

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7216  
**COMPANY NAME** : Kawan Food Berhad  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") of Kawan Food Berhad ("Kawan") sets the strategic direction of Kawan Group ensuring that the necessary resources are in place for the Company to meet its objectives and that the Company's strategies are aligned to the interests of our shareholders and other stakeholders.</p> <p>To enable the Board to discharge its responsibilities in meeting the objective of the Company, the Board, together with the Management, is committed to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>In discharging its roles and responsibilities, the Board is guided by the Board Charter which clearly specifies those which the Board may delegate to Board Committees, the Group Chief Executive Officer ("GCEO") and the key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group's businesses are vested in its hands.</p> <p>The Board Committees comprise three Committees:</p> <ul style="list-style-type: none"><li>a) Audit Committee ("AC");</li><li>b) Nominating Committee ("NC"); and</li><li>c) Remuneration Committee ("RC").</li></ul> <p>Terms of Reference ("TOR") of the Board Committees is available on Kawan's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p> <p>The Board delegates the implementation of its strategies to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company.</p> <p>The Board monitors its performance and implementation of the Company's strategies.</p>

	<p>To enable effective oversight and monitoring of the Company’s business and operations, the Management reports to the AC and Board on the operational performance, progress of key initiatives and financial results including actual performance against budget on a quarterly basis. Proposals including strategic investments and/or corporate exercises are subject to AC and Board’s review. The AC also reviewed the Group’s cash position.</p> <p>The Board through the AC oversees the risk management framework of the Group. The Risk Management Working Committee (“RMWC”) reviews the Group’s risk including emergence and changes of the key risks faced by the Group and actions taken to manage these risks on a quarterly basis. The risk officer reports its summary on a quarterly basis to the AC. The outsourced internal audit function reviews the internal control system and reports directly to the AC on a quarterly basis on the findings based on the approved audit plan. The AC then reports to the Board on the new and changes of key risk as well as the updates and adequacy of the controls of the Group.</p> <p>The Board together with the Management are responsible for the governance of sustainability in the Company including setting Company’s sustainability strategies, priorities and targets.</p> <p>The NC is responsible to assist the Board in appointment, performance evaluation and succession planning of the Board, Board Committees, GCEO and Key Management. The Board had put in place a succession planning policy. The Company has in place a succession planning framework for orderly succession of Board Members and Key Management. The NC reports to the Board on the performance of the Board as a whole, individual directors and Key Management on an annual basis and recommendation thereto.</p> <p>The Board sets Kawan’s values and standards and believes that effective corporate governance is based on honesty, integrity and transparency. The Board has in place the Kawan Code of Conduct and Ethics (“CoCE”) that requires all the Directors, officers and employees of the Group to observe, uphold and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with the relevant laws and regulations as well as the Group’s policies.</p> <p>The Board also values dialogue with stakeholders and appreciates the keen interest of shareholders on Kawan’s performance. In this regard, the Board takes effective measures to disseminate timely and relevant information regarding the Company to stakeholders. The Group has in place a Corporate Disclosure Policy to ensure comprehensive, accurate and proper disclosure of information to the stakeholders.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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

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

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of Kawan is Mr Gan Thiam Chai, a Non-Independent Executive Chairman. The Chairman was appointed to the Board as an Executive Chairman on 1 March 2010. He is the founder of Kawan Food Manufacturing Sdn Bhd and a major shareholder of Kawan.</p> <p>The Chairman is responsible for leading the Board and instilling good corporate governance practices, and effectiveness of the Board.</p> <p>The Chairman's key responsibilities include:</p> <ul style="list-style-type: none"><li>- Leading Board meetings and discussions by promoting an open culture for debates and encouraging active participation among the Directors;</li><li>- Ensuring Board members receive accurate and complete information in a timely manner;</li><li>- Obtaining opinion from directors during meetings and promotes open constructive debates; and</li><li>- Providing effective communication with shareholders and other stakeholders.</li></ul> <p>The detailed roles and responsibilities of the Chairman are stated in the Board Charter which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and the GCEO are distinct and separate to engender accountability and facilitate clear division of responsibilities to ensure that there is a balance of power and authority in the Company.</p> <p>The positions of Chairman and GCEO are held by two different individuals. The Non-Independent Executive Chairman, Mr Gan Thiam Chai provides strong leadership to the Board in its cohesive oversight of Management whilst the GCEO is responsible for the overall operations of the Group's business and implementation of Board's policies and decisions within the sets of authorities delegated by the Board.</p> <p>There was a change in principal officer during the financial year, The former GCEO, Mr Ng Hooi Khai vacated his office on 2 August 2023 upon the expiration of his contract. On 1 January 2024, Mr Adam Pandian was appointed as the GCEO of Kawan Group.</p> <p>The respective roles and responsibilities of the Chairman and the GCEO are clearly defined in the Board Charter which are available on Kawan's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board, Mr Gan Thiam Chai is not a member of AC, NC or RC.  The Board took cognizance the importance of Practice 1.4 and the Chairman of the Board understands that he should not be involved in the Committees so that there is check and balance as well as objective review by the Board.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

