

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7120
COMPANY NAME : AXTERIA GROUP BERHAD
FINANCIAL YEAR : December 31, 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had two (2) new directors came onboard in February 2022 and June 2022 to replace four (4) directors who had tendered resignation due to other business commitment during the financial year under review. The inclusion of new directors will help to pave the way for the Company, drawing from their vast experience in various segments from property, corporate finance, marketing, audit & finance and legal. These changes in the Board brings about new synergy, knowledge, innovation and experiences to the Company which will propel the Company to greater heights and reach further horizons.</p> <p>The present Board consists of eight (8) members, of whom one (1) is a Non-Independent Non-Executive Director, two (2) are Executive Directors and five (5) are Independent Non-Executive Directors, thus constituting the majority on the Board.</p> <p>The Board comprises members of different background and expertise who collectively functions with synergy in deciding on operations and financial matters with the objective of setting and monitoring the implementation of Group strategy and business plans, approving corporate transactions, provision of advisory to management on all corporate matters. The detailed responsibilities of the Board are set out in the Board Charter.</p> <p>In order to ensure orderly and effective discharge of the functions and responsibilities of the Board, the Board has in place a governance framework where specific powers of the Board are delegated to the relevant Board Committees and the Group Managing Director and the Management Team.</p>

	<p>The Board has delegated certain responsibilities to its Board Committees namely, Audit and Risk Management Committee (or “ARMC”), Nomination Committee (or “NC”), Remuneration Committee (or “RC”) and Investment Working Committee. The Board Committees’ roles, duties and responsibilities are defined on their respective Terms of Reference as set out in the Board Charter. Further details are set out in the Corporate Governance Overview Statement (“CG Statement”) in the Annual Report 2022 (“Annual Report”).</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

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	The Board is led by the Chairman who is responsible for instilling good corporate governance practices within the Group and to provide effective leadership on the strategic direction of the Group and to promote good governance practices of the Group. His responsibilities are set out in The Board Charter. Further details are set out in the CG Statement in Annual Report.
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of roles and responsibilities between the Chairman and the Group Managing Director of the Company.</p> <p>Mr. Mok Juan Chek was on 10 February 2022, appointed as the Independent Non-Executive Chairman to replace Mr. Patrick Chin Hau Yui who had tendered his resignation due to other business commitment. Mr. Mok does not hold any shares in the Company, and he does not play an active role in the operations nor financial affairs of the Group. His role is to lead the Board and focus on governance and compliance matters.</p> <p>During the financial year under review, the Group Managing Director, Mr. Yee Wei Meng was primarily responsible for the day-to-day management of the business and operations of the Group, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board. He was supported by the Management Team to oversee key operating areas.</p> <p>Mr. Yee Wei Meng was re-designated as Executive Director following the appointment of Mr. Woo Wai Onn @ Foo Wai Onn as Group Managing Director with effect from 8 February 2023.</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 of the Board also serves as member of the ARMC, NC and RC. This departs from Practice 1.4. The Board is of the opinion that the current arrangement is suitable and expedient for effective boardroom dynamics due to the following rationale: a) All the Board Committees comprise four (4) Independent Non-Executive Directors as their members, even though the Main Market Listing Requirements of Bursa Securities stipulate a minimum of three (3) members in the Audit Committee comprising exclusively Non-Executive Directors with majority Independent, while there is no stipulation of the minimum number of members in the other three (3) Board Committees. With the four (4) Independent Non-Executive Directors in each of the Board Committees, there is adequate 'check and balance' amongst each other to ensure no one member dominates discussion nor possess any unfettered powers in decision making; b) As there is no "one-size-fits-all" formula, the Board believes the arrangement currently adopted is effective in meeting the Company's needs, especially when Directors are required by statutes to exercise the powers vested in them for a proper purpose, in good faith and in the best interest of the Company; and c) The Board ensures that the Board Chairman does not assume Chairmanship in any of the Board Committees, since the Chairmen of Board Committees wield more power than the Committee members. This removes any inherent self-review threat as the Chairmen of Board Committees are normally the persons who present recommendations of the Board Committees to the Board at Board meetings.

