

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7609
COMPANY NAME : AJIYA BERHAD
FINANCIAL YEAR : November 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 ("Board") of Ajiya Berhad ("Ajiya") is responsible for overseeing and ensuring the overall sustainable performance of the Company and its subsidiaries ("the Group"). The Board provides leadership and exercises oversight within the established frameworks, policies, procedures and terms of reference, to uphold good corporate governance practices throughout the Group.</p> <p>The Board is guided by the Board Charter which outlines the principal roles and responsibilities and matters reserved for the Board in discharging its fiduciary duties. The Board Charter is reviewed and updated by the Board from time to time to ensure it remains relevant and appropriate.</p> <p>To ensure effective discharge of its duties and responsibilities, the Board is supported by relevant Board Committees, the Managing Director, and the Chief Executive Officers. The Board reviewed reports and recommendations from Board Committees on both financial and non-financial matters. A Director shall abstain from participating in deliberation and decision making process in situations where conflicts of interest exist.</p> <p>The Board assumes, among others, the following principal roles and responsibilities:</p> <p>1) <i>Review, approve and monitor the overall strategic plans and ensure necessary resources are in place to meet its objectives.</i></p> <p>a) The Board reviews, approves and monitors the overall strategic plans of the Group. The Board ensures the strategy plans embedded sustainability considerations to support long-term value creation.</p>

The Group has established its purpose, vision, mission and core values supported by operating procedures and strategic plans towards realizing its objectives. Annually, the Group conducts strategy brainstorming session to review the performance of the Group and setting new strategic plans for the following year.

In this regard, an "Annual Planning Workshop" brainstorming session took place in October 2023, attended by the Managing Director, Chief Executive Officers, and Senior Management. Considering the dynamic economic landscape, emerging opportunities, risks, and industry development trends, the session involved the formulation of diverse business plans, identification of critical success factors, and the establishment of action plans.

The Key Senior Management subsequently presented the above business plans, the 2024 budget and the Group's performance results 2023 in its meeting held in January 2024. The Board reviewed, discussed and endorsed the budget and business plans presentation.

- b) The matters reserved for the Board include, among others, the review and approval of the operational restructuring and consolidation of the Group's manufacturing facilities. In addition, the Board also reviewed and approved the Notification to the Shareholders in relation to the receipt of Notice of Conditional Mandatory Take-over Offer by Chin Hin Group Berhad.

2) *Enhance the standard of ethical conduct and promote good corporate governance throughout the Group*

- a) The Board is aware of its responsibilities in fostering good corporate governance and is mindful of its role to embrace integrity and ethical values throughout the Group. Both Directors and employees are required to observe and uphold high standard of ethics and integrity in carrying out their duties.
- b) The Board has in place policies and procedures to promote good corporate governance. These policies include, among others, the Code of Ethics and Conduct, Corporate Disclosure Policy, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy.
- c) The Board is responsible for ensuring the integrity of the Group's financial and non-financial reporting to ensure reliability, timeliness and compliance with the relevant standards.

d) The Group has established its standard operating policies and procedures for key processes with defined levels of authority and guidelines to ensure there is proper internal controls and compliance to regulatory requirements. The Heads of Departments conduct regular reviews of these policies, procedures, and guidelines to ensure their ongoing effectiveness and relevance.

3) *Overseeing risk management framework and ensure the implementation of appropriate system to identify and manage the risks*

The Board, through the Risk Management Committee (“RMC”), has developed and maintained a Risk Management Framework. This framework is designed to identify, analyze, and manage both financial and non-financial risks, with the ultimate objective of ensuring the sustained business performance of the Group, and to protect the Group from adverse outcomes and optimizing on opportunities.

The RMC is supported by Risk Management Steering Committee (“RMSC”), an operational management committee, to ensure a risk management system and governance is embedded throughout the Group. The RMSC works together with the operational department heads to identify, evaluate and manage the significant risks that impact the affairs of the business.

During its meeting in October 2023, the RMC reviewed and provided comments on the Risk Management Report. This report highlighted the principal risks of the Group and action plans to manage or mitigate these identified risks.

4) *Ensure a sound framework of internal controls system*

Through the Audit Committee, the Board ensures there is a sound internal control system to safeguard the Group’s assets and protecting the interests of shareholders. The Audit Committee is assisted by the internal audit function in reviewing and monitoring the adequacy and integrity of the internal control system.

The Board continues to take necessary measures to maintain and where required, to enhance the Group’s risk management and internal controls system in meeting the Group’s strategic objectives.

5) *Succession Planning*

The Board through the Nomination Committee, ensures plans are in place for the orderly succession of the Board and Key Senior Management in the Group.

	<p>Appointment of new Board members is governed by the Company's Nomination Policy. The Nomination Committee reviews the existing composition of the Board, identifying the needs and recommends the appointment of suitable candidates to the Board.</p> <p>The Managing Director and/or the Chief Executive Director shall, with the support from Human Resources department, implement and monitor the succession planning, talent management and human development program for Senior Management. On-going succession planning and training, aligned with the Company's objectives, are in place to ensure orderly succession management. In November 2023, the Human Resources Department has developed and implemented a structured Competency Assessment Framework for the potential successors' talent development.</p> <p>As part of its responsibility for succession planning, the Nomination Committee conducts an annual review of updates on Senior Management's succession planning and talent development, as presented by the Management. This review take place in January each year.</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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by Datuk Seri Chiau Beng Teik, JP, who assumed the position of Executive Director on 6 May 2022. Subsequently, he was redesignated as Non-Independent Executive Chairman on 1 July 2022. The roles and responsibilities of the Chairman are outlined in the Board Charter of the Company.</p> <p>The Chairman is primarily responsible for ensuring the effective functioning of the Board, instilling good governance practices and ensuring compliance with relevant rules and regulations while pursuing its objective in enhancing shareholders' values.</p> <p>The Chairman, with the assistance of the Company Secretaries, ensures the Board meetings agenda contain all relevant issues, including strategy, operational, finance, governance and compliance and the timely distribution of Board papers.</p> <p>The Chairman promotes boardroom environment that allows for constructive deliberation to facilitate informed decision making by the Board. He ensures decisions taken are in the Group's best interests and fairly reflect the Board's consensus.</p> <p>The Chairman representing the Board and together with the Board members, ensures effective communication with stakeholders and that their views are communicated to the Board.</p> <p>Despite the Chairman holding the position of an Executive Director, the Board is of the opinion that the power and authority are balanced by the presence of majority of Independent Non-Executive Directors on the Board. This, in turn, ensures an adequate element of independence. The Chairman is not a member of any Board Committee.</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 1.3

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 Managing Director are held by distinct individuals. The clear division of responsibilities between the Chairman and the Managing Director ensure a balance of power and authority.</p> <p>The Chairman's role encompasses instilling good corporate governance practices within the Group, ensuring compliances with relevant rules and regulations, overseeing the effective functioning of the Board, and ensuring effective communication with shareholders and other relevant stakeholders.</p> <p>The Managing Director manages the business affairs and operational decisions of the Group. Supported by the Management team, the Managing Director ensures due execution of strategic plans, policies and procedures, assess business opportunities and ensure effective operations of the Group.</p> <p>The Board has been structured with a majority of Independent Non-Executive Directors to uphold objectivity in the Boardroom and foster independent decision-making. This is particularly important as the Chairman assumes an executive role.</p> <p>The respective roles and responsibilities of both the Chairman and the Managing Director are outline in the Board Charter, which are available on the Company's website at www.ajjiya.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	: Applied
Explanation on application of the practice	: The Chairman of the Company is not a member of the Audit Committee, Nomination Committee, or Remuneration Committee of the Company. The Chairman of the Board was not invited to any of the Board Committees meeting. The Board Charter of the Company set out that the Chairman of the Board shall not be a member of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. The Board Charter is available on the Company's website at www.ajiya.com .
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 1.5