## Practice 1.5

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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by two (2) qualified and competent Company Secretaries, Ms Tai Yit Chan and Ms Tai Yuen Ling from Boardroom Corporate Service Sdn. Bhd. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016 and The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Company Secretary ("LS") respectively.</p> <p>The Company Secretaries play an advisory role to the Board, particularly with regards to the CG issues and Directors' responsibilities in complying with relevant legislation and regulations. Both the Company Secretaries have more than 20 years of experience in corporate secretarial practice with working knowledge across a diverse range of industries. With their extensive experience, they are able to provide sound advice to the Board and the Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The roles and responsibilities of the Company Secretaries are provided in the Board Charter, which is available on the Company's corporate website. Among others, the Company Secretaries:</p> <ul style="list-style-type: none"><li>- Advising the Board on its roles and responsibilities;</li><li>- Advising the Board and Board Committees on governance matters;</li><li>- Provide updates and assistance to the Board with relevant statutory and regulatory requirements;</li><li>- Providing oversight of corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li><li>- Attending and recording the minutes of Board and Board Committees' meetings as well as facilitate Board communications;</li><li>- Ensuring effective information flows within the Board and its committees and between the Management and Non-Executive Directors; and</li><li>- Serving as a focal point for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries in discharging their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are</p>



	<p>professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practice. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regard to the Company’s Constitution (“Constitution”), Board policies and procedures, and its compliance with regulatory requirements, and advocate adoption of corporate governance best practices.</p> <p>For general meetings, the Company Secretaries ensure that meetings are properly convened and the proceedings and resolutions are properly managed.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter which is available on the Company’s website.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

### Practice 1.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries work closely with the Management to manage appropriate flow of information to the Board in consultation with the Chairman and the GCEO.</p> <p>Board meetings are scheduled in advance to ensure sufficient time for the Directors to plan their meetings for the year.</p> <p>Notice of Board meetings and proper agenda are sent to Directors at least seven (7) days prior to the meeting. Board papers and relevant reports are circulated at least five (5) business days prior to the meetings or shorter period deemed appropriate and/or unavoidable prior to the meetings to enable the Directors with sufficient time to review the materials for effective discussions and decision making during the meetings. Meeting papers that are deemed urgent may be presented at the meetings under item "any other matters", subject to approval of the Chairman and/or GCEO.</p> <p>Access to Board papers is carried out online through a software which allows Directors to access documents in a more efficient and timely manner. The Board members are provided tablets in order to access to meeting materials.</p> <p>Relevant information relating to business operations, financial, corporate, regulatory, business development and audit matters are provided to the Board members to enable the Board to make informed decisions. The Board is updated on important issues in Board meetings by Management.</p> <p>All pertinent issues discussed and decisions made at the Board meetings are properly recorded by the Company Secretaries. After meetings, minutes are circulated to the Directors for review and comments before tabling for confirmation at the next meeting. Status to the matters arising from previous meetings will be presented at the next meeting for further update/discussion.</p> <p>All Directors have unrestricted access to information pertaining to the Company in order to discharge their duties and responsibilities effectively. The Directors may seek advice from Management on issues pertaining to their respective jurisdiction. The Directors also have direct</p>