	<p>Based on the above-mentioned rationale, the Board opines that the intended outcome for Practice 1.4, i.e., “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” is met. This is because the inherent or perceived threat of self-review by Board Chairman at the Board’s deliberation of recommendations proposed by Board Committees is adequately addressed to enable forthright, unbridled and candid discussions by members at Board meetings.</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 1.5

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>The Board is supported by a Company Secretary, Ms. Pang Kah Man whom is a member of CPA Australia and the Malaysian Institute of Accountants ("MIA"). She is qualified under Section 235(2) of the Companies Act 2016 (the "Act") to act and holds a Practising Certificate for Secretaries under Section 241 of the Act.</p> <p>The Company Secretary's responsibilities are set out in the Board Charter.</p> <p>Via MIA's and other platforms and networks, the Company Secretary is periodically updated on changes to, and development in, relevant laws, regulations and better practices. On an ongoing basis, she is also required to attend trainings on recent developments pertaining to the laws, regulations and better practices by the professional body. The Company Secretary keeps the Board updated on relevant developments, either in writing or briefing at Board meetings.</p> <p>The Board had discussed and assessed the performance of the Company Secretary for the financial year under review and concluded that the level of performance and support rendered by the Company Secretary met the expectations 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

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>In order to facilitate Directors' and Management's planning for the whole financial year, meetings of the Board and the Board Committees are scheduled in advance before the commencement of each new financial year.</p> <p>In year 2022, the Board and the ARMC had seven (7) and five (5) meetings respectively whilst the NC and RC had three (3) and two (2) meetings respectively. Prior to each meeting, a structured agenda together with management reports and proposals were provided to the Directors at least five (5) days before the meeting. In order for meetings to be more effective, the meeting agenda was organised according to the priority of the matters / proposals to be deliberated with an indication to guide the Directors as to whether the matters are for approval, discussion or for notation purpose and time allocated for each agenda item in order for the meetings to be conducted efficiently.</p> <p>The proceedings of all meetings, including issues discussed, decisions and conclusions including dissenting views made and whether any Director abstained from voting or deliberating on a particular matter at the meetings with required actions to be taken by responsible parties were documented in the minutes which are circulated to Board members in a timely manner. In the intervals between Board meetings, Board's decisions or approvals for matters that are time sensitive or administrative in nature were sought via circular resolutions which were supported with relevant information and explanations and the same applied to the Board Committees.</p> <p>Upon conclusion of each meeting, the Company Secretary communicates the Board's decisions and recommendations to the relevant Management personnel for appropriate actions to be taken. The Company Secretary also prepares the Board and Board Committee meeting minutes, properly recording issues deliberated, including how decisions and conclusions are arrived at, as well as dissenting views or abstention by any Director, if any. The draft minutes of meetings are circulated to members of the meetings for any comments on the factual accuracy of the proceedings as documented. Thereafter, fair copies of</p>

	<p>the minutes of meetings are tabled at the next meeting for confirmation of the Directors and sign-off by the Chairman of the respective Board Committees and the Board, as the case may be.</p> <p>The Company Secretary also follows up with Management on the status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items remain as matters arising in the minutes of meetings until they are resolved or removed, if deemed no longer relevant.</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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter details the role and powers of each director and distinguish such authority between the Board Committees which have different functions in assisting the Board. The roles of the Board, Board Committees, Independent Non-Executive Chairman, Group Managing Director, Executive Directors, Independent Non-Executive Directors, Non- Executive Directors and Company Secretary are set out in the Board Charter.</p> <p>The Board Charter is made available at the Company's website at https://axteria-group.com.my/. The last review was conducted in 2022 as to reflect the relevant practices and processes recommended in the Malaysian Code on Corporate Governance 2021 Edition ("MCCG") and to keep abreast with changes in the prevailing or new legislations that affect the roles of the Board and Management.</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 Group adopts the Code of Conduct and Code of Ethics which apply to all directors, officers, employees across the Group and includes contractors and consultants who act for the Group.</p> <p>The Code of Conduct is the ethical framework that include, among others:</p> <ul style="list-style-type: none">▪ conducting business with integrity;▪ upholding intellectual property as right of the Group;▪ Preserving confidentiality and privacy;▪ Not to engage in insider trading; and▪ Maintaining safety of workplace. <p>The Code of Conduct is available on the Company's website at https://axteria-group.com.my/.</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	:	The Group has established its whistleblowing policy within the Code of Conduct. All personnel are duty-bound to raise concerns over any possible serious misconduct or unethical behaviour within the Group.	
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 4.1

