex.com.my/corporate-governance.html">https://www.aimflex.com.my/corporate-governance.html</a></p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 3.2**

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

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>The Group has set out various channels for employees or stakeholders to report or disclose any genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements (“reportable misconduct”). The whistleblowing policy also provides protection for the party who reported allegations of such malpractice / misconduct / wrongdoings.</p> <p>The Whistleblower Policy can be viewed on the Company’s website at <a href="https://www.aimflex.com.my/corporate-governance.html">https://www.aimflex.com.my/corporate-governance.html</a></p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
| <b>Timeframe</b>  | : |   |

### Intended Outcome

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

### Practice 4.1

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Group's sustainability governance model has a solid foundation for developing and targeting sustainable development strategies and goals. The Board of Directors provides direction and guidance to ensure the sustainable development of the business strategy and risk management within the group and the support of the managing director and senior management.</p> <p>The Board of Directors is responsible to oversee sustainable business strategies and risk management while the Executive Directors and senior management provide overall guidance and direction towards achieving sustainability objectives.</p> <p>The Group had also formulated various policies, procedures and guidelines in place, such as Quality Management Policy, Environmental Policy and Safety and Health Policy which has been made available on the corporate website at <a href="https://www.aimflex.com.my/">https://www.aimflex.com.my/</a> to identify and address the material sustainability issues.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 4.2

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>In line with the Group’s sustainability framework, the Group is required to adapt and adopt sustainability communication standards set out by the Group for greater synergies and consistency.</p> <p>The Group identified seven key stakeholders, such as customers, employees, senior management, shareholders, vendors, suppliers &amp; contractors, government and regulatory authorities, and local community that impact or are directly having impact by the value creation activities. The Group ensures that its communication with the shareholders and various stakeholders are transparent and timely. The Group is committed to being accountable and responsive to the expectations and interests of its stakeholders. The communication of sustainability KPIs and performance is often reviewed, enhanced and reported as and when new target is set and when new partnership is forged.</p> <p>The Group is cognizant of the fact that its activities are through the influence of investors on a series of stakeholders in the business operations. The board is committed to establishing and maintaining open, long-term, mutually beneficial relationships with all of its stakeholder groups.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

### Intended Outcome

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

### Practice 4.3

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Company's sustainability agenda aims to make the Company more resilient to disruptions, flexible to change and accountable to the 'triple bottom line' (TPL) of Economic, Environment and Social (EES). The Company views sustainability as an ongoing and rewarding journey which the Company is committed to continuously engage in and undertake.</p> <p>The board carries out its sustainability practices based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad and also by the United Nation's Sustainable Development Goals.</p> <p>The board strives to make efficient use of natural resources and minimise the environmental impact of the activities and products over its life cycle. The board also refine the goals as they deepen their understanding of the sustainability issues material to them including climate-related risks and opportunities.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 4.4

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination Committee has conducted an evaluation of the performance of the board and senior management in addressing the Company’s material sustainability risks and opportunities.</p> <p>Through the evaluation, they are of the view that it had performed its duties in considering sustainability issues during its deliberations on the Group’s strategies and business plans. The senior management also provided updates on the Group’s material sustainability risks and opportunities.</p> <p>The key assessment areas are as follows:</p> <ul style="list-style-type: none"> <li>• Robustness of the ESG deliberations and discussion; and</li> <li>• Effectiveness of the Company’s overall sustainability governance framework in addressing the Company’s ESG risk and opportunities.</li> </ul> <p>Elements of ESG practices is one of the key performance indicators in the senior’s management performance review.</p> <p>The board and senior management concurred that ESG practices will remain as one of the areas requiring ongoing focus and dedicated attention for continuous improvements.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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| <b>Application</b>                             | : | Adopted   |
| <b>Explanation on adoption of the practice</b> | : | The board has identified a designated person, Managing Director / Executive Director and the responsibilities of the designated person is communicating and coordinate with management, shareholders, customers, and employees to address sustainability issues, including the integration of sustainability considerations in the operations of the Group. |

