

CORPORATE GOVERNANCE REPORT

STOCK CODE : RKI
COMPANY NAME : Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad)
FINANCIAL YEAR : June 30, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors (“the Board”) of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) (“RKIB” or “the Company”) is committed in maintaining the highest standards of corporate governance within the Company and adhering to principles and best practices through observing and practicing the values of the Malaysian Code on Corporate Governance. The commitment from the top paves the way for the Management and all employees to ensure the Company's businesses and affairs are efficiently managed in the best interest of all stakeholders. The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.</p> <p>The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant field and bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activity. A full biography of each Board member is provided on pages 12 to 15 of our Annual Report 2022.</p> <p>The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter and the Board Committees' roles and responsibilities in discharging its functions which had been delegated by the Board are set out in each respective Board Committees' Terms of Reference. The Board Charter is publicly available on the Company's website at www.rkibhd.com.</p>

	<p>The Managing Director is responsible for making and implementing operational decisions. He is supported by the Senior Management that comprises Head of Departments of various functions. The Non-Executive Directors contribute to the formulation of policy and decision making through their knowledge and experience of other business sectors.</p> <p>The Independent Non-Executive Directors, play an important role in ensuring the strategies proposed by Management are fully deliberated and examined, taking into consideration the long-term interest of shareholders, employees, customers and other stakeholders.</p> <p>The Board reserves a formal schedule which includes the matters for its decision to ensure that the direction and control of the Company is firmly in its hands. At each board meeting, the directors undertake the following activities:</p> <ul style="list-style-type: none"> (i) Review of the business plan and overall strategies for the Group; (ii) Review the business and financial performance of the Group periodically; (iii) Provision of constructive feedback and guidance on areas which should be improved; and (iv) Review and follow-up on issues raised at previous meetings to ensure that suggested action items and solutions have been implemented. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a chairman who is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board Meetings to ensure contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.</p> <p>Our Board is chaired by Dato' Dr Norraesah Binti Haji Mohamad ("Dato' Dr Norraesah"), an Independent Non-Executive Chairman. As the Board Chairman, Dato' Dr Norraesah's responsibilities include:</p> <ul style="list-style-type: none">• ensuring effective conduct of the Board;• encouraging participation and deliberation by all members of the Board to enable the wisdom of all members of the Board to be tapped;• promoting consensus building, taking into account the concerns of all Directors as much as possible;• ensuring effective communication with shareholders and stakeholders;• providing leadership to the Board, and setting the strategic direction of the Group;• leading the Board in establishing and monitoring good Corporate Governance practices; and• setting the Board agenda (with the assistance of the Company Secretaries) and ensure Board members receive complete and accurate information in a timely manner. <p>The responsibilities are also formalised in the Board Charter, which is available on our website at www.rkibhd.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and the Managing Director of the Company are held by two different individuals. The position of Chairman is held by Dato' Dr Norraesah, while the position of Managing Director is held by Mr Lin, Chin-Hung ("Mr Lin").</p> <p>The roles of the Independent Non-Executive Directors, Non-Independent Non-Executive Director, the Chairman and the Executive Directors are distinct and separate to ensure there is a balance of power and authority. The respective duties and responsibilities of the Chairman and the Managing Director are set out in the Board Charter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The Chairman is a member of the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") (collectively referred to as "Board Committees").
	Specific Terms of Reference were adopted by each of the Board Committees, which clearly laid down the roles and responsibilities of the members. Therefore, despite Dato' Dr Norraesah holds the position as the Chairman of the Board, being a well-trained finance professional, her objectivity and independence is least possible to be impaired given the degree of professionalism from RKIB's interaction with and understanding of Dato' Dr Norraesah. All Board members are well aware of that ultimately, the Board collectively is responsible for overseeing all matters relating to the Group. The Company is in the midst of identifying and appointing more suitable qualified candidates to the Board, so that the Chairman of the Board is able to abstain herself from the Board Committees to enhance the check and balance mechanism at Board level. The Board had on 2 September 2022 appointed an Independent Non-Executive Director, Mr Sandra Segaran A/L Muniandy @ Krishnan ("Mr Sandra Segaran").