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is primarily responsible for overseeing the Risk Management and Sustainability Governance of the Group. The risk management supervision process is delegated to the ARMC, which supported by the Management Team, the members of which comprise the Executive Directors and selected management personnel. The Management Team, which is assisted by an appointed external service provider, is entrusted by the Board to identify, evaluate, and implement control measures to mitigate the business and sustainability risks to acceptable levels and report the same to the ARMC for onward communication to the Board.</p> <p>The ARMC assumes the oversight role of deliberating and monitoring sustainability activities, where relevant material sustainability matters are identified by the Management Team in tandem with the usual risk management initiatives. The outcome of sustainability performance review, i.e., assessing the effectiveness of measures implemented by Management team in addressing and monitoring material sustainability matters, is collated by the ARMC via discussions with the Management Team for onward reporting to the Board to facilitate further deliberation as the situation requires.</p> <p>To-date, the sustainability governance structure is in the midst of defining and the process of determining the material sustainability matters and targets are yet to be finalised. The Board anticipates that sustainability targets for each material sustainability matter, as identified, will be deliberated before they are approved by the Board to enable Management to implement sustainability initiatives in the</p>

	<p>Group's operations and monitor them towards achieving the targets. The sustainability targets are planned to be formalised during financial year 2023.</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 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board believes that engagement with various stakeholders is integral in steering the Group towards realising its long-term sustainability goals.</p> <p>Regular reviews of the Group's strategies, businesses and operations will be conducted by the respective business units, committees and/or Board levels once the material sustainability matters and targets are determined by the Management and endorsed by the Company in year 2023.</p> <p>The details of the materiality assessment and stakeholder engagement process are set out in the Sustainability Statement of the Company's Annual Report. The Sustainability Statement, which is the primary source of communicating with stakeholders the sustainability targets and performance, including action plans taken or to be taken to address performance gaps, did not disclose such information, largely because the targets for each material sustainability matter had yet to be determined for Board's approval.</p> <p>The process of formalising targets for material sustainability matters, identified by the Company via stakeholder engagement and an internal assessment of the impact the sustainability matters have on the Group's operations, will be carried out and finalised in year 2023 to enable reporting of the same, including the performance gaps and action plans taken and to be taken, to be included in the Sustainability Statement 2023.</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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Only certain Board members attended internal briefings and external trainings to understand and learn the concept, benefits and methodology of incorporating economic, environmental, social and governance (“EESG”) considerations into the strategies, business and operations of the Group to create a more sustainable economic growth model which brings long-term value for the Group.	
		The Board is mindful of the need to keep abreast of the external trends and will devote more space for learning and sharing of sustainability matters and practices in year 2023.	
<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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board takes responsibility to oversee the governance of sustainability of the Company and the Group, including setting the sustainability strategies, priorities and targets, together with the Management.</p> <p>For the 2022 annual Board Effectiveness Evaluation, questionnaires on sustainability related performance measures were not incorporated for the evaluation of the Board members.</p>	
		<p>The Board will enhance the performance evaluations of the Board and Senior Management, enabling them to be conducted in a more holistic manner by having a wider and more in-depth coverage. Reference will be made against the Corporate Governance Guide 4th Edition which sets out specimen questions which can be adapted by the Company for the purpose of assessing the Board and Senior Management in relation to overseeing sustainability performance of the Group vis-à-vis Board-approved targets. This process is expected to be finalised before the kick-off of the 2023 annual Board assessment.</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

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	:	Not Adopted
Explanation on adoption of the practice	:	This Step-Up is not applied for the financial year under review, as sustainability targets for each of the material sustainability matters had yet to be formalised and approved by the Board.

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>On an annual basis, the NC assesses the effectiveness of the Board, as whole, Board Committees as well as individual Directors, with a focus towards considering whether the composition of the current Board needs to be refreshed.</p> <p>The Board comprises Directors with appropriate skills, knowledge, competence and experience to meet the needs of the Company. Accordingly, during the year, the Directors were assessed to appraise their skillsets and experience, including their contributions to the Board, Board Committees as well as how they have performed as individual Directors in meeting the needs of the Company. The assessment was based on a self and peer basis, with the evaluation questionnaire being mainly adapted from the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>The results of this assessment indicated that the Board has been effective in the discharge of its stewardship responsibilities in meeting the needs of the Company.</p> <p>There were no other significant areas that required improvements to the Board dynamics and composition were noted. Accordingly, the Board endorsed the re-election of the retiring Directors as recommended by the NC. There were no other significant areas that required improvements to the Board dynamics and composition were noted. Accordingly, the Board endorsed the re-election of the retiring Directors as recommended by the NC.</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

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	:	Applied	
Explanation on application of the practice	:	The Board consists of eight (8) Directors, comprising five (5) Independent Non-Executive Directors, one (1) is a Non-Independent Non-Executive Director and two (2) Executive Directors, the composition of which also fulfils the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities for at least one-third (1/3) of Directors or two (2), which is higher, being Independent Non-Executive Directors.	
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 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	To-date, none of the independent directors has served beyond 9 years.	
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 5.4 - Step Up

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

<i>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.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	: This is NOT ADOPTED by the Company as the Board does not have such a policy.

