

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7207
COMPANY NAME : Success Transformer Corporation Berhad
FINANCIAL YEAR : June 30, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of Success Transformer Corporation Berhad ("STC" or "Company") ("Board") is responsible for formulating and reviewing the strategic direction and management of STC and its subsidiaries ("Group"), as well as the provision of leadership and guidance for setting the strategic direction of the Group.</p> <p>The Board also assume the following duties and responsibilities:</p> <p>(a) Reviewing and adopting strategic plans for the Company, addressing the sustainability of the Company's business policies and performance as well as ensuring that the policies fit in with the Company's overall business strategy.</p> <p>The Board is expected to approve the strategic plan and ensure that the necessary resources are in place for the Company to meet its objectives.</p> <p>(b) Overseeing the conduct of the Company's business including supervision and assessment of management's performance to determine whether the business operation is being properly managed.</p> <p>(c) Identifying principal risks faced by the Group and ensuring there are appropriate systems implemented to manage and mitigate these risks.</p> <p>The Board, through the Risk Management and Sustainability Committee, will develop, execute and maintain the risk management system to ensure that the Company's corporate</p>

	<p>objectives and strategies are achieved within the acceptable risk appetite of the Company.</p> <p>(d) Succession planning, including appointing, training and replacing Directors, where necessary.</p> <p>The Nomination Committee is responsible for providing recommendations of the appointment of Directors to the Board, upon considering the suitable criteria of a Director such as the mix of skills, experiences and knowledge.</p> <p>(e) Overseeing the development and implementation of a shareholder communication policy.</p> <p>The Board will ensure that the highest standards of transparency and accountability are achieved in disclosing pertinent information to its shareholders.</p> <p>(f) Reviewing the adequacy and integrity of the Group's internal control management information system.</p> <p>The Board, through the Audit Committee, will conduct review on the adequacy and integrity of the Company's financial and non-financial reporting segments such as reviewing of the appropriateness of accounting policies, internal controls and key risks of the Company.</p> <p>The members of the Board are aware of their responsibility, which is to make sound decisions with objective in order to promote the success of the Group. The roles and responsibilities of the Board which are set out in the Board Charter, serve as a reference point for Board activities. The Board Charter is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</p> <p>The Board has delegated the task of daily management of Group's affair to the Managing Director ("MD"). The MD, supported by the senior management of the Group, is responsible in making, implementing and managing the day-to-day decisions of the business operations, the Group's resources and the associated risks involved in pursuing the Group's corporate objectives. The MD is also assisted by an Executive Director ("ED"), who himself is also responsible for certain specific areas of the Group's operations.</p> <p>The MD, ED and the senior management will meet regularly to review and monitor the performance of the Group's operations. It is also the task of the MD to brief the Board on the Group's business</p>
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	<p>operations and management's initiatives during its quarterly Board meetings.</p> <p>The Independent Non-Executive and Non-Independent Non-Executive Directors of the Company are not involved in the daily management of the Group. However, the Independent Non-Executive and Non-Independent Non-Executive Directors have contributed their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various roles among the Board Committees have also contributed to the enhancement of corporate governance and controls of the Group.</p> <p>To enable the Board to discharge its role and functions effectively, the Board has established the following committees ("Board Committee(s)"): <ul style="list-style-type: none"> (a) Audit Committee; (b) Nomination Committee; (c) Remuneration Committee; and (d) Employees' Share Option Scheme ("ESOS") Committee </p> <p>Each of the Board Committee operates within its respective terms of reference ("TOR") that also outlines its respective functions and authorities. The TOR of the respective Board Committee are reviewed by the Board Committee and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Board Committees and reflects the latest developments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the Malaysia Code on Corporate Governance 2021 ("MCCG 2021"). These Board Committees have the authority to report to the Board with their recommendations.</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	:	<p>The Chairman, Datuk Ir. Kamarudin Bin Md Derom is responsible for the leadership, effectiveness, conduct and governance of the Board. In particular, the Chairman is responsible for:</p> <ul style="list-style-type: none">(a) leading the Board in establishing and monitoring good corporate governance practices in the Company;(b) leading the Board and ensuring effectiveness in all aspects of its role;(c) ensuring an efficient organisation and conduct of the Board's function and meetings;(d) facilitating the effective contribution of all Directors at Board Meetings;(e) chairing Board meetings, encouraging active participation and allowing dissenting views to be freely expressed and discussed during the meetings;(f) chairing general meetings of the Company and providing clarification on issues that may be raised by the shareholders;(g) promoting constructive and respectful relations between Directors, and between the Board and Management of STC; and(h) ensuring effective communication with shareholders and relevant stakeholders. <p>The roles and responsibilities of the Chairman of the Board are set out in the Board Charter which is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and MD (whom has similar duties of a Chief Executive Officer) are held by two different individuals. The Chairman, Datuk Ir. Kamarudin Bin Md Derom is responsible for leading the Board in establishing and monitoring good corporate governance practices in the Company as well as ensuring effective operation of the Board.</p> <p>On the other hand, the MD, Tan Ah Bah @ Tan Ah Ping, is responsible for managing the business operations and strategic vision of the Company as well as ensuring effective implementation of the Board's decisions / policies.</p> <p>The distinct and separate roles of the Chairman and MD, with a clear division of responsibilities, ensure that there are balance of power and authority, such that neither individual has unfettered powers of decision-making.</p> <p>The roles and responsibilities of the Chairman and MD are provided in the Board Charter, which is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</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 :	<p>Given the size of the Board, the Chairman of the Board, Datuk Ir. Kamarudin Bin Md Derom is also a member of Audit Committee and Nomination Committee.</p> <p>Despite Datuk Ir. Kamarudin Bin Md Derom's role as Chairman of the Board and member in the Board Committees, he exercises independent and objective opinions and advises the Company based on his extensive experience and wide industry knowledge. He is conscious in his differing roles in the Board, in the Audit Committee and Nomination Committee. All issues before recommending to the Board are thoroughly deliberated at the Board Committees' levels which involved the participation of the other two members. All recommendations by the Board Committees to the Board have been arrived at unanimously and this would avoid the risk of self-review and absolute control over the decision making by one person.</p> <p>In addition, the Chairman of the Board is not involved in the Group's managerial and operation matters. He does not have any conflict of interest in all aspects of the Group nor family relationships with any Directors or major shareholders of the Company which may affect his independence or influences his judgement.</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