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 professionally qualified and competent Companies Secretaries. They are Chartered Secretaries and members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), and are qualified to act as company secretary under Section 235 of the Companies Act 2016 ("CA 2016"). They also hold Practising Certificates for Secretaries under Section 241 of the CA 2016.</p> <p>The Directors have direct access to the advices and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties. The Company Secretaries play an advisory role to the Board on matters relating to corporate governance best practices, adherence to Board policies and procedures, listing requirements and related statutory obligations.</p> <p>The Company Secretaries arrange all Board and Board Committees meetings in accordance with the required procedures. The Company Secretaries attend all meetings and ensure deliberations at the meetings are well recorded. The Company Secretaries play an important role in ensuring the processes and proceedings of Annual General Meeting are properly managed and conducted in accordance with the Constitution and relevant rules and regulations. The Company Secretaries also ensure proper upkeeping of statutory registers and books.</p> <p>The Company Secretaries facilitate the communication of key decisions and ensure an effective flow of information between the Board and Senior Management.</p> <p>The Company Secretaries prepare induction manual and arrange factory visits for newly appointed Directors. The induction manual provides the new Directors insights into the Board's function, encompassing details such as the Board Charter, minutes of the last Board meeting, the meeting timetable for the year and the Company's annual report. The factory visits to the Group's operations enable the new Directors to gain an understanding of the Group's businesses operations, the structure and management.</p>

	<p>The Company Secretaries also play a role in facilitating the conduct of annual Board and Board Committees Performance Evaluation. The Secretaries compile the assessment results, generate the assessment report, and prepare the Board Diversity and Skill Matrix for submission to the Nomination Committee and the Board.</p> <p>The Company Secretaries constantly keep themselves abreast with the regulatory changes and corporate governance development by attending relevant seminars and trainings programmes.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.6

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

Application	: Applied
Explanation on application of the practice	<p>To assist the Directors in planning their attendance at the Board meetings, Board Committees meetings and Annual General Meeting, an annual meeting calendar is circulated in advance of each financial year. The calendar provides Directors with the scheduled meeting dates for the upcoming financial year and the closed periods for dealings in securities by Directors.</p> <p>The meeting agenda and meeting papers are distributed to Directors both in hard copy and electronic means 7 days prior to the meeting. This allows the Directors sufficient time to review the meeting papers and obtain further information or clarification to expedite the decision making process. Exception may be made when decision of a time-critical nature need to be made, in which case a shorter notice period may be agreed upon by the Board. Additionally, electronic reminders are sent to Directors in advance of the meetings.</p> <p>The Board has scheduled at least five (5) Board meetings annually with additional meetings to be convened as and when necessary. Where circumstances do not permit for Directors to meet physically, the Directors conduct meetings electronically.</p> <p>Meeting papers and agenda tabled to the Board include financial statements, business performance and budget, regulatory updates and other operational and financial matters. Senior Management will be invited to participate in the meeting, when necessary.</p> <p>Apart from the meeting materials, all Directors have direct access to the advices of the Company Secretaries. They also interact with the Management team for further clarification as and when necessary. The Board may seek independent professional advices at the expense of the Company where necessary, in the furtherance of their duties.</p> <p>In situation of conflict of interest that arise, persist or may arise, Directors are required to disclose the nature and extent of conflict of interest as soon as practicable after the relevant facts have come to their knowledge. Such person shall abstain from deliberation and voting on matters relating to the said conflict of interest.</p>

	<p>The deliberation and decision of the meetings are recorded in a clear and accurate manner and confirmed by the respective Chairman at the subsequent meetings. Items with action would remain as matters arising in the minutes until they are resolved. The Chairman of the Board Committees briefed to the Board at the Board meeting of any salient matters raised at the respective Board Committees meetings. The minutes of the Board Committee meetings are included in the Board meeting papers and circulated to all Board members.</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

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 has formally adopted a Board Charter which was last reviewed on 19 October 2023. The Board Charter serves as a primary reference for the Directors in discharging their fiduciary duties. The Board Charter outlines the governance structures, duties and responsibilities of the Board of Directors, Board Committees, Chairman, Managing Director, Independent Directors as well as matters reserved for the Board. The Board Charter is also a source of reference and induction document for newly appointed Director.</p> <p>The Board Charter set out the requirement for Directors to exercise their power in good faith and in the best interest of the Company. Directors are expected to act with reasonable care and diligence in the discharge of their duty. The fit and proper criteria also set out in the Board Charter.</p> <p>The principal responsibilities of the Board include, among others, the review and adoption of the Group's overall strategic direction. The Board ensures that strategic plans embed sustainability considerations to support long term value creation, promoting a sound corporate governance culture within the Group and, overseeing and evaluating the conduct of the Group's business.</p> <p>The Board delegated the day to day management of the Group to the Managing Director. The Managing Director, supported by the Chief Executive officer and Management team, is responsible for the due execution of strategic goals and effective operation within the Group.</p> <p>The Board also delegated specific responsibilities to the Board Committees which operate within the defined Terms of Reference.</p> <p>The Board reserves full decision making regarding material acquisition and disposition of assets, corporate plans and new ventures, changes in major activities of the Group, and changes in board policy and procedures. The Board assumes full responsibility for the oversight and overall performance of the Group.</p>

	The Board Charter is reviewed and updated periodically to ensure it remain relevant, appropriate and comply with the prevailing regulations. The Board Charter is available on the Company's website at www.ajjya.com .	
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>It is a fundamental policy of the Company and its subsidiaries ("the Group") to conduct its business in an ethical and legal manner.</p> <p>The Board has in place the Code of Ethics and Conduct (the "Code") adopted on 24 July 2013, setting out the principles and standards of business ethics and conduct to be observed by Directors and employees of the Group. The Code was formalised to emphasize the Group's commitment to ethical conduct in all respect of the Group's operation as part of the key elements to business sustainability. The Board reviews the Code as and when necessary to ensure it remain relevant and effective, with the last review conducted in October 2023.</p> <p>The Code provides guidance for proper standards of ethical conduct and, sound and prudent business practices for Directors and employees based on principles of integrity, responsibility, trust, discipline and diligence.</p> <p>Directors and employees shall at all times exercise their power for a proper purpose and in good faith, and in the best interest of the Company. Directors and employees should avoid involving themselves in situations where a conflict of interest arises between their individual interest and those of the Group. The Code has been enhanced to provide guidance on monitoring of conflict of interest situations and the measures in managing such conflict.</p> <p>The Code also sets out guidelines in areas such as confidential information, inside information and securities trading, compliance obligation, environment and social responsibilities, as well as health and safety. The Code also address prohibited activities to protect the fund, assets and resources, ensuring they are used for legitimate business purpose and prohibits the use of any fund, assets or information for personal gain.</p>