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>In the course of identifying and nominating candidates to fill Board vacancies as and when they arise, appointment of additional new Director, or replacement of Senior Management personnel, the NC sources for candidates, normally through recommendations of fellow Directors, major shareholders or business associates, and evaluates candidates based on, amongst others, their skills, knowledge, competency, experience, time availability, character, professionalism and integrity. In evaluating candidates, the NC applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, ethnic groups or gender although these attributes are taken into consideration in deriving a decision.</p> <p>The Board believes that diversity in skills, knowledge, age, cultural backgrounds and experience is fundamental towards good governance and in enhancing the effectiveness of Board deliberation. The Board consists of qualified individuals with diverse experience, backgrounds and perspectives and who have demonstrated commitment to the Company from the attendance at meetings and deliberations at the same. The composition and size of the Board is such that it facilitates the making of informed, objective and critical decisions in an expeditious manner.</p> <p>The Executive Directors are complemented by the experience and independent views of the Independent Non-Executive Directors who are professionals in the field of corporate governance, audit, finance, risk management, accounting and business. The Board members possess a fair range of business, finance, administration and public relations experience. The mix of skills and experience are vital in directing and supervising the Group's overall business activities in light of the increasing challenging economic and operating environment in which the Group operates.</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 5.6

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>The Company's Constitution, Board Charter and term of reference of NC set out the process for which members are appointed to the Board. The NC is responsible for evaluating any proposed candidate before recommending the same to the Board for appointment.</p> <p>In practice, upon the need to seek for a candidate for appointment of Directorship, the NC, with the assistance of the Company Secretary, sources for candidates via recommendations from the existing Board members, Management, major shareholder and business associates as well as other independent avenues for recommendations.</p> <p>The Board is of the view that this process has been working well towards enhancing the effectiveness of the Board. Moreover, through the recommendation of familiar parties, the Board is to a certain extent assured of the integrity of the candidates for Directorship.</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>Key information in respect of the Directors can be obtained from the Profile of Directors included in the Company's Annual Report. Disclosure of such information of the Directors is aimed to assist shareholders to make informed decisions on the appointment or re-appointment of a Director.</p> <p>In early 2023, the NC met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as independence of the Independent Non-Executive Directors in respect of the financial year ended 31 December 2022 based on a self and peer assessment approach.</p> <p>The Board has, through the NC, considered the results of assessment of the Directors and collectively agreed that all the Directors met the criteria as prescribed by Paragraph 2.20A of the Listing Requirements of Bursa Securities on the attributes of character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors and contribute to the Company.</p> <p>Based on the NC's recommendations and in the absence of any negative concerns, the Board supports and endorses the re-election of the retiring Directors at the forthcoming Annual General Meeting ("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