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 two (2) suitably qualified and competent Company Secretaries namely Ms. Chua Siew Chuan and Ms. Tan Loo Ee. Both of the Company Secretaries possess valid Practising Certificates issued by the Companies Commission of Malaysia ("CCM"). They are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries are responsible, amongst others, the followings:</p> <ul style="list-style-type: none">• Advise the Board with regards to the MCCG 2021, Listing Requirements, Companies Act 2016, TOR of the Board Committees, Board Charter and the consequential application, disclosure and compliance requirements.• Managing the logistics of Board and Board Committee Meetings. Attendance and minutes are properly recorded and kept by the Company Secretaries. The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant members of Management for appropriate actions.• Facilitating the orientation of new Directors and assisting in Directors' training and development.• Managing the process of the Annual General Meeting ("AGM") by ensuring the due processes and proceedings are in place and properly managed. The Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.

	<ul style="list-style-type: none"> It is also the responsibility of the Company Secretaries to keep abreast of current governance practices and update the same to the Board. Both Ms. Chua Siew Chuan and Ms. Tan Loo Ee have attended relevant continuous professional development programmes mandated by the CCM and kept the Board updated on relevant developments, either in writing or briefing at the Board meetings. All Board members are entitled to unlimited and unrestricted access to the professional advice and services of the Company Secretaries. 	
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 1.6

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 facilitate the Directors' time planning, a pre-scheduled annual calendar of Board meetings is circulated and confirmed by the Board before the beginning of each calendar year to provide ample time for the Directors to plan their attendance.</p> <p>The notice of meetings and agenda are circulated to the Directors electronically at least one week in advance and Board meeting papers are delivered to the Directors electronically at least five business days prior to Board meeting. This enables the Directors to prior peruse the matters to be deliberated upon, and if necessary, further information is provided at the meeting for deliberation and informed decision making. Senior Management staff may be invited to attend Board meetings to provide further details, clarifications and/or advise the Board as and when required on matters to be deliberated.</p> <p>The Board meeting papers include, among others, the following documents or information:</p> <ul style="list-style-type: none">• reports of meetings of Board Committees including matters requiring the Board's deliberation, approval and notation;• performance reports of the Group, which include information on financial, strategic business issues and updates;• major operational, financial, legal, regulatory and corporate issues; and• board papers for other matters for discussion or approval. <p>All deliberation, discussions and decisions of the Board meetings were minuted and recorded accordingly. All proceedings of Board meetings were signed by the chairman of the meeting concerned</p>