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>Currently, the Board is supported by two (2) qualified Company Secretaries, namely Mr. Yeoh Joe Son ("Mr Yeoh") and Ms. Tai Yit Chan ("Ms Tai"), who hold a key role to advice, update and assist the Board on matters of regulatory, governance and company secretarial nature.</p> <p>Mr. Yeoh is a Licensed Secretary by the Companies Commission of Malaysia while Ms. Tai is a Member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Both of them are qualified to act as Company Secretaries pursuant to Section 235 of the Companies Act 2016.</p> <p>The key roles and responsibilities of Company Secretaries are outlined as follows:</p> <ul style="list-style-type: none">• Advise the Directors on their roles and responsibilities and provide regular updates on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities;• Ensure that the Board and the Board Committees function effectively;• Monitor the latest developments in corporate governance and facilitate the Board's application on the best practices of Malaysian Code on Corporate Governance 2021 ("MCCG");• Manage all Board and Board Committee meeting logistics, attend all relevant meetings and facilitate Board communications;• Ensure that the deliberations and decisions made in Board and Board Committees meetings are accurately recorded in the minutes with proper documentation;• Record Directors' interests' disclosures and advise the interested Directors on the requirements for restrictions in voting or deliberation on related matters during the meetings;• Advise the Board on corporate disclosures and compliance with all applicable regulations and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR");• Facilitate and attend engagement with the regulators, when necessary; and• Manage processes of the Annual General Meeting ("AGM"). <p>The duties and responsibilities of the Company Secretary are set out in the Board Charter which is accessible on the Company's website at</p>

	<p>www.rkibhd.com.</p> <p>The Company Secretaries had and will continue to consistently keep themselves updated with the latest regulatory development via continuous training and industry updates. For the financial year ended 30 June 2022 (“FY2022”), the Board is satisfied with the Company Secretaries’ performance in supporting the Board to discharge their responsibilities effectively and adequately.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure an effective communication and deliberation between the members of the Board, the Board recognises the importance of having all Board members to attend the Board and Board Committee meetings. To this end, all meetings are scheduled in advance to ensure that all Directors are able to reserve their dates for the meetings.</p> <p>Prior to the Board meetings, all Directors are furnished with the notice of agenda which sets out the matters to be reviewed and discussed at least seven (7) days before the meetings.</p> <p>Detailed board papers that contain relevant information and documents for the agenda are also circulated to all the Directors prior to the meetings in a timely manner to enable the Directors to review the material and obtain additional information or clarification prior to the meeting.</p> <p>To ensure an effective discharge of responsibilities, the Directors have full and unrestricted access to all information within the Company as well as to the advice and services of the company secretaries, whether as a full Board or in their individual capacities, to assist them in the decision-making process. Where necessary, the Directors may engage independent professionals at the Company's expense on specific issues, in order to enable the Directors to discharge their duties and decision-making process with the benefit of all available knowledge and resources.</p> <p>Minutes of all Board meetings are properly recorded including issues discussed in arriving at decisions. The minutes shall be circulated in a timely manner and shall be reviewed and approved by the members of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has established a Board Charter which outlines the Board's roles and responsibilities, Chairman, Managing Director, Company Secretaries and Board Committees as well as issues and decisions reserved for the Board.</p> <p>The Board will review the Board Charter periodically and as and when necessary to ensure that it remains current and relevant with the latest business and regulatory environment and to ensure the Company remains at the forefront of best practices in Corporate Governance. The Board Charter was last reviewed on 30 August 2022.</p> <p>The Board Charter is made available on the Company's website at www.rkibhd.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to uphold an ethical business culture across the Group. In this regard, the Board has implemented the Code of Ethics ("the Code") which applies and instils to every level in the Group.</p> <p>The Code demonstrates the guidelines for all Directors and employees to address their duties in an ethical and appropriate manner. The Code, by its nature, is serving as a general guideline instead of covering all possible issue that may arise in daily operations.</p> <p>The areas cover in this Code are as follows:</p> <ul style="list-style-type: none">• Compliance with laws, rules and regulations;• Corporate Governance;• Conduct of Business and fair dealing;• Conflict of interest, corrupt practices, unlawful and unethical behaviour and improper use of Company assets;• Use of non-public information and disclosure (insider trading);• Use of Company funds, assets and information;• Giving, receiving gifts and gratuities;• Preventing corruption and offering a bribe;• Social responsibilities and the environment;• Proper records and communication;• Spokesman; and• Whistle blowing. <p>The Code will be reviewed by the Board periodically and as and when necessary, to ensure it relevance and appropriateness. The Board Charter was last reviewed on 30 August 2022.</p> <p>The Code is published on the Company's website at www.rkibhd.com.