### Intended Outcome

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

### Practice 5.1

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination Committee acts as a committee of the full board to assist in discharging the Board's responsibilities which include proposing new nominees for the Board of the Company, appraising each individual Director, disclosing how the assessment of the board, its committees and each individual director was carried out will influence board composition, assessing the effectiveness, size and composition of the Board of Directors as a whole and also reviewing the Board's corporate governance principles.</p> <p>The terms of reference of the Nomination Committee which is embedded in the Board Charter, stipulates that the Nomination Committee will review the tenure and performance of each directors, where annual re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board. The Board Charter is available on the corporate website at <a href="https://www.aimflex.com.my/corporate-governance.html">https://www.aimflex.com.my/corporate-governance.html</a></p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 5.2

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Company has been applying this practice throughout the financial year 2023, the Company has adhered to this practice, with the Board Comprising of 3 Independent Director out of 5 Board Members.</p> <p>On 22 June 2023, the Non-Independent Non-Executive Chairman and one of the 3 Independent Non-Executive Directors retired. Subsequently, the Board consisted of 2 Executive Directors and 2 Independent Non-Executive Directors. On 22 September 2023, the Company appointed 1 new Independent Non-Executive Director. Thus, the Board now comprises 3 Independent Non-Executive Directors out of 5 Board Members who are not involved in the day-to-day operations and administration of the Group's business. The size and composition of the Board are adequate to provide for a diversity of views and ensure the effective stewardship of the Company.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.3**

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

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

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| <b>Application</b>   | : | Not applicable - No independent director(s) served beyond 9 years                                  |  |
| <b>Explanation on application of the practice</b>  | : | None of the Independent Directors served beyond 9 years. Furthermore, we were only listed in 2018. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. |

### Intended Outcome

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

### Practice 5.5

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

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Company established Nomination Committee (“NC”) which consists of three Independent Non-Executive Directors. The NC have a leadership role related to board effectiveness and governance. Their duties extend to board succession planning, including recruiting and recommending board directors.</p> <p>In determining the process for identification of suitable candidates, the Committee will ensure that an appropriate review is undertaken to ensure the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to the following:</p> <ul style="list-style-type: none"><li>a) Skills, knowledge, expertise and experience;</li><li>b) Professionalism;</li><li>c) Integrity;</li><li>d) Existing number of directorships held;</li><li>e) Age;</li><li>f) Cultural background;</li><li>g) Gender;</li><li>h) Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and</li><li>i) In the case of candidates being considered for the position of independent director, such potential candidates have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the</li></ul> |

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|   | <p>potential candidates must fulfil the criteria used in the definition of “independent directors” prescribed by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and being able to bring independent and objective judgement to the Board.</p> <p>Also, the directors appointed are able to devote the required time to serve the board effectively and any appointment that may cast doubt on the integrity and governance of the company should be avoided in accordance with the Nomination and Selection of Directors Policy and Procedure.</p> |  |
| <b>Explanation for departure</b> :  |   |  |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b> :  |   |  |
| <b>Timeframe</b> :  |   |  |

### Intended Outcome

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

### Practice 5.6

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

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

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|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has adopted Nomination and Selection of Directors Policy &amp; Procedure and established a clear and transparent Nomination Process for the Appointment of Directors regardless the source of recommendation. The nomination process involves the following stages:</p> <ul style="list-style-type: none"><li>(i) Identifying of candidates and reviews the profile of the candidates, prior to his/her appointment;</li><li>(ii) Evaluation of suitability of candidates;</li><li>(iii) Get to know candidates via interview meeting;</li><li>(iv) Final deliberation by Nomination Committee; and</li><li>(v) Recommendation to Board.</li></ul> <p>This is to facilitate the Nomination Committee in identifying the most suitable and qualified candidate, with appropriate diversity in terms of ethnicity, age and gender, to complement and further strengthen the current Board.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