	<p>In addition to Ajiya’s participation in the en-bloc signing ceremony of the Malaysian Anti-Corruption Commission (MACC) Corruption Free Pledge organised by the Federation of Malaysian Manufacturers in 2018, the Group adopted the Anti-Bribery and Anti-Corruption Policy in June 2020. The Management had attended trainings on anti-bribery to better understand the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Amendment Act 2018.</p> <p>It is our commitment to stay honest and be corrupt free. Ajiya’s Anti-Bribery and Anti-Corruption Policy set out the principles of Ajiya in upholding its position on bribery and corruption practices in relation to its business. It also provides guidance to prevent improper solicitation, bribery and corrupt activities. All employees are required to declare that they have read, understand and abide by the policy. External parties engaged in regular business dealing or performing the work or services for or on behalf of Ajiya are required to signify their agreement to comply with the relevant part of the Policy.</p> <p>In addition, Directors and employees must avoid all form of money laundering activities and shall comply with all applicable laws, rules and regulations.</p> <p>In April 2022, the Board further established the Directors’ Fit and Proper Policy setting out the fit and proper criteria for the appointment and re-appointment of Directors. This Policy ensures that each Director possess the character, integrity, competence and commitment necessary to discharge his role effectively.</p> <p>In addition, the Group also developed a comprehensive Handbook containing details of administrative terms and regulations, including guidelines on ethical conduct, anti-bribery and anti-corruption policy. This Handbook is provided for all employees to observe. Employees are required to declare and confirm their adherence to the terms and to safeguard any confidential information obtained in the course of their employment.</p> <p>The Code and the Anti-Bribery and Anti-Corruption Policy are available for reference on the Company’s website at www.ajiya.com.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The 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 Whistleblowing Policy of the Company facilitate the handling of wrongdoings and protection to whistle blowers. In October 2021, the Board has reviewed and approved updates to the Whistleblowing Policy.</p> <p>The Policy provides an avenue for employees and associates to raise or report concerns in good faith about suspected or known misconduct, wrongdoings, corruption, fraud and abuse of resources within the Company and its subsidiaries ("the Group").</p> <p>The identity of the whistleblower is to be kept confidential. Employees who whistleblow in good faith are protected against adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Group.</p> <p>Reports of wrongdoings are channeled to the HR department. All concerns raised will be tabled to the Audit Committee at its quarterly meetings. The Board is overall responsible to ensure effective implementation of the Whistleblowing Policy.</p> <p>No reports were received through the whistleblowing channel for the current financial year.</p> <p>The Whistleblowing Policy is available for reference on the Company's website at www.ajiya.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 continuously reviews its strategic direction to ensure sustainable performance and long term value creation for its shareholders. The Board is responsible to ensure sustainability risks and opportunities are considered in setting the strategic direction of the Group.</p> <p>Strategic management of material sustainability matters are driven by the Senior Management. The Managing Director, supported by the Chief Executive Officers and Sustainability Management Committee (“SMC”), assist the Board in overseeing the implementation and effective management of the Group’s strategies and initiatives. This includes embedding sustainable practices in our business strategy and decisions, ensuring adequate processes and frameworks are in place to maintain the Group’s resilience for sustainable performance.</p> <p>In January 2024, the governance structure of SMC has been strengthened to ensure effective implementation of sustainability strategies and initiatives across the Group. The SMC comprises the Chief Executive Officer of each business division and various Heads of Department, with additional support from an independent consultant in sustainable development matters.</p> <p>The Group’s strategy plans are developed taking into ESG sustainability considerations. This includes among others, the installation of solar photovoltaic system at most of the Group’s factories across Malaysia, promoting green building solutions as well as our effort on digital transformation. Ajiya has received recognition from the Ministry of Environment and Water for participation in ozone depleting substances phase out programme under Monstreel Protocol.</p>

	<p>Furthermore, Ajiya has taken a leadership role as one of the founding members of the Malaysia Green Building Council ("MGBC"). The association's vision is to make Green buildings and Communities available to all Malaysians.</p> <p>Ajiya's vision, encapsulated in the statement "To Enrich Wellbeing For The Community," reflects the Group's overarching commitment of empowering society through the provision of high-quality and sustainable products.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The 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 communicates its sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders primarily through the annual report, sustainability statement, company website, social media platform, meetings, factory visits and technical trainings to business partners.</p> <p>The Management team consistently engages in sessions to communicate ESG aspiration across business partners, association, community and business industries. Through these collaborative platforms, the Group identifies the material matters relevant to stakeholders' interest. Ajiya has been a close industry partner of Malaysian Green Building Council since 2009 ("MGBC"). MGBC is supported by the professional, industrial and government sectors and it is well poised to lead our building industry in embracing responsible measures that contribute to green buildings.</p> <p>In the financial year 2023, the Group conducted a comprehensive online survey addressing 29 material matters. These materiality matters are crafted by considering inputs from both internal and external stakeholders, as well as factors influencing our financial stability, economic growth, and the significance of environmental, social, and governance impacts.</p> <p>Following this survey, the Group refined these considerations into 13 core material matters and prioritized them based on their impact on operations. These material issues signify the Group's transition to a multi-value perspective, going beyond a solely profit-driven approach.</p> <p>The Sustainability Statement attached in the Annual Report 2023 provides an overview of our engagement approach with stakeholders, our endeavors, commitment as well as the application of sustainable practices in our operation to drive sustainable performance.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board recognises the importance of understanding sustainability issues that are relevant to the Group to discharge its role effectively.</p> <p>In addition to individual Directors attending external training programs to keep abreast with latest sustainability development and trend, the Group had organized an in-house sustainability training conducted by an external consultant in November 2023. This session was attended by both Directors and Management of the Group aiming to enhance their understanding of sustainability matters, practices, challenges and regulatory requirements. The focus included prioritising and managing sustainability issues. This arrangement aligned with the Board's increasingly responsibility to ensure the Group's sustainability activities and disclosures adhere to relevant sustainability reporting frameworks and regulatory requirements.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board evaluation for the year 2023 included an assessment of the ESG elements to assess the Board’s overall performance in overseeing the Group’s management of ESG issues.</p> <p>At the Board level, the Board and Board members are evaluated among others, the ability to engage in robust deliberations of the Group’s material matters on ESG, the effectiveness of Group’s overall sustainability governance framework in reporting ESG risks, targets and initiatives, and the Board’s ability to monitor key sustainability targets and establish accountability to senior management in achieving these targets.</p> <p>The KPI set for Senior Management and the head of some departments also take into consideration sustainability risks and opportunities, target and action plans, aligned with the Group’s sustainable strategic direction and business growth. They consistently deliver desirable outcomes against the set targets to drive operating efficiency.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

<i>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.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Managing Director, supported by the Chief Executive Officers oversees the management and monitoring of sustainability related matters across the Company and its subsidiaries (“the Group”). At the management level, a committee, named the Sustainability Management Committee, was established to ensure sustainable initiatives and practices are embedded in our business operation and that adequate processes are in place to ensure the Group remains resilient to deliver sustainable performance. The SMC is functioning with support from an independent consultant in sustainable development matters.