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted a policy on whistleblowing in order to provide a transparent and confidential process for dealing with concerns about possible impropriety in matters of financial reporting, compliance and other malpractices. The said policy has been updated to be in line with the Company's Anti-Bribery and Anti-Corruption Policy adopted by the Board and is available on the Company's website at www.rkibhd.com.</p> <p>For any malpractice or misconduct noted within the Group, the whistleblower is encouraged to report such incident to the Chairman of AC or any member of the AC or any Independent Directors. Investigation will then be conducted independently, fairly and properly. After investigating, disciplinary actions will be taken against the wrongdoer.</p> <p>The following general principles are set out in the policy:</p> <ul style="list-style-type: none">(i) protect and respect the rights of any employee who raises matters of concern under this policy in good faith;(ii) will not tolerate any reprisals, discrimination, harassment, intimidation or victimisation of anyone raising a genuine concern or that person's colleagues or relatives;(iii) will take reasonable steps so that any employee making a disclosure will retain their anonymity unless they agree otherwise; and(iv) will ensure no one will be at risk of suffering some form of retribution as a result of raising a concern even if they are genuinely mistaken. <p>A grievance procedure is also clearly outlined in the policy.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In promoting sustainability practices, the Board is ultimately responsible for the governance of the Group's sustainability affairs, including setting the Group's sustainability strategies, priorities and targets. The Board is supported by the three (3) committees which are AC, NC and RC. These Board Committees were established to ensure the effectiveness of the Board's and the Group's overall performance as well as the sustainability of the business.</p> <p>The Group's sustainability strategies comprise four (4) key pillars, which are economic, environment, social and governance ("EESG"). All divisions within the Group collaborate and strive towards a common goal of leveraging sustainability and integrate EESG practices into the Group operations.</p> <p>Further details of the Group's sustainability matters and initiatives are disclosed in the Sustainability Statement in the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group recognises that the engagement and feedback of its stakeholders are an integral part of its sustainability strategies and initiatives.</p> <p>The stakeholders' engagement process involves both formal and informal approaches. An overview of the efforts undertaken by the Group to engage with its stakeholders are disclosed in the Sustainability Statement and Corporate Governance Overview Statement in the Annual Report 2022.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>To discharge the Board’s oversight role effectively, we acknowledge the importance for the Board members to possess sufficient understanding and knowledge of sustainability issues that are relevant to the Company and its business, including climate-related risks and opportunities.</p> <p>The Board has during the year, briefed on sustainability matters that are considered material to the Group, including the relevant policies, priorities, targets, performance indicators and action plans, where relevant. The Board works together with the Management in identifying any issues or challenges revolving its current business which will normally be tabled for the Board’s direction and consideration during the Board meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the importance of sustainability in all its business operation of the Company and had included sustainability as one of the criteria in the performance evaluations of all employees including its Board members.</p> <p>The Board members and Senior Management are encouraged to assess and give feedbacks on how sustainability risks and opportunities are being managed within the Company. Based on the annual performance evaluation carried out, the Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Managing Director chairs the Sustainability Committee (“SC”) and is responsible for managing sustainability and decision-making on Environmental, Social and Governance matters within the Group. The SC consists of the Group Finance Director, Group Financial Controller, General Manager and Deputy General Managers of operating subsidiaries.</p> <p>The Managing Director is the designated person assisted by SC members to manage sustainability strategically, including the integration of sustainability considerations in the operations of the respective business divisions of RKIB.</p>

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC reviews annually the composition of the Board, required mix of skills and experience of the Board, including core competencies which Non-Executive Directors should bring to the Board and assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director.</p> <p>The evaluation process is led by the Chairman of the NC and supported by the Company Secretaries annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board Committees.</p> <p>The evaluation consists of the following 6 sections:</p> <ul style="list-style-type: none">(a) Board and Board Committees Evaluation – covers evaluation on board mix and composition, quality of information and decision making, boardroom activities, and board's relationship with the management;(b) Assessment of Character, Experience, Integrity, Competence and Time Commitment;(c) Assessment on Mix of Skill and Experience – including identification of training needs of each Director;(d) Evaluation of Level of Independence of a Director;(e) AC Evaluation – covers quality and composition of AC, skills and competencies and meeting administration and conduct; and(f) AC Members' Self and Peer Evaluation. <p>The evaluation forms completed by all Directors are summarised and reviewed at the NC's meeting and reported to the Board by the Chairman of the NC.</p> <p>During the financial year, the NC had reviewed and assessed the mix of skills and experience of the Board including the core competencies of directors, size of the Board, contribution of each Director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the directors. Based on the assessment, the NC was satisfied with the existing Board composition and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have</p>