### Intended Outcome

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

### Practice 5.7

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | Shareholders are kept informed on the Board's decision in respect of appointment of director via announcements to Bursa Securities and/or issuing press releases.<br><br>The details of the Directors' interest, position and experience are set out in the Directors' Profile in the Annual Report 2023. The Nomination Committee had conducted the fit and proper assessment and reviewed the performance of the Retiring Directors and board before recommendation is made to the Shareholders for consideration. For Independent Directors, the Nomination Committee also assess their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interest of the listed company as a whole. |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 5.8**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Nomination Committee is chaired by Professor Dato' Dr. Ruzairi Bin Hj Abdul Rahim, who is an Independent Non-Executive Director. |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | The Board currently has one (1) women Director namely, Ms. Law Lee Yen who serves as Independent Non-Executive Director, representing 20% of the total Board members.  |  |
|  |   | The Board recognises gender diversity among Board members as important consideration when reviewing its composition. Considering diversity in a broader sense, the Board target to maintain a balance in terms of the range of skills, experience and strength in qualities of individual Board members.<br><br>The NC and the Board are mindful of the target of at least 30% women directors and will look out to expand the pool of potential women candidates for the Board candidacy as guided by the Board Diversity Policy. |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

**Practice 5.10**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is committed to ensure that its composition not only reflects the diversity as recommended by Malaysian Code on Corporate Governance, as best as it can, it will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.</p> <p>In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provides for sufficient diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Board Committees.</p> <p>The Board through Nomination Committee will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board. The Board discloses in its annual report the company's policy on gender diversity for the board and senior management in accordance with the Company's Board Charter.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

## Intended Outcome

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

### Practice 6.1

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

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

|  |   |
|--|---|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> |   |
| <b>Application</b>   | : Applied   |
| <b>Explanation on application of the practice</b>  | : <p>The Nomination Committee (“NC”) undertakes an annual review of the Board, taking into consideration, the present size, structure and composition of the Board and Board Committees as well as the required mix of skills, experience, competency, cultural background and gender required and make recommendations to the Board with regard to any adjustments that are deemed necessary.</p> <p>The annual evaluation of the Board and Board Committees will be assessed via the relevant assessment forms adopted from the Corporate Governance Guide.</p> <p>NC also assessed the independence of the independent Directors through Self-Assessment Independence Checklist. The result of annual evaluation was tabled to the Board for notification.</p> |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b>   | :<br><br>   |
| <b>Timeframe</b>   | :<br><br>   |

### Intended Outcome

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

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

### Practice 7.1

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has applied the policy and procedures to determine the remuneration of directors which are reviewed periodically.</p> <p>In the case of the Executive Directors and senior management, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also takes into consideration any relevant information from survey data.</p> <p>The remuneration policies are not available on the company's website due to the sensitive nature.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

### Intended Outcome

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

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

### Practice 7.2

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

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has formed its Remuneration Committee in order to assist the Board to recommend to the Board the remuneration package of Executive Directors and Non-Executive Directors of the Group to attract, retain and motivate Directors to drive long term objectives.</p> <p>The present members of the Remuneration Committee are as follows and comprise wholly Independent Non-Executive Directors:</p> <p>Chairman: Professor Dato' Dr. Ruzairi Bin Hj Abdul Rahim<br/>         Member: Mr. Khoo Boo Keong<br/>         Member: Ms. Law Lee Yen</p> <p>The terms of reference of the Remuneration Committee is available on the Company's website at <a href="https://www.aimflex.com.my/terms-of-reference.html">https://www.aimflex.com.my/terms-of-reference.html</a></p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