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 Group is currently led by a diverse and competent Board with a wide range of expertise across building materials, property development, economics, and management. The Board members bring specific skills in finance and accounting, internal control and risk management, which are appropriate to the Group's business.</p> <p>The Nomination Committee is guided by the Nomination Policy, Diversity Policy and, Fit and Proper Policy in reviewing the appropriateness of the Board composition, appointment and re-election of Directors, and the performance assessment of the Board.</p> <p>The Board's Diversity and Skill Matrix provides a summary of the Board's size and composition, encompassing the gender diversity, skill set, knowledge, experience, length of services of each Director, membership of Board Committees, and independent element of the Board. The Matrix enable the Nomination Committee to have a productive discussion regarding the current constitution of the Board and its Committees. It is reviewed annually in January by the Nomination Committee, and as and when required. The Nomination Committee continues to discharge its duties, ensuring the appointment of new Directors complements and strengthen the Board's composition and skill sets.</p> <p>The Company's Constitution provides that one third of the Directors shall retire by rotation at every Annual General Meeting and that a Director who is appointed during the year shall retire at the next Annual General Meeting. The Constitution also set out that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.</p> <p>The Board assessed the performance of the retiring Directors, Mr. Chiau Haw Choon and Mr. Yeo Ann Seck, who are standing for re-election at the forthcoming 28th AGM. The annual assessment conducted in October 2023 through self and peer assessment, together with the fit and proper declaration made in accordance with the Company's Fit and Proper Policy, form the basis and justification for recommending their re-election at the next Annual General Meeting. The Board was satisfied with the favourable assessment</p>

	results of their performance, contribution, fit and propriety and that with their vast experience in similar industries, their continued service will continue to benefit 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

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	<p>As of 30 November 2023, the Board comprises seven (7) members, with a majority of Independent Non-Executive Directors structured as follows:</p> <ul style="list-style-type: none"> ● 4 Independent Non-Executive Directors ● 1 Non-Independent Non-Executive Director ● 2 Executive Directors <p>The presence of majority Independent Non-Executive Directors affirmed the Board's commitment towards independence and provides greater checks and balances during deliberation and decision making of the Board. The Independent Directors bring an external perspective, constructively challenge and ensure the issues discussed are subject to objective and impartial consideration by the Board. The Board is satisfied that such composition ensures greater oversight effectiveness and safeguards the interest of stakeholders.</p> <p>Each Independent Director shall, upon appointment, provide a letter of confirmation as an Independent Director as defined under the Main Market Listing Requirements of Bursa Securities.</p> <p>The Independent Directors provide annual declaration that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.</p> <p>Apart from that, the Nomination Committee conducts a performance assessment of each Independent Director based on the specific criteria annually. The evaluation includes a review on the ability to exercise independent judgement, fit and proper, contribution and participation. Following the assessment conducted in October 2023, the Board was satisfied that all the Independent Directors have exercised independent and objective judgement in Board's decision making process, they are fit and proper, contributed valuable feedbacks and discharge their duty with due care and act in the best interest 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 5.3

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	:	<p>The Board acknowledges the recommendation by MCCG on the cumulative tenure limit of an Independent Director and to justify and seek annual shareholders' approval if the Board intends to retain the Independent Director beyond nine (9) years.</p> <p>Currently, none of the Independent Directors of the Company have exceeded the cumulative term limit of nine (9) years.</p> <p>The Board Charter set out that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If the Board intends to retain such Director as Independent Director without re-designation as Non-Independent Director, the Board must justify that the independency and objectivity of such Independent Director are not compromised. Additionally, the Board will seek annual shareholders' approval through a two-tier voting process, provided the tenure of service of such Independent Director does not exceed a cumulative term of 12 years.</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 5.4 - 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 recognizes that diversity at the Board and Senior Management is essential for supporting a balanced and sustainable growth of the Group. A diverse Board leverages the differences in opinion, perspective, knowledge, skill, industry experience among its members, which is essential for maintaining the Group's competitive advantage. Hence, appointments of Directors and Senior Management are based on objective criteria, merits and takes into consideration of all possible forms of diversity to acquire the right talent.</p> <p>The Board through the Nomination Committee, annually reviews its composition and skills based on the Board Diversity and Skill Matrix. The Matrix outlines the composition of skills, knowledge, experience, gender diversity, length of service and independent element of the Board members. The Board is of the view that the current Board members possess the appropriate skills, integrity, knowledge and experience in building material, property development, economics and management, including specific expertise in finance and accounting, internal control and risk management, which are relevant to the Group's business.</p> <p>In evaluating the suitability of candidates to the Board, the Nomination Committee is guided by the Nomination Policy and, Fit and Proper Policy. Various aspects, including character and integrity, experience and competence, existing board positions, independence, time, and commitment, are considered to maintain an appropriate range and balance of skills and independence. In this regard, the Directors are required to complete the Fit and Proper Declaration Form annually.</p> <p>In selecting potential candidates for Key Senior Management, consideration was given to the requisite knowledge, attributes, educational background, skill and experience that the candidate will bring to the Group. The Key Senior Management is of sufficient calibre to ensure the effective functioning of the business operations.</p>

	<p>The Nomination Committee reviewed the Group’s Senior Management succession plans and talent management updates presented by the Managing Director and/or Chief Executive Officers annually.</p> <p>It is the Board’s policy that each Director shall not hold more than five (5) directorships in listed corporations. Directors should devote sufficient time to carry out their responsibilities. Directors are required to notify the Chairman or the Company Secretary their directorship in other listed and non-listed companies and any changes thereof. In this respect, all Directors have to declare their board position in listed and non-listed companies before appointment and during the annual Board evaluation exercise.</p> <p>The Board is satisfied that all the Board members remain committed to discharging their duties and responsibilities.</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 Nomination Committee is guided by the Nomination Policy and, Fit and Proper Policy in the nomination and assessment of new Directors before recommending their appointment to the Board.</p> <p>As part of the nomination process, the Nomination Committee may explore independent sources apart from relying on the recommendations from the existing Board members, Management and/or major shareholders. This includes professional services firm and industry federation.</p> <p>The Nomination Policy described the nomination and appointment process, as well as the assessment criteria undertaken by the Nomination Committee to ensure the appropriateness of the Board mix and composition, taking into consideration their experience and competences, character and integrity, time commitment and existing boardroom diversity.</p> <p>During the financial year, there were no new appointments to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance, contribution and effectiveness of each Director standing for re-election had been assessed through the Board's annual evaluation exercise. The assessment criteria include fit and proper, knowledge and integrity, contribution and participation, calibre and personality. In addition, the level of independence demonstrated by the Independent Directors who are seeking for re-election will be assessed.</p> <p>The retiring Directors, Mr. Chiau Haw Choon and Mr. Yeo Ann Seck who are seeking for re-election at the forthcoming 28th Annual General Meeting had declared that they meet the criteria outlined in the Company's Fit and Proper Policy, ensuring probity, personal and financial integrity, experience and competence as well as time commitment.</p> <p>The annual assessment, together with the fit and proper declaration form the basis and justification for recommending their re-election at the Annual General Meeting. The Board was satisfied with the assessment results of their performance, contribution, fit and propriety. Additionally, the Board believed that their proficiency, capabilities, extensive exposure, and vast experience in similar industries will continue to benefit the Company. The Board endorsed the Nomination Committee's proposal for the re-election of the retiring Directors, Mr. Chiau Haw Choon and Mr. Yeo Ann Seck, at the upcoming 28th Annual General Meeting of the Company.</p> <p>The Directors standing for re-election and reappointment are abstained from deliberations and decision by the Board on their re-election and re-appointment.</p> <p>The profiles and information of the Directors standing for re-election including their interest, position, experience and relationship are set out in the Directors' Profile in the Annual Report 2023 and Explanatory Notes to the Notice of the 28th Annual General 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