	<p>performed competently and effectively.</p> <p>The NC also reviewed and assessed the performance of the Directors who are subject to re-election through the self and peer assessments for FY2022. The areas of assessment include roles and duties, knowledge and integrity, governance and independence, risk management and interactive skills. Based on the assessment, the NC was satisfied with their performance and was of the view that their continued service would benefit the Company and its stakeholders. As such, the NC recommended to the Board for re-election of the Directors at the forthcoming Twenty-Eighth (“28th”) AGM.</p> <p>In order to ensure a person to be appointed or elected/re-elected as a Director of the Company possesses the necessary quality and character as well as integrity, competency and commitment, the Board had in FY2022 adopted a Directors’ Fit and Proper Policy which serves as a guide for the NC and the Board in their review and assessment of candidates or re-elected Directors.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board comprises three (3) Independent Non-Executive Directors, two (2) Executive Directors and one (1) Non-Independent Non-Executive Directors. The present Board composition has complied with the MMLR that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.</p> <p>The Board views the current size and composition of the Board are within a range which is appropriate at present to provide the necessary check and balance to the Board’s decision-making process.</p>	
		<p>The Independent Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.</p> <p>The Board had on 2 September 2022 appointed an Independent Non-Executive Director, Mr Sandra Segaran to increase the number of Independent Non-Executive Director in the Company.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Mr Toh Seng Thong ("Mr Toh"), an Independent Non-Executive Director has served beyond 9 years.	
		Mr Toh will be re-designated as Non-Independent Non-Executive Director after the conclusion of the 28th AGM, as the Board is cognisant of the amendments to the MMLR, where on or after 1 June 2023, the independent director of twelve (12) years or beyond must resign or be re-designated as non-independent.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity, including industry experience, background, gender, and age to the effective functioning of the Board. While it is important to promote diversity, the appointments to the Board focus solely on the merits, qualification and working experience of the candidates. The criteria for the recruitment/appointment of Directors are contained in the Board Charter and Policies Governing the Board of Directors, both of which are available on the Company's website at www.rkibhd.com.</p> <p>The Directors' Fit and Proper Policy adopted by the Board will serve as a guide for the NC and the Board in their review and assessment of candidates.</p> <p>On the appointment of Senior Management, the NC focuses on their professional knowledge, working experience, skills set, competencies, qualifications, integrity and commitment, diversity (including gender diversity), understanding of the business, the markets and the industry in which the Company's involves and the expertise in the area of accounting, finance and legal matters in the assessment of the identified Senior Management personnel before recommending for approval of the Board. The criteria for the recruitment/appointment of Senior Management are available in Policies Governing the Board of Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>According to the Policies Governing the Board of Directors, existing Directors may propose the name of any potential candidate to the Chairman of the Board, from, amongst others, a registry of Directors, such as that maintained by the NAM Institute for the Empowerment of Women Malaysia (NIEW), or the Malaysian Alliance of Corporate Directors or with the assistance of external professional recruitment consultants/firms.</p> <p>Selection of candidates for consideration of appointment as Directors is facilitated through various sources, from recommendations from the existing Directors, management, major shareholders or external parties including the Company's contacts in related industries, and finance, legal and accounting professions, as well as independent sources, where required. NC meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance of each Director subject for re-election had been assessed through the Board annual evaluation. The areas of assessment of individual Directors include roles and duties, knowledge and integrity, governance and independence, risk management skills and interactive skills. The NC and the Board are satisfied with the performance and effectiveness of the Directors. In addition, the level of independence demonstrated by the Independent Directors who are seeking for re-election had also been assessed.</p> <p>Pursuant to Directors' Fit and Proper Policy, the Directors who are seeking re-election had provided their declarations in relation to the compliance with legal obligations, regulatory requirements and professional standards, personal and financial integrity as well as time commitment.</p> <p>The information for the Directors standing for re-election is disclosed in the Explanatory Notes to the Notice of the 28th AGM. The details of the Directors including their interest, position, experience and relationship are set out in the Directors' profile in the Annual Report 2022, to ease the shareholders for them to make an informed decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by the Independent Non-Executive Chairman, Dato' Dr Norraesah.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognises that Board diversity enhances decision making capability and the quality of the Board's performance, and it believes that a truly diverse Board will leverage differences in perspective, knowledge, skill, industry experience, background, age, ethnicity, race and gender amongst the Directors, and these differences will be considered in determining the optimum composition of the Board.</p> <p>The Directors are also mindful that the Board size influences Board effectiveness, as such the Directors would always consider the optimum Board size to ensure efficient functioning of the Board.</p> <p>The Board currently comprised of six (6) Directors, of whom two (2) are female directors, representing 33% of the total composition of the Board.</p>	