	or the chairman of the next meeting pursuant to Clause 136 of the Company's Constitution.	
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's Board Charter was first adopted by the Company on 26 May 2014 and the subsequent amendments to the Board Charter were reviewed and approved by the Board. The Board Charter sets out the respective roles and responsibilities of the Board, Board Committees and key senior management, as well as the standard of conduct expected of individual Directors.</p> <p>The Board had on 24 May 2022 reviewed and adopted the revised Board Charter of the Company. The Board will review the Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current laws/regulations and good governance practices.</p> <p>The Board is supported by the Board Committees to provide independent overights of management and to ensure that there are appropriate checks and balances in discharging its oversight function.</p> <p>Each of the Board Committees has detailed TOR that set out their scope and authority to assist the Board in carrying out its stewardship role and function.</p> <p>The Board Charter also outlines the matters which are specifically reserved for the Board or its Committees' decision.</p> <p>The Board Charter as published on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</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 has established and adopted a Code of Conduct covering Business Ethics, workplace safety and employees' personal conduct for all employees of the Company as well as all of its subsidiary and associate companies.</p> <p>The purpose of the Code of Conduct is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation.</p> <p>All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with Company.</p> <p>The Code of Conduct shall be periodically reviewed by Board and a copy is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</p> <p>In addition, the Company also adopts the Anti-Bribery and Corruption Policy ("Policy") which governs the prevention of corruption and unethical practices within the Group pursuant to the Listing Requirements and Subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The purpose of the Policy is to set out the responsibilities of the Company and those working for the Company in observing and upholding the Company's position against corruption and bribery. The Policy will provide information and guidance to the employees on how to recognise and deal with corruption and bribery issues and set out the procedure on how to raise concerns on breached of the Policy.</p>

	The Policy is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html .	
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 Group has established a Whistle Blowing Policy and Procedures to foster an environment where integrity and ethical behaviour are maintained and any illegal acts or failure to comply with regulatory requirements that are taking place may be exposed. The Whistle Blowing Policy and Procedures provides a mechanism for employees, stakeholders and other interested parties to confidentially bring to the attention of the Audit Committee any concerns related to matters covered by the Code of Conduct, legal issues and accounting or audit matters.</p> <p>The Board, together with the Management, reviews the Whistle-Blowing Policy and Procedures as and when the need arises to ensure it is kept relevant to current best practices.</p> <p>The Whistle Blowing Policy is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</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 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>The Board acknowledged the importance of incorporating sustainability aspects into the Group’s business and corporate activities, and how sustainability could affect the successful business strategies that could deliver sustainable value to all stakeholders and ultimately boosts the business performance of the Group.</p> <p>The Board and the Management of the Company are responsible for the governance of sustainability in the Company, including setting the Group’s sustainability strategies, priorities and targets.</p> <p>The Company promotes business sustainability through its Board as well as the Risk Management and Sustainability Committee. The Risk Management and Sustainability Committee is led by the Deputy Managing Director, Ms. Tan Chung Ling and Chief Risk Officer, Mr. Lo Chiow Lieh, and comprises of various heads and members of the Company’s business units and divisions with the task to oversee, identify and present the Group’s sustainability risk to 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

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's business sustainability is spearheaded by the Board, who is primarily responsible for the overall sustainability performance of the Group. The Board has delegated the roles and responsibilities to the Risk Management and Sustainability Committee which is led by the Deputy Managing Director, Ms. Tan Chung Ling and assist by key management personnel. The Risk Management and Sustainability Committee has been tasked to assist the Board in identifying, assessing, and overseeing the management of the Group's sustainability matters, with specific focus on sustainability matters, as the Group integrates sustainability into its risk management system.</p> <p>The Company has produced a Sustainability Statement that forms part of the Annual Report, pursuant to the Listing Requirements and the accompanying Sustainability Reporting Guide. The report aims to provide stakeholders with a knowledge of how the Company embedded the sustainability matters within the organisation. The Annual Report is available for reference at the Company's website at www.stcgroup.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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Company and the Board are constantly monitoring the industry trends, and taking steps to overcome operating challenges in order to meet stakeholder expectations, as well as to produce long term value to shareholders and stakeholders of the Group and the community. The Board keep themselves apprised with relevant sustainability developments by way of formal training including webinars, presentation of updates, and discussions. Further, the Board is also updated and briefed on the Group's sustainability matters by the Risk Managemnet and Sustainability Committee on yearly basis. The Board is committed to staying abreast with sustainability issues associated with evolving global environment, economic, social and governance aspects of business.	
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	:	The Board and the Key Senior Management have performed their respective roles in addressing material sustainability risks and opportunities. The performance evaluation of the Board in addressing the Group’s strategic and business plans which promote sustainability materials matters was evaluated through the annual Board’s effectiveness evaluation for the financial year ended 30 June (“FYE”) FYE 2023. Whereas for the Key Senior Management team, it is part of their department objective which are reviewed annually.	
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	:	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 5.1