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 Nomination Committee of the Company has been chaired by an Independent Director since its establishment on 19 April 2001.</p> <p>The Nomination Committee comprises entirely of Independent Non-Executive Directors. As of 30 November 2022, the composition of the Nomination Committee is as follow:</p> <p style="padding-left: 40px;">Dato' Boey Chin Gan - Chairman Datuk Hj Mohd Yusri Bin MD Yusof - Member Ms. Er Kian Hong - Member</p> <p>The Nomination Committee oversees matters relating to the nomination of new Director, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the assessment of the effectiveness of the Board as a whole, its Committees and individual Director.</p> <p>The roles and responsibilities of the Committee are guided by its Terms of Reference which is available for reference at www.ajiya.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>As of 30 November 2023, the Board comprises seven (7) Directors, with one (1) being a woman Director, representing 14% of the total Board members.</p> <p>The Board acknowledges the benefits of having a diverse Board, including gender diversity, and believe that a diverse Board will enhance differences in opinion, perspective and insights. The Board ensures there is at least one woman Director on the Board.</p> <p>The Board is of the view that, while promoting gender diversity is important, selection criteria based on merit and contributions that a candidate will bring to the Board remain our priority.</p> <p>The Board continues to review the gender diversity and endeavours to promote 30% women participation on the Board, as guided by the Board Diversity Policy.</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 practices	<p>The Board acknowledges the value of diversity in both the Board and Senior Management, as well as throughout the workforce. Diversity foster broader perspective and contributes to the sustainable growth and development of the Group.</p> <p>The Board has in place a Diversity Policy for the Board and Senior Management. The objectives of this policy is to set out the approach to diversity on the Board and its Senior Management for better decision making and competitive advantages. The Diversity Policy was last revised in October 2022.</p> <p>With regard to gender diversity, the Nomination Committee ensures that all Board appointment and succession planning process are conducted in a manner that promote woman diversity, with at least one woman Director on the Board.</p> <p>The Board's prima objective in any new appointment is to select the suitable candidate with a view to achieve a high-performing Board. Appointment to the Board is based on merit and contributions the candidate will bring to the Board, with consideration being given to the skill, expertise, experience and attributes of the candidate, without discrimination to gender, age, religion and ethnic.</p> <p>The Board is committed to maintaining a conducive working environment free of harassment and all employees are treated equally with respect and dignity. Fair and equal opportunities are provided to all candidates based on merits without discrimination against any form of diversity, recognizing that a diverse workforce generates different ideas and perspectives. The Board values the merits of female diversity at management level for better decision making and competitive advantages. Although the Group has not set any fixed target as to age, gender and ethnic for Senior Management for financial year 2023, diversity is integrated in our work culture. The Group's Code of Ethics and Conduct is practiced equally throughout the Directors and all employees based on principles of integrity, responsibility, trust, discipline and diligence.</p> <p>As of 30 November 2023, 14% of the Senior Management positions in the Group are held by female employees.</p>

	The information of gender diversity within the Board and Senior Management's are disclosed in the Corporate Governance Overview Statement and the Sustainability Statement in the Annual Report 2023.	
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 Board has put in place a formal annual evaluation to assess the effectiveness of the Board, Board Committees and performance of each individual Director. The annual evaluation was conducted according to the procedures as set out in its Evaluation Policy.</p> <p>The evaluation was conducted in October 2023 internally via questionnaires with a 4-points rating scale based on self and peer rating model. The evaluation was facilitated by the Company Secretaries. Each Director evaluates the performance of the Board, Board Committees, self and peer assessment of other Directors, while the performance of Audit Committee is evaluated by the Nomination Committee members.</p> <p>The effectiveness of the Board is evaluated in terms of Board's size and composition, administration of boardroom activities, board process, provision of information to the Board, relationship with the Management and deliberation of sustainability matters on ESG. The evaluation on Board Committees focused on the effectiveness of Committees' practices, structures, expertise and meeting administration. Individual Director is assessed based on the criteria of fit and proper, contribution and participation, calibre and personality. These criteria align with the Bursa Malaysia's Corporate Governance Guide and are customized to meet the Group's current and future expectation.</p> <p>For the financial year 2023, during the Nomination Committee's meeting held in January 2023, the Company Secretaries presented the evaluation reports summarizing the results, findings and recommendations benchmarked against corporate governance best practices. This report also included a summary of Board Diversity and Skill Matrix.</p> <p>The Nomination Committee annually assessed the independence of Independent Directors. Each Independent Director had declared that they are independent of management and free from any business or</p>

	<p>other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.</p> <p>Based on the evaluation results, the Nomination Committee and the Board were satisfied with the performance and effectiveness of each individual Director, Board and Board Committees and concluded that:</p> <ul style="list-style-type: none"> a) The current size and composition of the Board are appropriate and adequate to effectively discharge its duties. The diverse background and professional specialization of the present Directors, collectively bring the Board a wealth of diverse views, experience and skills to lead the Group. b) The Board Committees remained effective, with respective members' knowledge and experience, contributed significantly to the decision-making process. c) All members of the Board are fit and proper, having discharged their responsibilities commendably. They have contributed effectively to the overall functioning of the Board. d) All the Independent Directors have demonstrated independence in their conduct and that each of them is independent of the management and free from any relationship which could interfere the exercise of independent judgement on issues affecting the Group. <p>All the evaluation results and discussion were duly minuted and documented.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 7.1

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 in place a Remuneration Policy setting out the remuneration guiding principles for Directors and Key Senior Management. The Remuneration Policy was last reviewed and approved by the Board in October 2022.</p> <p>Aligned with the Group's business strategies and long-term objectives, the structure of the Remuneration Policy is designed to attract, retain, and motivate individuals of high calibre. The remuneration packages are commensurate with the success of the Group's business and individual's performance.</p> <p>The Board is assisted by the Remuneration Committee in implementing its Remuneration Policy. The Remuneration Committee reviews and recommends the remuneration packages for Directors, with the annual review taking place in every March.</p> <p>All the Directors are entitled to directors' fees and allowances. The level of remuneration to Directors reflects the Directors' fiduciary duties, time commitment, Company's business performance, and industry trends. The directors' fees and benefits are subject to shareholders' approval at the Annual General Meeting.</p> <p>The remuneration of Key Senior Management of the Group is determined according to factors such as experience, skill and scope of responsibilities, individual performance, company performance as well as market competitiveness. The Board collectively authorized the Managing Director to review the remuneration packages of Key Senior Management, before presenting to the Nomination Committee. The review is based on a prescribed set of key performance indicators and the Group's human resource policies and procedures.</p> <p>The Remuneration Policy is available for reference at www.ajiya.com.</p>

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

Intended Outcome

The 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 Board has established a Remuneration Committee to implement the remuneration policy for Directors and Key Senior Management, and ensuring its competitiveness. The remuneration structure is aligned with the business strategies of the Group.</p> <p>The Remuneration Committee comprises entirely of Independent Non-Executive Directors. As of 30 November 2023, the current composition of the Remuneration Committee is as follow:</p> <p>Mr. Teh Boon Beng - Chairman Datuk Hj Mohd Yusri Bin MD Yusof - Member Dato' Boey Chin Gan - Member</p> <p>The roles and responsibilities of the Committee are set out in its Terms of Reference. The Terms of Reference will be reviewed by the Remuneration Committee as and when necessary. The last review was approved by the Board in October 2022 and is available for reference on the Company website at www.ajiya.com.</p> <p>The Board is satisfied that in 2023, the Remuneration Committee has effectively discharged its roles and responsibilities in accordance with its 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	:		
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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	:	<p>The details of remuneration received and receivable by each Directors in respect of the financial year ended 2023 are set out in the next page of this Report.</p> <p>Other emoluments include statutory contribution. The fees payable to Directors are subject to shareholders' approval at the forthcoming 28th Annual General Meeting.</p> <p>The details of the Directors' remuneration are also disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2023.</p>