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	:	<p>The NC was chaired by an Independent Non-Executive Director, Mr. Teo En Chie, who was resigned on 1 April 2022. Ms. Ng Lee Thin was subsequently appointed as the acting chairperson of NC with effect from 29 April 2022 until the appointment of Mr. Oon Min Hoon on 28 June 2022.</p> <p>Mr. Oon Min Hoon had on 1 March 2023, tendered resignation due to other business commitment. Mr. Yau Yin Wee was subsequently appointed as NC Chairperson on 12 April 2023.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board currently has 25% female representation, i.e., two (2) women Directors of whom are the Independent Non-Executive Directors. This composition departs from Practice 5.9 which requires 30% of Board members to be women.</p> <p>Pursuant to the recent amendments to the Listing Requirements announced by Bursa Securities vide its letter dated 19 January 2022, all listed issuers are required to have at least one (1) woman Director on its Board, i.e., for non-large companies by 1 June 2023. The Company has complied with this requirement.</p> <p>The Board strongly advocates Board diversity as a truly diverse Board will include and make good use of differences in skills, regional and industry experience, background, gender, age, ethnicity and other qualities of Directors such as the candidates' competency, character, time commitment, integrity and experience in meeting the Company's needs. These diversities are considered in determining the optimum composition of the Board and, whenever possible, should be balanced appropriately.</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 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	Although there is no mention of any specific targets set for gender diversity for the Board and Senior Management, evaluation of the suitability of candidates for onboarding to the Board or Senior Management is based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs, without discrimination to age, gender, cultural background or race. In the case of candidates for Independent Non-Executive Director, whether the candidates are able to discharge the roles of an Independent Non- Executive Director. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right caliber.	
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 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>	
Application	: Applied
Explanation on application of the practice	: In early 2023, the NC met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as independence of the Independent Non-Executive Directors in respect of the financial year ended 31 December 2022. The assessment was based on a self and peer basis, coordinated by the Company Secretary using evaluation questionnaire which were mainly adapted from the Corporate Governance Guide issued by Bursa Securities. The results of this assessment indicated that the Board and the Board Committees, including individual Directors have been effective in the discharge of their respective stewardship responsibilities in meeting the needs of the Company.
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 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 Board has established a RC which recommends remuneration matters pertaining to Executive Directors and Senior Management, taking into consideration the Group's policies and procedures on the remuneration of Directors and Senior Management, for the Board's approval.</p> <p>Remuneration pertaining to Independent Non-Executive Directors, which comprises fees and other allowances, is deliberated and recommended by the Board, as a whole, for shareholders' approval at the Company's AGM. Each individual Director abstains from participating in discussion or voting on decision pertaining to his own remuneration.</p> <p>The Group has in place a Remuneration Policy & Procedures, which aims to attract and retain the Directors and Management necessary to lead and control the Group effectively. The Remuneration Policy & Procedures is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively by considering their roles and responsibilities, performance of the individuals, Group's financial performance and market conditions of the industry.</p> <p>During the year under review, the RC reviewed and evaluated the remuneration packages of Executive Directors and Independent Non-Executive Directors at its meeting for the Board's consideration and approval and recommended the same for shareholders' approval, where required, for example the fees and other benefits of Executive Directors and Independent Non-Executive Directors.</p>

	<p>The remuneration of Independent Non-Executive Directors is not tied to the financial performance of the Group but reflects the extent of roles they play in the Company, the number of meetings convened by the Board and Board Committees and their attendance thereat. Directors are paid fixed Directors' allowances and fees, following approval by shareholders at the Company's AGM.</p> <p>The Remuneration Policy & Procedures is made available on the Company's website at https://axteria-group.com.my/.</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

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 functions based on its Term of Reference which is available on the Company's website at https://axteria-group.com.my/.</p> <p>The RC was chaired by an Independent Non-Executive Director, Mr. Teo En Chie, who was resigned on 1 April 2022. Ms. Ng Lee Thin was subsequently appointed as the acting Chairperson of RC with effect from 29 April 2022 until the appointment of Mr. Oon Min Hoon as RC Chairperson on 28 June 2022.</p> <p>Mr. Oon Min Hoon had on 1 March 2023, tendered resignation due to other business commitment. Mr. Yau Yin Wee was subsequently appointed as RC Chairperson on 12 April 2023.</p> <p>The principal responsibilities of the RC are as follows:</p> <ul style="list-style-type: none">a) To review and assess the remuneration packages and structures of all the Directors and Senior Management in all forms, with or without independent professional advice or other outside advice, taking into consideration the Group's policies and procedures on the remuneration of Directors and Senior Management, which cover amongst others the performance of the Group;b) In respect of Executive Directors and Senior Management, to ensure that the levels of remuneration packages are commensurate with the performance and responsibility expected of the Directors and Senior Management concerned and be sufficiently attractive enough to attract, motivate and retain the officers needed to run the Group successfully;c) In respect of Non-Executive Directors, to ensure that the fees and benefits payable reflect the experiences, time demanded of the Directors to discharge their duties and level of responsibilities accorded;

	<p>d) The remuneration packages shall also consider the individual’s performance, skills and experience, level of responsibility as well as the market benchmarks;</p> <p>e) To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Group for talents at Board and Senior Management level at a particular time; and</p> <p>f) To ensure that the remuneration and incentives for Independent Non-Executive Directors do not conflict with their obligations to bring objectivity and independent judgement to the Board.</p> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of Executive Directors (as full-time employees of the Group), with the individual Directors concerned abstaining. As for the remuneration of Independent Non-Executive Directors, the Board deliberates before recommending for the same to be voted by shareholders at the Company’s 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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration received by each of the Directors, on a named basis, from the Group and Company for the financial year under review is set out in the tables below:

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	Ahmad Rahizal Bin AMB Dato' Ahmad Rasidi (Resigned on 9 January 2023)	Non-Independent Non-Executive Director	42,000	6,000	NIL	NIL	NIL	NIL	48,000	42,000	NIL	NIL	NIL	NIL	6,000	48,000
2	Ong Li Tak (Resigned on 30 September 2022)	Executive Director	31,500	5,000	NIL	NIL	NIL	NIL	36,500	31,500	59,000	315,972	NIL	NIL	48,008	454,480
3	Yee Wei Meng	Executive Director	42,000	6,000	NIL	NIL	NIL	NIL	48,000	42,000	116,000	1,196,387	NIL	NIL	247,423	1,601,810
4	Patrick Chin Hau Yui (Resigned on 10 February 2022)	Independent Non-Executive Chairman	6,923	Nil	NIL	NIL	NIL	NIL	6,923	6,923	NIL	NIL	NIL	NIL	NIL	6,923
5	Ng Lee Thin	Independent Non-Executive Director	48,000	7,200	NIL	NIL	NIL	NIL	55,200	48,000	NIL	NIL	NIL	NIL	7,200	55,200
6	Teo En Chie (Resigned on 1 April 2022)	Independent Non-Executive Director	10,500	1,000	NIL	NIL	NIL	NIL	11,500	10,500	NIL	NIL	NIL	NIL	1,000	11,500
7	Tee Kuan Hong (Resigned on 30 December 2022)	Executive Director	42,000	6,000	NIL	NIL	NIL	NIL	48,000	42,000	78,000	270,175	NIL	NIL	44,355	434,530
8	Mok Juan Chek	Independent Non-Executive Chairman	53,461	9,000	NIL	NIL	NIL	NIL	62,461	53,461	NIL	NIL	NIL	NIL	9,000	62,461
9	Tan Joo Khong (Resigned on 23 February 2023)	Non-Independent Non-Executive Director	37,423	6,000	NIL	NIL	NIL	NIL	43,423	37,423	NIL	NIL	NIL	NIL	6,000	43,423
10	Oon Min Hoon (Resigned on 1 March 2023)	Independent Non-Executive Director	21,000	2,000	NIL	NIL	NIL	NIL	23,000	21,000	NIL	NIL	NIL	NIL	2,000	23,000

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	:	Applied
Explanation on application of the practice	:	For the key senior management personnel who are not directors of the Company, the Board has disclosed the remuneration packages as set out in the table below. This is to ensure that the remuneration of the Group's employees remain transparent and comparable to market rates.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Tia Chong Hao (Resigned on 28 February 2023)	Group General Manager	196,317	27,000	NIL	28,907	NIL	252,224
2	Sea Hong Peng	Chief Financial Officer	134,962	27,000	NIL	21,055	NIL	159,000
3	Woo Wai Onn @ Foo Wai Onn (Appointed as Group Managing Director on 8 February 2023)	Group Chief Executive Officer	20,000	NIL	NIL	2,600	NIL	22,600

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	:	This Step-Up is NOT adopted.

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 Chairperson of ARMC, Ms. Ng Lee Thin is a member of the MIA and fellow of Association of Chartered Certified Accountants ("ACCA"). She is not the Chairman of the Board.</p> <p>During the financial year under review, the ARMC comprised three (3) members who were all Independent Non-Executive Directors. Mr. Oon Min Hoon tendered resignation on 1 March 2023 and the vacancy of ARMC member will be filled within 3 months from the announcement date.</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 ARMC is mindful of the self-review threat that might be posed should a former partner of the external audit firm or its affiliate firms be appointed to the ARMC without observing the relevant cooling-off period following the partner's retirement or resignation from the external audit firm or its affiliate firms.</p> <p>As such, the Board and ARMC have adopted a policy requiring a cooling-off period of at least three (3) years before a former partner of the external audit firm or its affiliate firms is onboarded as a member of the ARMC.</p> <p>For the record, none of Directors of the Company were former partners of Crowe Malaysia PLT the external auditors of the Company, or their affiliate firms.</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>It is the ARMC's responsibility to recommend to the Board the appointment or re-appointment of external auditors, their remuneration and ensure the independence of external auditors throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements, as well as ensuring the engagement team conducting non-audit services is different from the external audit team.</p> <p>The above-mentioned remit aims to impose upon the ARMC the responsibility to assess the suitability, objectivity and independence of the external auditors.</p> <p>During the financial year under review, the ARMC worked closely with the external auditors and Management to assess the suitability, objectivity, independence and quality of service of the external auditors based on criteria adopted by the ARMC. Members of the external audit team, in particular the Engagement Partner, also confirmed that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Ethics Standards Board of the International Federation of Accountants, and the By-Laws of the MIA.</p> <p>The ARMC undertook an annual assessment of the suitability, objectivity, independence and quality of service of the external auditors. In line with the MCCG, the ARMC also inquired of the external auditors the governance and leadership structure of the audit firm, measures undertaken by the firm to uphold audit quality and manage risks. The external auditors also shared with the ARMC, in general, its Transparency Report.</p> <p>Based on the outcome of this assessment, the Board endorsed the ARMC's recommendation for shareholders' approval to be sought for the appointment of Crowe Malaysia PLT as the external auditors of the Company for the ensuing year, at the forthcoming AGM in 2023.</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	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises wholly the 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviews the terms of office of the ARMC members and assesses its performance and its members through an annual Board Committee effectiveness evaluation conducted by the NC.</p> <p>The ARMC members are aware of the need to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain active participation during deliberations.</p> <p>Based on the outcome of the ARMC effectiveness assessment, the Board is satisfied with the ARMC's performance as the Chairperson and members are financially literate and possess the necessary knowledge, experience, expertise and skills required to enhance the overall effectiveness of the ARMC. All the ARMC members attended the meetings convened for the financial year under review.</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