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 Nomination Committee oversees the overall composition of the Board in terms of size, mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG 2021. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting. During the FYE 2023, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to 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

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 current Board composition of STC is as below:</p> <ul style="list-style-type: none">• 1 Independent Non-Executive Chairman;• 1 Independent Non-Executive Director;• 1 Non-Independent Non-Executive Director; and• 4 Executive Directors (including the MD and Deputy MD). <p>Presently, 29% of the Board consist of Independent Non-Executive Directors. The Board is of the view that the current Board composition is in the form of appropriate mix of relevant knowledge, skills and industry experience to ensure the succeed moving forward of the Company.</p> <p>The Board has in place the Audit Committee, Nomination Committee and Remuneration Committee with clear TOR to assist the Board in the deliberations and recommendations as a check and balance.</p> <p>Further, none of the Independent Directors engages in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement and act in the best interests of the Company as well as its shareholders. They have met the criteria of “Independent Director” as defined in Paragraph 1.01 of the Listing Requirements and the Board is satisfied with the level of independence demonstrated by all the Independent Directors. Moreover, the current Board composition complies with Paragraph 15.02(1) of the Listing Requirements of at least two (2) directors or one-third (1/3) of the Board, whichever is the higher are independent directors.</p> <p>Therefore, the lack of at least half of Independent Directors on the Board did not jeopardise the independence of Board deliberations and all decisions were made in the best interests of 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	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	None of the tenure of Independent Directors has exceeded a cumulative term of nine (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.

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 recognises the importance of boardroom diversity and values the benefits that diversity can bring to the Board.</p> <p>The appointment of a Director to the Board is reviewed by the Nomination Committee before recommending it to the Board for approval. The Nomination Committee will review the composition of the continuing members of the Board and Board Committee annually and make recommendation to the Board for any new appointment to the Board or Board Committees when necessary.</p> <p>The criteria used in the assessment of new Directors before appointment to the Board are as below but not limited to:</p> <ul style="list-style-type: none">- skills and competency;- knowledge and expertise;- regional and industry experience;- academic and professional qualifications;- cultural background, gender and age;- high personal and professional ethics, integrity and values;- ability to devote the required amount of time to carry out the duties and responsibilities of the Board membership;- financial capability and business stability to devote significant time, energy and resources; and- other directorships.
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 Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.</p> <p>The Board and Nomination Committee are guided by the following process and procedures and diversity policy for the appointment of a new director:</p> <p>(a) The candidate identified upon the recommendation by the existing Directors, Senior Management staff, major shareholders and/ or external introductions;</p> <p>(b) In evaluating the suitability of candidates for appointment to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;</p> <p>(c) Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and</p> <p>(d) Decision to be made by the Board on the proposed new appointment, including appointment to the various 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>In order for the shareholders to make an informed decision on the re-appointment/re-election of the retiring Directors at the forthcoming AGM, the information of the Directors which include among others, academic/professional qualifications, working experience, directorships in other companies, age, gender, date of appointment, record of attendance of meetings and their shareholdings in the Company are disclosed in the Company's Annual Report 2023.</p> <p>The Nominating Committee is responsible for recommending to the Board in respect of Directors who are standing for re-election at the Company's AGM, subject to the Nominating Committee being satisfied with the performance of the affected Directors based on the annual board evaluation effectiveness.</p> <p>For the Company's forthcoming AGM, the Board approved the recommendations from the Nominating Committee to seek shareholders' approval for the following Directors who will be retiring and eligible for re-election pursuant to the Company's Constitution: (i) Mr. Tan Ah Bah @ Tan Ah Ping (ii) Ms. Tan Chung Chay and would be standing for re-election during the forthcoming AGM.</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 current Chairman of the Nominating Committee is Ms. Chan Foong Ping, an Independent Non-Executive Director of the Company.</p> <p>The key duties and responsibilities of the Nomination Committee are disclosed in the TOR of the Nomination Committee and is available on the Company's website at www.stcgroup.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