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	Datuk Seri Chiau Beng Teik, JP	Executive Director	42,000	2,000	0	0	0	0	44,000	0	0	0	0	0	0	44,000
2	Mr. Chiau Haw Choon	Executive Director	42,000	3,000	0	0	0	0	45,000	0	0	0	0	0	0	45,000
3	Mr. Yeo Ann Seck	Non-Executive Non-Independent Director	42,000	3,000	0	0	0	0	45,000	0	0	126,000	0	0	5,040	176,040
4	Datuk Haji Mohd Yusri bin MD Yusof	Independent Director	42,000	6,500	0	0	0	0	48,500	0	0	0	0	0	0	48,500
5	Dato' Boey Chin Gan	Independent Director	42,000	6,500	0	0	0	0	48,500	0	0	0	0	0	0	48,500
6	Mr. Teh Boon Beng	Independent Director	42,000	5,500	0	0	0	0	47,500	0	0	0	0	0	0	47,500
7	Ms. Er Kian Hong	Independent Director	42,000	6,000	0	0	0	0	48,000	0	0	0	0	0	0	48,000

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Key Senior Management plays a crucial role in implementing the strategic plans and conducting business activities for the Group.</p> <p>Due to the competitive nature of the business in which the Group operates, the Board is of the view that the disclosing detail remuneration on a named basis for Key Senior Management is not to the Group's advantages. Such disclosure of specific remuneration information may give rise to recruitment and talent retention issues, as well as concerns regarding confidentiality and sensitivity. Further, It is the Group's policy and practice to implement confidentiality of all employees' remuneration.</p> <p>The Board believes that the non-disclosure of Key Senior Management remuneration will not prejudice the interest of the shareholders.</p> <p>As of November 30, 2023, the total remuneration of the top six (6) Key Senior Management who are not members of the Board was RM2,921,751 representing 8.28% of the total employees' remuneration of the Group for the financial year ended 30 November 2023.</p> <p>The Remuneration Policy provides guidelines for the Remuneration Committee to administer the remuneration of the Key Senior Management. The Board will continue to benchmark the remuneration package of the Key Senior Management with the industry, ensuring that the remuneration aligns with individual and Group performance.</p>

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

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 comprises entirely of Independent Non-Executive Directors. The composition ensures the objectivity and independence of the Audit Committee are maintained.</p> <p>The Audit Committee Chairman, Ms. Er Kian Hong is an Independent Non-Executive Director of the Company. She is not the Chairman of the Board. She was appointed as Chairman of the Audit Committee since 4 November 2022.</p> <p>Ms. Er Kian Hong holds a Bachelor Degree in Accounting and Finance from University of Technology, Sydney. She is a member of the Certified Practising Accountant Australia (CPA Australia).</p> <p>The current Chairman of the Board is not an Audit Committee member, and none of the former Chairman of the Board has ever been a member of the Audit Committee, in line with the requirement outlined in Practice 1.4 of the Malaysian Code on Corporate Governance.</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 Company's External Auditors Policy set out that a former audit partner is required to observe a cooling off period of at least three years before being appointed as a member of the Audit Committee. This policy is in place to safeguard and maintain the objectivity and independence of External Auditors.</p> <p>As of now, none of the current members of the Board are former audit partners, and consequently, no such individual has been appointed as a member of the Audit Committee. This adherence to the policy further ensures that the independence and objectivity of the External Auditors are upheld within the Company's governance framework.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	: Applied
Explanation on application of the practice	<p>The Board through the Audit Committee, maintains a formal relationship with the External Auditors. The Audit Committee is responsible to review the suitability, objectivity and independence of External Auditors annually as provided in its Terms of Reference.</p> <p>The Audit Committee carried out the above responsibility in accordance with the Company's External Auditors Policy, which sets out guidelines and procedures for the appointment, selection criteria, provision of non-audit service and annual performance assessment of External Auditors.</p> <p>In October 2023, ChengCo Plt ("ChengCo"), the External Auditors, presented the 2023 Audit Planning Memorandum to the Audit Committee, outlining the audit scope, engagement and reporting requirements, audit approach, areas of audit emphasis, and the audit engagement team.</p> <p>In January 2024, ChengCo in its presentation of the Audit Review Memorandum provided a written assurance that they had been independent throughout the audit engagement for the financial year ended 2023, in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit Committee also considered the nature of non-audit services provided by the External Auditors and was satisfied that the provision of these non-audit services does not, in any way, impair the External Auditors' objectivity and independence in the conduct of statutory audit. The details of the audit fees and non-audit fees paid to the External Auditors for the financial year ended 2023 are set out in the Additional Disclosure Statements of the Annual Report 2023.</p> <p>Throughout the financial year ended 2023, the Audit Committee engaged in discussions with the External Auditors twice, without the presence of Management. No major issues requiring attention of the Audit Committee.</p>

	<p>In October 2023, the performance of the External Auditors for the financial year ended 2023 was reviewed by the Audit Committee. The assessment was undertaken by the Audit Committee members together with the Financial Controller, based on, among others, the calibre, quality process, sufficiency of resources, independency and objectivity, audit scope and planning, audit fees and communication. The Audit Committee was satisfied with the overall performance, competency and independence of the External Auditors, recommending to the Board the re-appointment of ChengCo for shareholders' approval at the forthcoming Annual General Meeting.</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

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	:	<p>The Audit Committee of the Board comprises entirely of Independent Non-Executive Directors.</p> <p>Such composition ensures the objectivity and independence of the Audit Committee are maintained. It also provides a greater checks and balances during deliberation and decision making of the Board.</p> <p>As of November 30, 2023, the composition of the Audit Committee is structured as follows:</p> <table><tr><td>Ms. Er Kian Hong</td><td>- Chairman</td></tr><tr><td>Datuk Hj Mohd Yusri Bin MD Yusof</td><td>- Member</td></tr><tr><td>Dato' Boey Chin Gan</td><td>- Member</td></tr></table>	Ms. Er Kian Hong	- Chairman	Datuk Hj Mohd Yusri Bin MD Yusof	- Member	Dato' Boey Chin Gan	- Member
Ms. Er Kian Hong	- Chairman							
Datuk Hj Mohd Yusri Bin MD Yusof	- Member							
Dato' Boey Chin Gan	- Member							

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 Audit Committee comprises a mix of qualified and experience professionals in the fields of accounts and finance, risk management and internal control, corporate governance and business management.</p> <p>The Audit Committee is currently led by Ms. Er Kian Hong, an Independent Non-Executive Director and a member of the Certified Practising Accountant Australia (CPA Australia). She has more than 20 years experiences in various aspects particularly in audit and finance management and, corporate advisory services for fund raising, restructuring, mergers and acquisition.</p> <p>The Chairman and members of the Audit Committee possess the requisite knowledge and experience to effectively discharge their duties. They are financially literate, enabling them to understand, analyse and objectively review matters under the purview of the Audit Committee, including the financial reporting process.</p> <p>Recognizing the importance of staying updated, the Audit Committee members actively attend relevant training programs to enhance their capabilities. The Audit Committee members had during the financial year, attended trainings relating to audit, finance, sustainability, corporate governance and information technology. The detail trainings attended by the Audit Committee members during the financial year are provided in the Corporate Governance Overview Statement of the Company's Annual Report 2023.</p> <p>The Company Secretaries provide regular updates to the Audit Committee members on corporate governance practices and related regulatory requirements. Additionally, the External Auditors provide in its report to the Audit Committee, the latest developments in accounting standards and interpretations.</p>