Explanation for departure	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has two (2) female Directors. The appointment of any Director(s) should be based on their merit, qualification and working experience and the Board is supportive of gender equality. The Board practices non-discrimination in any forms whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of board members and Senior Management. In addition, the Group believes that it is utmost important that the Board member comprises the best qualification and skillsets.</p> <p>In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

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	:	<p>The NC reviews annually the required mix of skills and experience of the Board, including core competencies which Non-Executive Directors should bring to the Board and assesses the effectiveness of the Board as a whole, Board Committees and the contribution of each Director.</p> <p>The evaluation process is led by the Chairman of the NC and supported by the Company Secretaries annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board Committees.</p> <p>The evaluation consists of the following 6 sections:</p> <ul style="list-style-type: none">(a) Board and Board Committees Evaluation – covers evaluation on board mix and composition, quality of information and decision making, boardroom activities, board’s relationship with the management and stakeholders, and environmental, social and governance;(b) Assessment of Character, Experience, Integrity, Competence and Time Commitment;(c) Assessment on Mix of Skill and Experience – including identification of training needs of each Director;(d) Evaluation of Level of Independence of a Director;(e) AC Evaluation – covers quality and composition of AC, skills and competencies and meeting administration and conduct; and(f) AC Members’ Self and Peer Evaluation. <p>The evaluation forms completed by all Directors are summarised and reviewed at the NC’s meeting and reported to the Board by the Chairman of the NC.</p> <p>During the financial year, the NC had reviewed and assessed the mix of skills and experience of the Board including the core competencies of</p>

	<p>both Executive Directors and Non-Executive Directors, size of the Board, contribution of each Director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.</p> <p>The NC has also reviewed the independence of each Independent Non-Executive Director on the same day. Based on the review outcome, all the Independent Non-Executive Directors have satisfied with the requirement of independence according to the MMLR.</p> <p>The Board also reviewed the terms of office and performance of the Board Committees and each of the members and was satisfied that the Board Committees and members have carried out their duties in accordance with the terms of reference of the respective committee.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The objective of the RC is to establish policies and procedure, the remuneration packages for Directors and Senior Management, to annually review and recommend the remuneration of Directors including the Executive Directors and Senior Management, and review policies and remuneration packages for Directors including Executive Directors and Senior Management from time to time to ensure the Company is able to attract talent as well as nurture and retain Directors with diverse background and experience and calibre group of competent and highly motivated Senior Management, aligning the policy to the business strategy and long term objectives of the Company.</p> <p>For the Executive Directors and Senior Management, the remuneration package consists of base salary, performance bonus, other benefits and such other incentives that will be determined from time to time.</p> <p>Meanwhile, for Non-Executive Directors, it includes the directors' fees, meeting allowance and together with such other incentives determined from time to time.</p> <p>The Policies Governing the Board of Directors available on the Company's website at www.rkibhd.com, sets out the policies and procedures governing the remuneration of Executive Directors, Non-Executive Directors and Senior Management.</p> <p>The RC reviews the remuneration of Non-Executive Directors, Executive Directors and Senior Management in the month of May annually whereby the RC will consider various factors including the performance of the Group, individual performances, duties, responsibilities and commitments of the Directors and Senior Management. Upon the review by the RC, the appropriate recommendations will be made to</p>

	<p>the Board for approval. The Board will consider and, if deemed appropriate, approve the recommended remuneration for Executive Directors and Senior Management. As for the remuneration of Non-Executive Directors, upon the endorsement of the recommendation by the RC, the Board will propose the remuneration for approval by the shareholders at the forthcoming AGM.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The RC is established to assist the Board in determining and recommending the remuneration of Directors and Senior Management.</p> <p>The RC is entrusted to ensure that the level of remuneration is sufficient to attract, retain and motivate the Directors and Senior Management in order to drive a long-term growth for the Group, create sustainable value and returns for the Company's stakeholders.</p> <p>The duties and responsibilities of the RC has been set out under its Terms of Reference within the Company's Board Charter, which is available on the Company's website at www.rkibhd.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 detailed disclosure on named basis for the remuneration of each Director for the financial year ended 30 June 2022 are set out in below table.