**Practice 8.1**

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | Detail disclosure on named basis for the remuneration of individual directors is set out in the Corporate Governance Overview Statement of Company's Annual Report. The remuneration breakdown of individual directors which includes fees, salaries, bonuses and benefits in kind. |



| 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  | Dato' (Dr.) Ts. Awang Daud Bin Awang Putera (retired on 22.06.2023) | Non-Executive Non-Independent Director | 72              | 2               | -               | Input info here | Input info here  | -                | 74              | 72              | 2               | -               | Input info here | Input info here  | -                | 74              |
| 2  | Professor Dato' Dr. Ruzairi Bin Hj Abdul Rahim                      | Independent Director                   | 48              | 3               | Input info here | Input info here | Input info here  | Input info here  | 51              | 48              | 3               | Input info here | Input info here | Input info here  | Input info here  | 51              |
| 3  | Law Lee Yen   | Independent Director                   | 48              | 4               | Input info here | Input info here | Input info here  | Input info here  | 52              | 48              | 4               | Input info here | Input info here | Input info here  | Input info here  | 52              |
| 4  | Siti Zaleha Binti Sulaiman (retired on 22.06.2023)                  | Independent Director                   | 30              | 2               | Input info here | Input info here | Input info here  | Input info here  | 32              | 30              | 2               | Input info here | Input info here | Input info here  | Input info here  | 32              |
| 5  | Chuah Chong Ewe   | Executive Director                     | Input info here | Input info here | 483.209         | 3.75            | 28               | -                | 514.959         | Input info here | Input info here | 483.209         | 3.75            | 28               | -                | 514.959         |
| 6  | Chuah Chong San   | Executive Director                     | Input info here | Input info here | 483.209         | 3.75            | -                | -                | 486.959         | Input info here | Input info here | 483.209         | 3.75            | -                | -                | 486.959         |
| 7  | Khoo Boo Keong (appointed on 22 September 2023)                     | Independent Director                   | 12              | 1               | Input info here | Input info here | Input info here  | Input info here  | 13              | 12              | 1               | Input info here | Input info here | Input info here  | Input info here  | 13              |
| 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 |

**Intended Outcome**

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

**Practice 8.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Details of the remuneration of the top 4 senior management are not disclosed on a named basis as the Board is of the view that such disclosure may expose our key senior management to unwarranted attention and due to confidentiality concerns. |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

| No | Name            | Position        | Company         |                 |                 |                 |                  |                 |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
|    |                 |                 | Salary          | Allowance       | Bonus           | Benefits        | Other emoluments | Total           |
| 1  | 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.

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</b> | : |             |

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Chairman of the Board is Mr. Chuah Chong Ewe while the Chairperson of the Audit and Risk Management Committee is Ms. Law Lee Yen, both roles held by different individuals. |  |
| <b>Explanation for departure</b>   | : |   |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>There is a policy in relation to limitation on appointment of former key audit partner as an independent director currently. As stated in the Terms of Reference of Audit and Risk Management Committee, a former key audit partner shall observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.</p> <p>None of the members of the Audit and Risk Management Committee are former audit partners of the current external audit firm of the Group.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board through the Audit and Risk Management Committee ("ARMC"), maintains a formal and transparent professional relationship with the External Auditors. The ARMC reviews the engagement, compensation, performance, qualification and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services.</p> <p>The terms of reference of the Audit and Risk Management Committee is posted in the Company's website at <a href="https://www.aimflex.com.my/terms-of-reference.html">https://www.aimflex.com.my/terms-of-reference.html</a></p> <p>Before the commencement of the current financial year audit, the ARMC has reviewed and deliberated with the External Auditors on their audit planning memorandum, covering the audit risk areas, approach, emphasis and timeline.</p> <p>The ARMC also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for providing their non-audit services to the Group presently.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |   |   |
|--|---|---|
| <b>Application</b>                             | : | Adopted   |
| <b>Explanation on adoption of the practice</b> | : | The members of Audit and Risk Management Committee are fully Independent Non-Executive 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 9.5

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

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Audit and Risk Management Committee ("ARMC") comprising of Ms. Law Lee Yen, Professor Dato' Dr. Ruzairi Bin Hj Abdul Rahim and Mr. Khoo Boo Keong. The ARMC Chairperson, Ms. Law Lee Yen is a member of the Malaysian Institute of Accountants.</p> <p>All the members of the ARMC regularly undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules via involvement in seminars, conferences and briefings by external auditors.</p> |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 10.1**