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 had adopted a Diversity Policy which sets out the approach to achieve diversity on the Board.</p> <p>The Board recognises that board diversity is an essential element contributing to the sustainable development, makes prudent business sense and promote better corporate governance of the Company and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.</p> <p>There is no specific target on the composition in terms of gender, age or ethnic of its Board members.</p> <p>The Diversity Policy shall be reviewed by the Board from time to time as necessary to ensure the Policy remains relevant and in light of the needs of the Company.</p> <p>The Diversity Policy is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</p> <p>The Board comprised three (3) women Directors, which is equivalent to 43% women representation on Board during the financial year under review.</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 5.10

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	:	<p>The Company had adopted a Diversity Policy which sets out the approach to achieve diversity on the Board and Senior Management.</p> <p>The Board recognises that board diversity is an essential element contributing to the sustainable development, makes prudent business sense and promote better corporate governance of the Company and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability.</p> <p>There is no specific target on the composition in terms of age or ethnic of its Board members and Senior Management.</p> <p>The Diversity Policy shall be reviewed by the Board from time to time as necessary to ensure the Policy remains relevant and in light of the needs of the Company.</p> <p>The Diversity Policy is available on the Company's website at http://stcgroup.com.my/policy/policy-procedure.html.</p> <p>The Board comprised three (3) women Directors, which is equivalent to 43% women representation on Board during the financial year under review.</p> <p>The Company also maintain at least 30% women employees in the Senior Management team.</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 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 Nomination Committee carries out annual board effectiveness assessment to determine the continued effectiveness of the Board, Board Committees and individual Directors, including Independent Directors. The effectiveness of the Board is assessed in the areas of Board diversity, composition and governance, quality of information and decision-making. The effectiveness of the Board Committees is assessed in terms of composition and governance, meeting administration and conduct, skills and competencies, and roles and responsibilities.</p> <p>The Directors' assessment is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board. The assessment examines an individual Directors' ability to give input in meetings and demonstrate high level of integrity in decision making.</p> <p>The board effectiveness assessment has been carried out by the Nomination Committee on 10 October 2023 via the Audit Committee evaluation questionnaire, Audit Committee members' self and peer evaluation, Board members' self and peer evaluation form, Independent Director's self-assessment checklist, Independent Directors' evaluation form, Board's evaluation form, Board and Board Committee evaluation forms.</p> <p>The Nomination Committee has reviewed and reported to the Board in relation to the 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 TOR of the respective 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

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 Remuneration Committee is to recommend the remuneration framework of Executive Directors to the Board. The remunerations and entitlements of the Non-Executive Directors including the Non-Executive Chairman shall be a matter to be decided by the Board as a whole with the director concerned abstaining from deliberation and voting on his individual remuneration.</p> <p>The Remuneration Committee reviews the remuneration policy for the Board and Senior Management annually, considering various factors including the Non-Executive Directors' fiduciary duties, time commitments expected of Non-Executive Directors and Board Committee members and the Company's performance as well as the market condition. The Directors' fees are approved by the shareholders of the Company at its AGM.</p> <p>The TOR of the Remuneration Committee is available on the Company's website at www.stcgroup.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 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 policy is specified in the TOR of the Remuneration Committee, which is available on the Company's website at www.stcgroup.com.my.</p> <p>The Board and the Remuneration Committee have a transparent process for approving the remuneration of Directors. The Remuneration Committee is responsible to review remuneration policy of the Board and Senior Management annually with due consideration on relevant factors. The Remuneration Committee is governed by a detailed TOR to ensure that remunerations of Directors are in line with market practice, competitive, performance-based and in line with corporate objectives and strategy.</p> <p>Presently, the Remuneration Committee comprises a majority of Independent Directors and is currently led by an Independent Non-Executive Director. The remaining members are the Independent Non-Executive Chairman and Managing Director.</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	:	