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	Director 1	Independent Director	96.0	9.5	0	0	0	0	105.5	96.0	9.5	0	0	0	0	105.5
2	Director 2	Executive Director	0	6.0	0	0	0	0	6.0	0	6.0	282.3	272.6	0	90.4	651.3
3	Director 3	Executive Director	0	6.0	0	0	0	0	6.0	0	6.0	758.9	593.0	0	0	1,357.9
4	Director 4	Independent Director	72.0	9.5	0	0	0	0	81.5	72.0	9.5	0	0	0	81.5	
5	Director 5	Non-Executive Non-Independent Director	72.0	7.0	0	0	0	0	79.0	72.0	7.0	0	0	0	79.0	
6	Director 6	Independent Director	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

Director 1 – Dato’ Dr Norraesah Binti Haji Mohamad
 Director 2 – Lin, Chin-Hung
 Director 3 – Lin Chen, Jui-Fen
 Director 4 – Toh Seng Thong
 Director 5 – Yek Siew Liang
 Director 6 – Sandra Segaran A/L Muniandy @ Krishnan

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 Board is of the view that the disclosure of Senior Management's remuneration on a named basis will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing Senior Management staff being poached by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.	
		Alternatively, the Company has disclosed the aggregate total remuneration of all the key management personnel for the financial year ended 30 June 2022, under Note 32(b) to the Financial Statements on page 120 of the Company's Annual Report 2022. This coincides with the requirements of Paragraph 17 of MFRS 124: Related Party Disclosures.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The position of the Chairman of AC and the Board are held by two (2) different individuals. The AC is chaired by Mr Toh Seng Thong while the Board is chaired by Dato' Dr Norraesah. This shall assure the overall effectiveness and independence of the AC.</p> <p>The Chairman of the AC is not the Chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The policy on observation of a cooling-off period of at least three (3) years for a former key audit partner prior to the appointment as a member of the AC, had been incorporated in the Terms of Reference of the AC, as stipulated in the Board Charter and published on the Company's website at www.rkibhd.com.</p> <p>During the financial year ended 30 June 2022, none of the AC members was a former key audit partner.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted a policy on External and Internal Auditors which sets out policies and procedures to assess the suitability, objectivity and independence of the external auditors, Ernst & Young PLT ("EY").</p> <p>The AC reviews and assesses the suitability and independence of EY on an annual basis. The annual review and assessment are carried out via assessment questionnaires. The areas for assessment of EY cover, inter-alia, their technical competencies, independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the EY. Pertinent feedbacks from the Group Finance Director and Group Financial Controller were obtained by the AC to augment its assessment of EY.</p> <p>The AC also received assurance from EY confirming that they are and have been independent throughout the conduct of the audit engagement with the Company in accordance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants (IESBA) of the International Federation of Accountants on ethics and professional independence, in respect of FY2022.</p> <p>The AC had in the meeting held on 11 October 2022 assessed the performance of EY based on the above criteria and was satisfied with their performance, technical competence and audit independence. Based on the AC's recommendation, the Board recommended the re-appointment of EY for approval by shareholders at the forthcoming 28th AGM of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the AC members are financially literate and carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2022.</p> <p>All members of the AC have attended the relevant continuous professional development programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the training programmes attended by the AC members are set out in the Corporate Governance Overview Statement of the Company's Annual Report 2022.</p> <p>Besides, there were also briefings by the external auditors (EY), Group Finance Director and Group Financial Controller on the relevant updates on the financial reporting standards and the regulatory requirements from time to time during the AC meetings.</p> <p>In view of the appropriate level of knowledge, skills, experience and commitment of its members being critical to the AC's ability to discharge its responsibilities effectively, an assessment of the AC members (self & peers) was also carried out for FY2022.</p> <p>Based on the annual assessment for FY2022, the Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and have supported the Board in ensuring that the Group upholds appropriate standards of Corporate Governance.</p> <p>During the financial year, the activities carried out by the AC included the following:</p>