	<p>The Board assesses the performance of the Audit Committee annually through the Nomination Committee. Based on the assessment conducted in October 2023, the Board was satisfied with the overall performance of the Audit Committee and that the members have added value and contributed to the overall effectiveness of the Audit Committee.</p> <p>The profile of the Audit Committee members and details report of the Audit Committee’s activities are set out in 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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board remain responsible for maintaining a good risk management and internal control system that addresses all key risks relevant and material to the Group's operations within an acceptable risk appetite, to safeguard the interest of the shareholders and the Group's assets. The Board consistently reviews the adequacy and effectiveness of the system, ensures it is embedded in all its processes throughout the Group.</p> <p>In view of the ever changing risk landscape and inherent limitations in any internal control system and risk management, the risk management and internal control system of the Group is designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore, can only provide reasonable and not absolute assurance against material misstatement or loss.</p> <p>To oversee the implementation of the Group's risk management and internal control framework, the Board is supported by the Risk Management Committee and the Audit Committee, each focusing on specific aspects.</p> <p>The Risk Management Committee has in place a Risk Management Framework for managing risks affecting its businesses and operations and is benchmarked against the ISO 31000:2018 Risk Management - Guidelines for identifying, evaluating, monitoring, reporting and managing significant business risks. The Risk Management Framework outlined the proactive approach and is comprised of risk management philosophy, risk appetite, risk governance structure and risk management process.</p> <p>The risk governance structure of the Group are as follows:</p> <ol style="list-style-type: none"> a. The Risk Management Committee reviews and ensures adequacy of risk management framework, policies and processes, reviews risk exposure. <p>The Risk Management Committee is assisted by Risk Management Steering Committee ("RMSC"), an operational management committee to ensure the risk management system and governance are embedded and implemented throughout the</p>

	<p>Group. The RMSC works together with the operational department heads to identify, evaluate and manage the significant risks affecting the affairs of the business.</p> <p>b. The Audit Committee, supported by internal auditors, reviews the adequacy and effectiveness of the Group's internal audit function. The internal audit function operates based on a clearly defined audit plan which was reviewed and approved by the Audit Committee.</p> <p>The internal auditors conducts independent audit to identify, evaluate, monitor and manage significant risks affecting the business of the Group and ensures that adequate and effective controls are in place.</p> <p>During the year, a risk awareness training program was conducted at the operational level to enhance the understanding of risk management best practices, principles and standard of risk management.</p> <p>A review of the state of risk management and internal controls within the Group during the financial year is set out in the Statement on Risk Management and Internal Control of the Annual Report 2023.</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

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 Group has established a structured risk management process for identifying, evaluating and managing significant risks that may impact the achievement of its business objectives. The risk management is embedded in the Group's management system.</p> <p>The Board through the Risk Management Committee, oversees the risk management matters of the Group, including reviewing risk management principles, frameworks, policies and procedures.</p> <p>The Risk Management Committee reviews the Risk Management Report which outlined key risk areas, control measures and action plans. The objective of the risk assessment is to identify inherent risk, evaluate internal control and monitor residual risk. The Risk Management Committee reviewed the likelihood and risk impact of those key risks, the risk rating, control effectiveness and the residual risks.</p> <p>These controlling functions, the Risk Management Steering Committee, Internal Audit function as well as the Risk Management Committee and Audit Committee assist the Board in discharging its oversight responsibilities on the adequacy and effectiveness of the risk management and internal control system.</p> <p>For the financial year under review, the Board received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control system is operating adequately and effectively.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report 2023 provides an overview on the state of internal control and risk management within the Group. This Statement was reviewed by the Company's External 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

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	:	<p>The Board is supported by the Risk Management Committee in identifying and reviewing the framework and process for managing risk within the Group.</p> <p>As of 30 November 2023, the Risk Management Committee comprises entirely of Independent Non-Executive Directors, with the following composition:-</p> <p>Datuk Hj Mohd Yusri Bin MD Yusof - Chairperson Dato' Boey Chin Gan - Member Mr. Teh Boon Beng - Member</p> <p>Datuk Hj Mohd Yusri Bin MD Yusof was appointed as Chairman of the Risk Management Committee effective from 7 September 2022.</p> <p>The roles and responsibilities of the Committee are guided by its Terms of Reference, which is available on the Company's website at www.ajiya.com.</p>

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 an integral part of the assurance framework within the Group. Internal Auditors play a crucial role in providing independent and objective assurance on the state of risk management and internal control of key operations, compliance with the established policies and procedures, and governance procedures.</p> <p>The Audit Committee had, in its meeting held on 27 April 2023, discussed and the Board approved the internal audit function of the Group to be carried out internally by the inhouse Governance, Risk and Compliance team ("GRC"). The GRC conducts independent assessment of the adequacy and effectiveness of the Group's internal controls and governance process. The Internal Auditors report functionally to the Audit Committee and administratively to the Managing Director. The internal audit function operates independently from the activities of the Group and are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>The Internal Auditors assess the effectiveness of the internal control system and align their current internal audit practices with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</p> <p>The following are, among others, activities undertaken by the Audit Committee during the financial year 2023 in relation to internal audit function:</p> <ul style="list-style-type: none">• Review the audit scope and annual audit planning.• Review the quarterly audit reports and audit findings• Assess the performance and effectiveness of the internal audit function. <p>The Internal Auditors performed periodic audits on various operating units within the Group based on the yearly risk-based Internal Audit Plan approved by the Audit Committee. Any subsequent changes to the Audit Plan is subject to approval by the Audit Committee.</p> <p>The Audit Committee on quarterly basis, reviewed the audit reports comprising audit scope, observation, findings, recommendations and management responses. The Management is responsible to ensure the implementation of corrective actions within the agreed timeframe.</p>

	<p>The Internal Auditors also carried out follow-up reviews to ensure the agreed corrective actions are implemented appropriately.</p> <p>In October 2023, the Audit Committee conducted an annual evaluation of the independence, effectiveness, competency and adequacy of resources of the Internal Audit function. The Committee was satisfied with the overall performance of the Internal Audit function and that the internal auditors' independence has been maintained.</p> <p>The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and is of the view that the risk management and the internal control system is adequate to safeguard the shareholders' interest.</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

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 Group initially outsourced its internal audit function to an external consulting firm, Indah Corporate Governance Sdn Bhd. As part of its strategic move to enhance the evaluation of the adequacy and effectiveness of the Group's internal control system, the internal audit function is currently conducted in-house by the Governance, Risk, and Compliance ("GRC") team. This transition took effect from the 3rd quarter of the financial year 2023. The in-house internal audit function reflects the Group's commitment to strengthening its internal control processes and aligning them with its evolving needs and objectives.</p> <p>The GRC team comprises 8 internal auditors who operate independently and are free from any relationships or conflicts of interest that could impair their objectivity and independence.</p> <p>The GRC is headed by Mr. Benedict Lee Yee Kuan, who has more than 15 years of experience in Enterprise Risk Management, Internal Audit, Corporate Governance, and Business Process Development. Mr. Benedict Lee is a Chartered Member of the Institute of Internal Auditors Malaysia and The Chartered Governance Institute of the UK, holding Professional designations CMIIA and CGP. All the internal audit staff possess tertiary qualifications.</p> <p>The GRC reports functionally to the Audit Committee, and performs its works as an independent unit. This reporting structure ensures the independence and objectivity of the internal audit function, which assures adequate consideration of audit recommendations and planned corrective actions. This reporting structure also grants the GRC staff the necessary authority for unrestricted access to all operations, records, property, and personnel within the Group.</p> <p>The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The GRC adopts a risk-based approach in the audit planning and conducts.</p>