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	:	<p>While the Board is cognisant on the importance of transparency, given the competitive search for talent within the industry, as well as other sensitive considerations, the Board believes that individual disclosure on named basis is not in the best interest of the Company. Further, such disclosure does not prejudice shareholders' interest.</p> <p>This is also in line with the Group's policy of ensuring the privacy of its non-Board employees as well as the competitiveness of the Group in general. Apart from that, the said disclosure may also attract unnecessary head-hunting activities from competitors which will ultimately jeopardize the Group's operations.</p> <p>Hence, the Board opined that the disclosure of the compensation of key management personnel in Note 40(c) to the financial statements on page 149 of the Annual Report 2023 is deemed adequate as it complies with Paragraph 17 of the Malaysian Financial Reporting Standard 124 "Related Party Disclosures".</p>	
<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	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee Chairman is currently led by Ms. Chan Foong Ping, an Independent Non-Executive Director who is not the Chairman of the Board.</p> <p>The positions of the Chairman of the Board and Chairman of Audit Committee are held by separate individuals. The Audit Committee comprises 3 members, with a majority of them being Independent Non-Executive Directors and has a detailed TOR to govern the activities of the AC which is available on the Company's website at www.stcgroup.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

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	:	None of the members of the Audit Committee are former key audit partners within the cooling-off period of three (3) years. The Group has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the AC. The policy has been included in the Audit Committee's TOR which is made available at the Company's website at www.stcgroup.com.my .	
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 Audit Committee carries out an annual review of the performance of the External Auditors pursuant to the External Auditors Assessment Policy, including assessment of their independence in performing their obligations, adequacy of experience and resources of the firm and the professional staff assigned to the audit. Based on the annual evaluation of their performance and audit fees, the Audit Committee was satisfied with the External Auditors' technical competency and independence for 2023.</p> <p>In assessing the independency of External Auditors, the Audit Committee will require written assurance from the External Auditors conforming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.</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>The Nomination Committee reviewed the terms of office of the Audit Committee and its members and was satisfied that the Audit Committee and its members have carried out their duties in accordance with its TOR during the financial year under review.</p> <p>The members of the Audit Committee have attended trainings and seminars conducted by regulatory bodies or professional organisations in order to keep themselves abreast of relevant on developments on the financial standards. The details of the trainings attended is disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.</p> <p>The Chairman and members of the Audit Committee are financially literate, and have carried out their duties in accordance with the TOR of the Audit Committee.</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 has established an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control of the Annual Report 2023. The Board acknowledges its responsibility in reviewing the adequacy and effectiveness of the Company's risk management framework and system of internal control.</p> <p>The Board recognises that effective risk management framework is an integral part of good management. It is an ongoing process to identify, evaluate, monitor, manage and mitigate the risks that may affect the company's ability to achieve its corporate objectives and strategies.</p> <p>The Risk Management and Sustainability Committee (comprise of the Directors and Management of the Company) meets to evaluate and deliberate on the risk management activities presented by the Management of operating units and recommend appropriate measures to mitigate their risk exposures.</p> <p>The Audit Committee also meets to evaluate the adequacy and effectiveness of the Company's internal control systems by reviewing the audit findings and recommendations to improve any weaknesses or non-compliance and the respective responses from the Operating Unit Management thereto, to ensure that all key risks and control weaknesses are being properly addressed.</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 is committed to an effective internal control system and is of the view that there is a continuous process in evaluating and managing significant risks faced by the Company and the underlying controls to mitigate the risks.</p> <p>The features of its risk management and internal control framework and the adequacy and effectiveness of the framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2023.</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 10.3 - 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 is essential to assist the Board in obtaining the assurance of the system of internal control maintained by the management.</p> <p>To achieve this objective, Internal Audit Function was set up within the Company. The internal audit function is independent of the activities audited by them. The internal auditors review and assess the Group’s system of internal control and report directly to the Audit Committee.</p> <p>The Internal Audit Function adopted a risk-based approach in developing audit to address the essential auditable areas of the Group based on their risk profiles. The audit focuses on risk areas to ensure that adequate action plans are in place to enhance the internal controls.</p> <p>The results of the audit reviews, recommendations as well as management’s responses and action plans were brought to the attention of Audit Committee at scheduled meetings. Follow-up reviews were also conducted to ensure that the recommendations of the internal auditors have been adopted and implemented by the management.