	<ul style="list-style-type: none"> • Reviewed the quarterly financial results and announcements as well as the year-end audited financial statements of the Group and Company, and recommended them for approval by the Board; • Reviewed and approved the annual internal audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work; • Reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to governance, risk and internal control weaknesses. • Reviewed the internal auditors' findings on the significant whistleblowing cases, if any, and Management's responses and resolutions thereon; • Reviewed and endorsed the external auditors' audit plan, including the areas of audit emphasis and their audit approach for the financial year; • Reviewed and approved the provision of non-audit services by the external auditors permissible for the external auditors to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants; • Reviewed with the external auditors the results of their work and their audit report on the financial statements; • Reviewed and assessed the performance, suitability and independence of the external auditors; and • Reviewed the related party transactions that arose within the Group and ensure the transactions are fair and reasonable, and are not to the detriment of the minority shareholders. <p>The AC has sufficient understanding of the Group's business and is able to apply a critical and probing view on the financial results and information prepared by Management. The AC also provides appropriate advice to Management relating to the financial position and performance of the Group.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for establishing a sound system of internal control and risk management in order to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system.</p> <p>The Board has established an Enterprise-Wide Risk Management ("ERM") framework to identify, evaluate and manage significant risks within the Group in its operations. For effective implementation of the ERM framework, a Risk Management Committee ("RMC"), which is not a board committee, is formed by the Company. The RMC is chaired by the Managing Director and assisted by the Heads of Department from respective operating subsidiaries.</p> <p>The RMC reports to the Board, via the AC, on key risks identified and the implementation of action plans to mitigate any weaknesses in the control environment.</p> <p>The details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through its AC, regularly monitors the risk management and internal control system of the Group. To this end, the AC is supported by both the external auditors and internal auditors to assess the adequacy and effectiveness of the Group's internal control system. The external auditors and internal auditors will assess and identify the internal control deficiencies, if any, and provide recommendations for Management to improve further.</p> <p>Nevertheless, the Board is of the view that this system shall only provide reasonable but not absolute assurance against material misstatement or losses.</p> <p>Adequacy and effectiveness of the key risk management and internal control processes are also reviewed by the RMC and reported to the Board via AC on a periodic basis.</p> <p>The details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is outsourced to an independent consulting firm, Tricor Axcelasia Sdn. Bhd.. The Head of Internal Audit (“HIA”) reports directly to the AC and administratively to the Managing Director. The outsourced internal auditors are tasked to assess the overall effectiveness of the Group’s internal control function through systematic reviews on the governance, risk and internal control systems within the Group in accordance with the approved internal audit plan.</p> <p>The internal audits were performed based on risk-based approach and audit plan that is reviewed and approved by the AC. The reports of the audit findings were forwarded to the Management for attention and necessary action and then presented to the AC for deliberation and approval.</p> <p>After conducting the audit reviews, the internal auditors are invited to attend the AC meetings to present the audit findings and facilitate the deliberation of audit reports. The AC meeting minutes are subsequently tabled to the Board for information and serve as a reference especially when there are pertinent points should any of the Board members wish to highlight or seek clarification.</p> <p>The AC also assessed the adequacy of scope, functions, competency and resources of the internal audit functions on an annual basis.</p> <p>Statement on Risk Management and Internal Control in the Company’s Annual Report 2022 provides further details on works of the Internal Audit Function.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is currently outsourced to an independent consulting firm, Tricor Axcelasia Sdn. Bhd. and reports directly to the AC. The HIA is a Certified Internal Auditor from the Institute of Internal Auditors North America and possess more than twenty-eight (28) years of experience in external and internal audit advisory, risk management, governance, financial management and business process enhancement. The number of resources deployed for each internal audit review ranges from three (3) to four (4) staffs per visit.</p> <p>The internal auditors assist the AC in providing independent assessment and review on the adequacy, efficiency and effectiveness of the key controls and processes in the operating companies, as well as the governance aspect of the Group and to ensure compliance with the established policies and procedures of the Group. The HIA has affirmed to the AC that they were free from any relationships or conflict of interest which could impair their objectivity and independence.