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board acknowledges its overall obligation for maintaining a sound internal control system for the Group in identifying and reviewing risks; and ensuring the implementation of proper systems to manage risks affecting the Company and its subsidiaries (“the Group”) as well as the procedures taken, and also to review the adequacy and effectiveness of the internal controls on an ongoing basis.</p> <p>The Risk Management Policy sets out procedures which are designed to identify, assess, monitor and manage risk at each of the businesses of the Group. The Board has delegated the responsibility for the review of the risk management and internal control system to the ARMC. The ARMC considers significant control matters, receives regular reports from the internal auditor, and reports its findings and conclusions to the full Board in bi-annual basis.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

**Intended Outcome**

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

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

**Practice 10.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has showed the detailed features of its risk management and internal control framework. On an ongoing basis, Management is responsible to identify, evaluate, manage and report the various risk factors that could have a potentially significant impact on the Group’s current, mid- to long-term business objectives.</p> <p>The Risk Register is constantly developed and updated by Key Management and Heads of Department to manage identified risks within defined parameters and standards. The ARMC conducted meetings periodically to systematically identify, assess and evaluate the significant risks of the Group against a defined risk appetite, and thereafter, formulate and/or update the mitigating strategies/ action plans to address these key business risks.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
| <b>Timeframe</b>   | : |  |  |

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

|  |   |   |
|--|---|---|
| <b>Application</b>                             | : | Adopted   |
| <b>Explanation on adoption of the practice</b> | : | The Board has established the Audit and Risk Management Committee to overseeing the risk management framework in the Group. This Committee comprises fully Independent Non-Executive Directors. |

**Intended Outcome**

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

**Practice 11.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The internal audit function is outsourced to an external professional firm, Needsbridge Advisory Sdn Bhd to assist the Board and the ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.</p> <p>The internal audit function reports directly to the ARMC on the effectiveness of the Company's and subsidiaries' risk and control management and recommends improvements. The audits performed by the internal auditor utilizes risk-based audit plans approved by ARMC.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

|   |   |  |
|---|---|--|
| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Internal Audit Function is carried out by Needsbridge Advisory Sdn Bhd (“NASB”), an internal audit firm. There is no other engagement between the Group and NASB which may create conflict of interest or impair their objectivity and independence.</p> <p>The internal audit function is headed by Mr. Pang Nam Ming, who is a member of the Malaysian Institute of Accountants, member of the Association of Certified Chartered Accountants and the Institute of Internal Auditors Malaysia and Certified Internal Auditor.</p> <p>The Internal audit reviews of the Group will be conducted in accordance with the International Standards for the Professional Practices of Internal Auditing and the risk-based audit plan approved by the ARMC.</p> |
| <b>Explanation for departure</b>  | : | <br><br>   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | : |  |
| <b>Timeframe</b>  | : |  |



### Intended Outcome

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

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

### Practice 12.1

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | Information about the Group's business and corporate developments is distributed via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time.<br><br>In addition, the Group maintains a website at <a href="https://www.aimflex.com.my/">https://www.aimflex.com.my/</a> , where shareholders or investors may access information of the Group encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, other Board policies and Board Committees' terms of reference. |
| <b>Explanation for departure</b>   | : |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |

**Intended Outcome**

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

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

**Practice 12.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Not applicable – Not a Large Company  |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Not applicable as the Company is not categorised as “Large Company” as defined in the Malaysia Corporate Governance Code. |  |
|  |   |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 13.1**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is aware that the sufficient notice of general meeting would allow shareholders to make necessary arrangements to attend and participate either in person or by corporate representative, proxy or attorney as well as to enable the shareholders to have the sufficient time to consider the resolutions that will be discussed and decided at the meeting.</p> <p>Accordingly, the Board will ensure that the notice of AGM will be issued to the shareholders at least 28 days.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