	The Audit Committee had in October 2023, conducted an annual evaluation to assess the performance of the Internal Audit function. Following the evaluation, the Committee was satisfied with the scope, competency and experience of the Internal Audit function.	
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 recognized the importance of maintaining an effective, transparent and regular communication with its stakeholders. The Board ensures all disclosure are accurate and released on a timely basis and that all shareholders and investing public have equal access to the material information released by the Company.</p> <p>The Group's corporate website at www.ajiya.com is the main channel for stakeholders to access the information of the Group. The website features a dedicated Investor Relation section which provide investor-related information such as quarterly results, audited financial statements, Annual Report, Circulars to Shareholders and announcements released through Bursa LINK. There is also a section on Governance & Sustainability where Board Charter, Code of Ethics and Conduct, Board Policies, Corporate Sustainability and minutes of General Meetings are available. Stakeholders may channel their concerns through the "Contact Us" section on the Company's website.</p> <p>The Annual General Meeting remains the principal avenue for engaging and communicating with the shareholders. At the 27th Annual General Meeting held in April 2023, the Chief Executive Officer presented to the shareholders the qualitative and quantitative performance of the Group. This presentation covered the market outlook for the construction sector for 2022 and 2023, and the Group's financial highlights over the previous five years. Shareholders are encouraged to submit real time questions using the query box facility. The proceedings of the Annual General Meeting 2023 also included the Board's responses to questions submitted in advance by the Minority Shareholders Watchdog Group.</p> <p>The Annual Report with information on business activities, key financial highlights, corporate governance and sustainability initiatives is an important source of information that provides the stakeholders an overview of the Group's business performance and financial position. The Sustainability Statement in the Annual Report is also a vital source of reference for stakeholders which provides an overview of how the Group's sustainable practices and initiatives are embedded in our</p>

	<p>business strategy and daily operation, recognizing the importance of economic, environmental and social impact.</p> <p>The Group actively engages with stakeholders through organized factory visits. These visits are conducted for various groups, including professionals, government officials, and educational institutions. This approach allows stakeholders to experience the Group's operations and gain insights into its business processes.</p> <p>In addition to sharing knowledge and expertise within the industry, the Group also engages with local communities through various channels. This includes participation in roadshows and social media platforms to connect with stakeholders. The Group also collaborates with non-governmental organization, foundation and industry association to foster partnerships and contribute to community development.</p> <p>While the Company endeavours to providing information to its stakeholders, the Board remains mindful of the regulatory requirement governing the release of material and price-sensitive information. The Group had in place a Corporate Disclosure Policy. The policy ensures communications with the public align with the obligation imposed by Bursa Securities and other regulatory authorities.</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 Company dispatches the Notice of Annual General Meeting (“AGM”) to all shareholders at least 28 days prior to the meeting.</p> <p>The 27th AGM of the Company was conducted fully virtual on 27 April 2023 through live streaming using the Remote Participation and Electronic Voting facilities (“RPEV”). Notice and Administrative Guide were sent on 28 March 2023, providing more than 28 days’ notice in advance of the 21 days’ requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Securities. The Notice of AGM was published in a nationally circulated newspaper and made available on the Company’s website and released via Bursa Link.</p> <p>The additional notice period allows the shareholders sufficient time to scrutinise the Annual Report and to make necessary arrangement to participate in the AGM.</p> <p>Detail explanations and relevant recommendations for the relevant proposed resolutions are provided in the notice of AGM to enable shareholders to make informed decision 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The 27th Annual General Meeting (“AGM”) of the Company was conducted fully virtual on 27 April 2023. All Directors attended the 27th AGM, except for Datuk Seri Chiau Beng Teik, JP, who was on an overseas business trip, and Mr. Yeo Ann Seck, who had an unforeseen matter to attend to.</p> <p>The Managing Director and Chairman of every Board Committee attended the meeting. The External Auditors, Company Secretaries and Financial Controller were also present to respond to questions raised by the shareholders.</p> <p>The Directors recognize that the AGM is the principal channel for engaging and communicating with shareholders. All Directors endeavour to attend all future general meetings to engage with and address the concerns of shareholders.</p> <p>All the Directors are mindful of their individual responsibility as a Director. The Board strives to ensure the presence of all Directors at every general meeting, barring unforeseen circumstances.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

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>Since its 21st Annual General Meeting (“AGM”) in 2017, the Company has embraced technology by implementing an electronic poll voting system. Electronic voting system provides a more efficient and accurate results.</p> <p>The 2023 AGM of the Company was conducted fully virtual through live streaming using the Remote Participation and Electronic Voting facilities (“RPEV”), to facilitate remote participation and online voting by all shareholders.</p> <p>Shareholders are able to view a live webcast of the AGM, raise questions via query box facility and submit their votes in real-time. Detailed procedures on the remote participation and online voting were set out in the Administrative Guide sent to the shareholders together with the Notice of AGM.</p> <p>The RPEV service provider had put in place information security measures to prevent cyber threats. These measures included hosting the RPEV in a secure enterprise industry cloud platform and the data centre is ISO/IEC 27001 certified. To ensure only the registered shareholders are allowed to attend and participate in the virtual general meeting, remote participation at the general meeting requires registration and pre-authorized user accounts with password.</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

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 Chairman of the Board, and the respective Chairs of Board Committees attended the virtual Annual General Meeting ("AGM") 2023 to engage with shareholders. The External Auditors, Company Secretaries and Financial Controller were present to respond to questions raised by the shareholders.</p> <p>Before the commencement of the meeting, the Chairman briefed the shareholders of their right to raise questions through real-time submission of typed texts and vote on the resolutions set out in the Notice of AGM 2023.</p> <p>Shareholders were given sufficient time to pose their questions via the provided platform which was opened for login one hour before the meeting commenced. All questions received will be addressed by the Board members during the dedicated Questions and Answers session. The minutes of the general meeting encompassing key matters discussed and answers to the questions posed, will be made available on the Company's website.</p> <p>During the AGM proceedings, the Chief Executive Officer presented an overview of the Group's qualitative and quantitative performance. This encompassed the market outlook for the construction sector in 2022 and 2023, and the Group's financial highlights over the previous five years.</p> <p>Additionally, the Audit Committee Chairman shared with the shareholders the Company's response to questions raised by the Minority Shareholders Watch Group in relation to operational, financial and corporate governance matters.</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	:	<p>The 27th Annual General Meeting (“AGM”) 2023 of the Company was held fully virtual, administered by Agmo Digital Solutions Sdn Bhd, which provided the audio and visual support services to broadcast the proceedings of the meeting via Vote2U portal.</p> <p>The Independent Scrutineer, Aegis Communication Sdn Bhd verified the eligibility of shareholders to attend the AGM based on the Record of Depositor. To ensure that only registered shareholders are allowed to attend and participate in the virtual general meeting, remote participation at the general meeting requires registration and pre-authorised user accounts with password.</p> <p>To assist the shareholders in utilising the Remote Participation and Electronic Voting facilities (“RPEV”), detail procedures were set out in the Administrative Guide sent to shareholders together with the Notice of AGM. To familiarise the shareholders with the use of RPEV, a step-by-step video guide on remote voting process and posing questions was presented before the voting commenced.</p> <p>Sufficient time were given to shareholders to pose their questions via the provided platform which was opened for login one hour before the meeting commenced. Questions submitted via the portal will be managed by a team of moderators. At the AGM 2023, all questions posed were read out and addressed by the Chief Executive Officer. The question and Company’s response to questions raised by the Minority Shareholders Watch Group were made visible to the participants. These questions and answer, as well as the minutes of the 27th AGM, have been made available on the Company’s website.</p>

	The results of the poll voting after verification by the Independent Scrutineer and announcement by the Chairman were displayed on the screen and made visible to all shareholders. The Company released the results via Bursa LINK on the same day after the conclusion of 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 13.6

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 minutes of the Company's 27 th Annual General Meeting ("AGM") held on 27 April 2023 were published on the Company website on 25 May 2023, within 30 business days from the date of the AGM. The 27 th AGM minutes was duly confirmed by the Chairman and is attached with responses to questions raised by shareholders, and the Minority Shareholders Watch 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	:

**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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