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 implementing an adequate and effective system of risk management and internal controls to safeguard stakeholders' interests and the Group's assets. In view of its inherent limitations, such a system can only be designed to manage the Group's business risks to acceptable levels, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system of risk management and internal controls can only provide reasonable, but not absolute, assurance against material misstatement of financial information, financial losses or fraudulent practices.</p> <p>To this, a risk management framework has been established using the approach referred to as Control Self-Assessment which is illustrated in the Annual Report. Such framework and internal control system, as integrated in the Group's operations and working culture, are applied continuously throughout the year, to identify, evaluate and manage the significant risks of the Group. Significant risks faced in the Group's operations, including risks arising from changes in business environment based on this framework, can be flagged for remedial measures in a timely manner. The risk management process is reviewed by the Board via the ARMC, which in turn is assisted by the Management Team in accordance with the framework.</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

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 via the ARMC, reviews the Group's risk management policies and oversee the operation of an enterprise- wide risk management framework.</p> <p>The Group adopts a decentralized approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibility of the Heads of Department.</p> <p>The Group Managing Director, Executive Director and Chief Financial Officer have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.</p> <p>The key features of the risk management and internal control framework and further details on the management and reporting of the risks and the controls in place to mitigate and manage those risks are provided in the Statement on Risk Management and Internal Control included in the Annual Report.</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	:	Adopted
Explanation on adoption of the practice	:	The ARMC, comprises wholly Independent Directors has a responsibility to keep in check the Group's risk management framework and policies to ensure the processes involved remains relevant and effective in identifying, analysing, evaluating and treating the risk factors the Group is exposed to.

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 Unit at Group is outsourced to Matrix Corporate Consultancy Sdn Bhd., an independent internal audit service provider, operating independently from the activities they audit as well as independent of Management.</p> <p>It provides the ARMC and the Board with much of the assurance it requires regarding the adequacy and effectiveness of the risk management and internal control processes. A systematic and disciplined approach is employed to draw up the annual audit plan for the review and approval of the ARMC before internal audit work commences. Audits were independently carried out to assess internal controls in the key activities of the Group’s business in accordance with the risk-based approach. The internal auditors have full and direct access to the ARMC and Management.</p> <p>The ARMC has the full authority to query specific matters pertaining internal control and to request for further analysis and information in respect of any areas of concern or of interest. The Board is satisfied the internal audit function is carried out with sufficient independence and that the findings and reports are found consistently impartial and accurate.</p> <p>Further details on the elements of the internal control system are provided in the Statement on Risk Management and Internal Control, set out in the Annual Report.</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