**Intended Outcome**

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

**Practice 13.2**

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

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board acknowledges its responsibility to engage shareholders and provide meaningful response to their queries.</p> <p>All the Directors (save for one) attended the Company's Fifth Annual General Meeting ("AGM") which was held virtually on 22 June 2023. Puan Siti Zaleha Binti Sulaiman has given notice that she was not seeking for re-election and accordingly, she retired as a Director at the conclusion of the Fifth AGM. The Chairman/Chairperson of the ARMC, NC and RC as well as Senior Management and the Company's External Auditors were in attendance during the AGM to provide responses to any questions, if any, addressed to them.</p> |  |
| <b>Explanation for departure</b>   | : |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
| <b>Timeframe</b>   | : |   |  |

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on the resolutions at its virtual Annual General Meeting ("AGM") held on 22 June 2023.</p> <p>The entire AGM proceedings were held through Remote Participation and Voting (RPV) facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd (Tricor) via its TIIH Online at <a href="https://tiih.online">https://tiih.online</a>. The Administrative Notes of the AGM including the procedures for RPV facilities were published in the Company's website and shared with shareholders.</p> <p>RPV facilities in TIIH Online provide the option for shareholders to cast their votes virtually at general meeting without the need to appoint a proxy.</p> <p>The remote poll voting results were scrutinised and validated by Quantegic Services Sdn. Bhd., an independent Scrutineer. The voting results were released to Bursa Malaysia Securities Berhad under the 'outcome of meeting' announcement on 22 June 2023.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

### Intended Outcome

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

### Practice 13.4

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

|  |  |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | :<br>The Chairman has successfully created a meaningful engagement with the Board, Senior Management and Shareholders throughout the Fifth Annual General Meeting ("AGM"). The AGM started with the briefing from Managing Director & Chief Financial Officer of the Company, highlighting the Company's financial performance, products of the Group, and promotional activities carried out, outlooks and prospects for the year 2022 respectively.<br><br>The Shareholders were welcomed to pose questions to the Board and Senior Management relating to the AGM matters. The shareholders were allowed to submit their questions electronically through the online platform provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> prior to AGM, or used the query box to transmit questions to the Board of Directors via Remote Participation and Voting (RPV) facilities during live streaming of the AGM.<br><br>The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the AGM. |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |

### Intended Outcome

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

### Practice 13.5

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

|  |   |
|--|---|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> |   |
| <b>Application</b>   | : Applied   |
| <b>Explanation on application of the practice</b>  | : <p>The Fifth Annual General Meeting of the Company held on 22 June 2023 was conducted on a fully virtual basis through live streaming and online remote voting.</p> <p>The Remote Participation and Voting (RPV) facilities provided by the share registrar, Tricor Investor &amp; Issuing House Services Sdn Bhd (Tricor) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders submitted their questions at any time from the day of notice of AGM and up to the time when the meeting was in progress.</p> <p>At the “Questions and Answers” session in the meeting agenda, the TIIH Online platform had the facilities to live broadcast the questions/remarks and answers; and the shareholders had experienced real time interaction with the Board during the AGM.</p> <p>Questions posed by shareholders had been made visible to all meeting participants during the meeting itself via Remote Participation and Voting (RPV) facilities.</p> |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>   |   |
| <b>Measure</b>   | :<br><br>   |
| <b>Timeframe</b>   | :<br><br>   |

**Intended Outcome**

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

**Practice 13.6**

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

|  |  |
|--|--|
| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>         |  |
| <b>Application</b>   | : Applied  |
| <b>Explanation on application of the practice</b>  | : Minutes of the Fifth Annual General Meeting (“AGM”) have been made available to shareholders within 30 business days after the AGM on its website at <a href="https://www.aimflex.com.my/AGM-and-EGM.html">https://www.aimflex.com.my/AGM-and-EGM.html</a> |
| <b>Explanation for departure</b>   | :<br><br>  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |
| <b>Measure</b>   | :<br><br>  |
| <b>Timeframe</b>   | :<br><br>  |



**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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