</p> <p>The Management has to ensure that all recommended remedial actions were executed to rectify the highlighted shortcomings within a reasonable time frame. Any other significant issues would also be highlighted by the Audit Committee to the Board on a quarterly basis.</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>The Internal Audit Function was set up within the Company and comprised of one (1) internal audit personnel. The internal audit personnel are free from any relationship or conflicts of interest which could impair their objectivity and independence.</p> <p>The Internal Audit Function is headed by Ms. Cindy Low Shin Yi who possess a Bachelor Degree (Hons) in Accounting.</p> <p>The Internal Audit Function adopted a risk-based approach in developing audit plans to address the essential auditable areas of the Group based on their risk profiles. The conduct of internal audit review is in accordance with the recognised framework, such as the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors.</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 Company recognises the importance of being transparent and accountable to its shareholders. Therefore, the Company has utilised various channels of communication to enable the Board and Management to communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally on a timely basis.</p> <p>The various channels of communication utilised by the Group are as follows:</p> <p>(a) quarterly announcements on financial results and other periodical or relevant announcement to Bursa Securities;</p> <p>(b) circulars and annual report;</p> <p>(c) general meeting of shareholders; and</p> <p>(d) the Company's website at www.stcgroup.com.my where shareholders can access corporate information such as the Board Charter, TORs of the Board Committees, financial information, Company announcements and others.</p> <p>The above channels of communication will be able to enhance stakeholders' understanding of business and operations of the Group and to make informed investment decision.</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 continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<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 notice period given for the Company's 18th AGM in 2022 was more than 28 days. The notice was sent on 28 October 2022 and the date of the AGM was 6 December 2022.</p> <p>As for the AGM in 2023, the notice, which provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may count as a proxy, will be sent out on 31 October 2023 and the meeting is scheduled on 5 December 2023. The notice period is more than 28 days.</p> <p>The notice period given was well in advance of the 21-day requirements under the Companies Act 2016 and the Listing Requirements. The additional time given to the shareholders would allow them to have sufficient time to scrutinise the Annual Report 2023 and to make necessary arrangement to attend the meeting.</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 and Sustainability Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>The 18th AGM was convened virtual through live streaming from the broadcast venue at Conference Room, No.5, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan.</p> <p>All the Directors of the Company including the chairperson of the respective Board Committees had attended the 18th AGM held on 6 December 2022 and all the Directors were present at the broadcast venue to respond to shareholders' queries.</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 Company will be conducting its 19th AGM in a virtual manner through live streaming and online remote voting via Remote Participants and Voting (“RPV”) facilities.</p> <p>In the case of appointment of proxies, shareholders may deposit their proxy forms either in hard copy form or via “e-Services”, by electronics means through the electronic proxy system facilitated by the Company’s Poll Administrator namely, Tricor Investor & Issuing House Services Sdn.Bhd., available on its website called TIIH online.</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	: <p>The previous AGM on 6 December 2022 was held virtually using the RPV facilities. Shareholders were given the avenue to submit pre-meeting questions prior to the 18th AGM through email. During the 18th AGM, shareholders also given the opportunities to pose questions pertaining to the Company's financial and non-financial matters to the Board via the RPV facilities for immediate interaction and deliberation with the Board as necessary.</p> <p>All Directors and senior management, Company Secretaries and external auditors were present during AGM to engage with shareholders to address any areas of interest or concerned brought up by the shareholders.</p> <p>The summary of the key matters discussed at the AGM were then published on the Company's website.</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 13.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The 18 th AGM of the Company held on 6 December 2022 was conducted virtually through an online meeting platform. Members were allowed to participate remotely through live streaming and online remote voting via RPV facilities provided by Tricor vis its TIIH Online website at https://tiih.online . The RPV provided a smooth broadcast, where shareholders had the ability to participate remotely in the AGM, cast electronic votes on all resolutions in real time, as well as to engage with the Chairman/Board through questions submitted via the RPV. Relevant questions raised by shareholders were shared with the shareholders via the RPV and the Chairman, Directors and/or Senior management responded to the questions verbally. Results of the e-voting are made in real time, ensuring transparency, accountability and accuracy.
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	: Minutes of the 18 th AGM was published on the Company's website at www.stcgroup.com.my within thirty (30) business days after the 18 th 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	:

**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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