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>Matrix Corporate Consultancy Sdn Bhd has a total of two (2) professionals, with the head of internal audit being a member of the Institute of Internal Auditors Malaysia, fellow member of the ACCA, member of the Malaysian Institute of Certified Public Accountants and member of the MIA. The approach adopted by the internal audit function broadly follows the standards set out in the International Professional Practices Framework of the Institute of Internal Auditors.</p> <p>The scope of internal audit activities is carried out in accordance with the requirements and objectives outlined in the Group’s risk management framework. The findings and supporting reports were collated and presented to the ARMC to review, to analyse, to question areas of concern and significant matters and to ensure the internal audit function is carried out in line with the terms of reference.</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 Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, stakeholders and public at large. Accordingly, the Board adheres to the stipulations set out in Chapter 9 of Listing Requirements on continuous disclosure.</p> <p>The Board ensures timely dissemination of information on the Group's performance and other matters affecting shareholders' interests through appropriate announcement (where necessary), quarterly financial results, relevant circulars, distribution of annual report and, where appropriate, ad-hoc press statements and interviews.</p> <p>The Group maintains a corporate website at https://axteria-group.com.my/ for effective dissemination of information where shareholders as well as members of the public can access the latest information on the Company and on the business activities of the Group. Alternatively, they may obtain the Company's latest announcements via the website of Bursa Securities at www.bursamalaysia.com.</p> <p>As part of the Group's commitment towards communication with its stakeholders, experienced members of Management are directly involved in the Group's investor relations activities. The contact information of the Independent Directors, Chief Financial Officer and Company Secretary are made available in the Annual Report to encourage the stakeholders to channel their concerns.</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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:	The Company does not fall under the category of “Large Companies” as defined in the MCCG. Hence, such requirement is not applicable.	
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 13.1

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>The Company despatches the notice of its Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Act and Bursa Securities’ Listing Requirements. At the last AGM in 2022, the notice was dated 29 April 2022 whilst the AGM was held on 27 June 2022.</p> <p>The notes to the Notice of the 23rd AGM dated 29 April 2022 provided detailed explanations for each resolution proposed, e.g., re-election/retirement of Directors, Directors’ remuneration comprising the Directors’ fees and benefits, appointment of auditors, etc., to enable shareholders 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	:	<p>At the 23rd AGM, all the Directors were present virtually to engage directly with shareholders. Amongst the Directors present were the Board Chairman and Chairmen of the Board Committees. Moreover, Management and external auditors were in attendance to respond to shareholders' queries.</p> <p>The proceedings of the 23rd AGM included the Questions & Answers session during when the Chairman invited shareholders to raise questions, if they had any, by way of the query chat box, pertaining to the Company's financial statements and other items for adoption at the Meeting, apart from those questions received prior to the AGM, before putting a resolution to vote.</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 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice		<p>The Group has been conducting AGMs at venues that are easily accessible by the shareholders. As such, the Group need not require technology to facilitate its meetings. With the safety of the Company's shareholders, employees and directors being of primary concern, the previous AGM held on 27 June 2022 was conducted entirely through live streaming via Remote Participation and Voting ("RPV") facilities which are provided by Tricor Investor & Issuing House Services Sdn Bhd's (or "Tricor") via TIIH Online website at https://tiih.online.</p> <p>Shareholders are allowed to appoint proxy or proxies to cast their vote on their behalf in their absence at general 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

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>	
Application :	Applied
Explanation on application of the practice :	During the last AGM, the Chairman informed the shareholders that they were allowed and encouraged to submit their questions or queries in the query chat box throughout the AGM proceedings. The full minutes of AGM, together with the outcome of the poll-voted resolutions, were also made available on the Company's website within thirty (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 :	

Intended Outcome

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

Practice 13.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of the importance of deploying a reliable virtual platform at the Company's AGM to ensure its interaction with shareholders and the poll-voting process are not impeded. Such a platform seeks to enhance shareholder activism, especially enabling shareholders to log in from remote locations to participate in the deliberations and voting process, including engaging with the Board and Senior Management.</p> <p>To ensure a smooth conduct of the Company's general meeting, the Company's 23rd AGM was held virtually via TIIH Online website at https://tiih.online which are provided by Tricor and supported by an experienced technical support team as well as the required infrastructure and equipment.</p> <p>For remote shareholders' participation and voting in absentia at the AGM, the Company provided the procedures and action required pertaining to the AGM to shareholders in the Administrative Notes, despatched together with the Notice of the 23rd AGM to enable them to participate and vote at the 23rd AGM remotely using the RPV facilities provided by Tricor.</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 13.6

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	: The full minutes of the 23 rd GM were uploaded on the Company's website within thirty (30) business days after conclusion of the AGM. This timely uploading enabled shareholders who were unable to attend the AGM to be fully apprised of what transpired at the AGM, including the Board's responses to questions raised by shareholders and the outcome of the resolutions, which were voted by way of a poll.
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	:

**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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