</p> <p>The internal auditors use the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p> <p>The Board has also adopted a Policy on External and Internal Auditors, which sets the criteria for assessing the suitability on appointment of internal auditors, as well as their re-appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The importance of keeping stakeholders informed of developments concerning the Group is high on agenda. Communication and engagement with stakeholders are made through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the AGM, annual reports and company announcements. Such disclosures of information were released in a timely manner and in accordance with the MMLR. All these announcements and other information about the Company are available on the Company's website at www.rkibhd.com. The website is continuously updated to ensure that the information contained within is correct.</p> <p>The AGM is the main forum for dialogue with shareholders and serves as a platform on which Directors may promote and encourage bilateral communications with its shareholders. Shareholders are given reasonable time to ask questions pertaining to issues in the Annual Report, corporate developments on the business of the Group and resolutions proposed. The external auditors are also present in order to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.</p> <p>The Company has adopted a Corporate and Communication Disclosure Policy which sets out the procedures and guidelines for the Board and Management to adhere in relation to dissemination of information to shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	At the reporting date, the Company does not fall under the category of "Large Companies" as defined in the Malaysian Code on Corporate Governance. Hence, such requirement is not applicable at this juncture.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Our 2021 AGM was held on 15 December 2021 and the Notice of AGM was sent to shareholders on 15 November 2021, i.e. at least 28 days prior to the AGM. The said Notice was also published on our Company's website.</p> <p>Under the Companies Act 2016 and the MMLR, an AGM should be called by giving at least 21 days' notice of the meeting. Nevertheless, our Board provide for a 28 days' notice period for its 2021 AGM because we believed it is beneficial to our shareholders as they will get sufficient time to make an informed decision regarding the AGM business agenda and make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys.</p> <p>The Notice of AGM also includes AGM Guide which provides useful information to shareholders regarding the details of the AGM, shareholders' entitlement to attend the AGM, their right to appoint a proxy or representative and the voting procedures. Relevant explanatory notes for the resolutions proposed are also included in the Notice of AGM to assist our shareholders to have a better understanding and evaluation of the issues involved to enable them to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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 AGM, all Directors including the Chairman of the Board, the Chairman of the NC and RC, and the Chairman of the AC are present. After each resolution is proposed, the Chairman provides an opportunity to the shareholders to ask questions on each resolution tabled, or on any associated matter.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company’s general meetings have always been held in Shah Alam City which is accessible and convenient to all shareholders.</p> <p>Based on the Record of Depositors as at 30 June 2022, the number of shareholders was about 2,700 and is not large enough to warrant the use of the technology to facilitate remote shareholders’ participation at general meetings or voting in absentia at this point in time. However, shareholders who are unable to present in person at the general meetings are allowed to appoint proxies to attend, participate, speak and vote on their behalf at the AGM.</p> <p>The average number of shareholders who attended the past general meetings was less than 100.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 each general meeting, Chairman of the Board ensures that meaningful engagement between the Board, Senior Management and shareholders are always observed. The discussions are pertaining to the businesses of the Group, the financial and non-financial performance as well as the Group's long-term strategies moving forward. All questions from shareholders are addressed during the general meetings and questions are answered to the best of RKIB's knowledge and information that it has at present.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Twenty-Seventh ("27th") AGM was held physically at Shah Alam City with less than 100 shareholders attended.	
		Given the prevailing small shareholders base of about 2,700 shareholders, the Board is of the opinion that the convening of the general meetings at a single location is deemed adequate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>			
Application	: Applied		
Explanation on application of the practice	: Minutes of AGM was prepared and published on the Company's website together with questions and responses to questions raised by shareholders within 30 business days after the AGM.		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	: <table border="1" style="width: 100%; height: 30px;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>		

**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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