	access to the advice and services of the Company Secretaries as well as obtaining independent professional advice at the Company's expense where necessary and reasonable for the performance of their duties.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Board Charter that clearly sets out the roles, functions, composition and procedures of the Board, Board Committees, Chairman, Senior Independent Director, Independent Director, GCEO and Company Secretaries.</p> <p>The Board Charter further defines matters that are reserved for the Board's approval and those which the Board may delegate to the Board Committees, GCEO and Management. Key matters reserved for the Board's approval include corporate strategic plans and capital budgets, material acquisitions and disposals of undertakings and properties, quarterly financial results and annual financial statements for announcement, monitoring of operating performance and review of the financial authority approving limits.</p> <p>The Board Charter and TOR of the Board and the Board Committees were revised to reflect the relevant updates to the Malaysian Code of Corporate Governance 2021 ("MCCG").</p> <p>The Board Charter is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In tandem with the Board's aspiration to ingrain and engender appropriate standards of conduct and ethical practices, the Board has in place a Code of Conduct and Ethics ("CoCE") which sets the expected standards for conduct of all employees of the Group.</p> <p>The CoCE reflects the Company's commitment to integrity, transparency, accountability and self-regulation. It also serves as a reference for the employees to support day-to day decision making.</p> <p>Directors, Management and employees are required to support, promote and maintain high standards of integrity in carrying out roles and to ensure its compliance with laws and regulations and the Group's policies.</p> <p>The CoCE covers the overarching areas, among others, conflict of interest, corporate opportunities, protection of Company and/or client information, fair practices, protection and proper use of Company's assets, acceptance and offering of gifts and other forms of benefits, abuse of power, corruption, insider trading and money laundering and bribes.</p> <p>In compliance with Malaysian Anti-Corruption Commission ("MACC") Act, the Company has adopted an Anti-Bribery and Corruption Policy ("ABC Policy") to prevent corruption and unethical practices within the Group. The ABC Policy sets out the guidelines on how to deal with improper solicitation, bribery and other corrupt activities that may arise in the course of business.</p> <p>The Conflict of Interest Policy("COI Policy") was adopted in 2023. This policy outlines the disclosure obligations of each Director and Key Senior Management with respect to conflict of interest, and the procedures to be followed when a conflict of interest arises or</p>

	<p>potentially arises to ensure systematic identification, disclosure, and management of conflict of interest in an effective and timely manner.</p> <p>The objective of this policy aims to ensure that conflict of interest is handled appropriately, promoting transparency, foster a culture of honesty and accountability, and good governance within the Group. Disclosure should occur as soon as practicable after the relevant facts have come to the knowledge of the individual and should be reported on a half yearly basis, including at all Board and the AC meetings.</p> <p>The CoCE, ABC Policy and COI Policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistleblowing Policy provides avenues for employees and external party to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices.</p> <p>Employees of the Group may raise concerns or report anonymously to his head of department or in writing using email or existing suggestion box. Under the Whistleblowing Policy, a whistle-blower who discloses improper conduct in good faith will be protected against adverse and detrimental action, intimidation, suspension. They may also report whistleblowing matters to the head of the Whistleblowing Committee ("WC"), which is headed by the Senior Independent Non-Executive Director directly.</p> <p>Concerns received would be directed to WC for further action. The investigation team will update the WC on the findings of the investigations. The head of WC reviews and recommends appropriate decisions and/or actions for the reported concerns to the Board. The head of the WC will also update the Board on the follow up actions on a quarterly basis.</p> <p>During the financial year under review, there were no whistleblowing complaints received through various whistleblowing channels.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is focused on enhancing its forte to stay relevant in this competitive business environment. As such, a Steering Committee and Sustainability Working Committee ("SWC") chaired by the GCEO was established to plan and implement sustainability initiatives.</p> <p>The SWC comprises representatives from relevant departments and is supported by sustainability champions across various functions within the Group.</p> <p>The Board has in place a Sustainability Policy which directs the Group in managing changes related to environment, social and governance issues enabling the Group to achieve long term returns with a lower risk profile.</p> <p>The Board is proactive when comes to oversees the planning, performance and long-term strategy of the Group, to ensure the Group remains resilient and is able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders.</p> <p>The Board together with the Management takes responsibility for the governance of sustainability in the Company including, setting in the Company's strategies, priorities and targets. Performance against these are communicated to the Company's internal and external stakeholders.</p> <p>Further details on the sustainability governance structure are provided on sustainability statement of the annual report.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group actively identifies, analyses emerging risks and opportunities and fortifies a sustainability management framework to build resilience and ensure business continuity through challenging times. The Board factors in these sustainability considerations into the business decisions as stakeholder expectations are heightening across various sustainability issues.</p> <p>The sustainability performance, initiatives, programmes and material matters are available in the annual Sustainability Statement in the Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, all Borad members have attended training related to sustainability to stay abreast of sustainability developments.</p> <p>In order for the Board to keep up dated and understand the sustainability matters of the Group, the Board will receive sustainability updates where issues relating to the matter are presented and deliberated on a quarter basis.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board had taken into account sustainability consideration when exercising its duties including development and implementation of company strategies and business plans. Kawan has also initiated to link the KPIs of the Executive Directors with sustainability performance.</p> <p>Performance evaluations of the Board is conducted on an annual basis. The evaluation includes:</p> <ul style="list-style-type: none"> <li>- sustainability risks and opportunities; and</li> <li>- setting the company’s sustainability strategies, priorities and targets.</li> </ul> <p>The performance evaluation allows the Board to understand the importance of identifying and managing sustainability issues that are relevant to the company and its business as part of their duties.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Ms Gan Ka Bien, the Executive Director of Kawan was appointed by the Board to oversee the ESG, supported by the Steering Committee. The GCEO chairs the Sterling Committee and SWC in leading the development of Kawan’s sustainability priorities in line with strategies set by the Board.</p> <p>The GCEO provides stewardship and guidance on relevant key sustainability matters of the Company and to guide the Company in implementation of various initiatives across the businesses.</p>

## Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible to oversee and review on an on-going basis, the overall composition of the Board in term of size, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company.</p> <p>The effectiveness of the Board as a whole and the contribution and performance of each individual Director to the effectiveness of the Board and the Board Committees will also be assessed by the NC on an annual basis.</p> <p>The retention of Independent Directors after serving a cumulative term of nine (9) years shall be subjected to annual assessment by the NC, regarding the independence and contributions; and annual shareholders' approval through two-tier voting process in a general meeting, where the Board provides valid justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.</p> <p>The tenure of the respective Independent Directors as at 31 December 2023 is listed below:</p> <table border="1"><thead><tr><th><b>Name of Directors</b></th><th><b>Tenure (year) (Approximate)</b></th></tr></thead><tbody><tr><td>Dr. Nik Ismail Bin Nik Daud</td><td>6</td></tr><tr><td>Mr Lim Hun Soon @ David Lim</td><td>8</td></tr><tr><td>Mr Eugene Hon Kah Weng</td><td>5</td></tr></tbody></table> <p>The Constitution provides at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting ("AGM") and that all Directors shall retire at least once in every three (3) years. A retiring Director is eligible for re-election. The Constitution also provides that a Director who is appointed by the Board over the course of the year shall be subject to election at the next AGM to be held following his/her appointment.</p>	<b>Name of Directors</b>	<b>Tenure (year) (Approximate)</b>	Dr. Nik Ismail Bin Nik Daud	6	Mr Lim Hun Soon @ David Lim	8	Mr Eugene Hon Kah Weng	5
<b>Name of Directors</b>	<b>Tenure (year) (Approximate)</b>									
Dr. Nik Ismail Bin Nik Daud	6									
Mr Lim Hun Soon @ David Lim	8									
Mr Eugene Hon Kah Weng	5									

	<p>The NC is also responsible for recommending to the Board, Directors who are standing for re-election at the AGM, subject to the NC being satisfied with the performance of the affected Directors based on the latest Board performance evaluation and Directors' Fit and Proper Policy as a guide to the NC in conducting the relevant Board assessment. The NC not only focused on the evaluation results but also other areas such as skills, experience, professionalism, integrity, character and time commitment.</p> <p>The following Directors who are subject to retirement pursuant to the Clause 115(1) of the Company's Constitution at the forthcoming AGM:-</p> <p>(a) Mr Gan Thiam Chai  (b) Ms Gan Ka Bien  (c) Mr Lim Hun Soon @ David Lim</p> <p>All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.</p> <p>The Directors' Fit and Proper Policy was adopted and is available on the Company' website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>. Based on the assessment, Mr Gan Thiam Chai, Ms Gan Ka Bien and Mr Lim Hun Soon @ David Lim demonstrated fit and proper characteristics outlined in the Company's Fit and Proper Policy.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has eight (8) members, comprising an Executive Chairman, three (3) Executive Directors, a Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The present composition of the Board has complied with paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires that at least two Directors or one-third (1/3) of the Board members of the Company, whichever is higher, are independent.</p> <p>The current Board comprises directors with diverse knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively, objectively and independently.</p> <p>The Independent Directors consist of individuals from accounting and finance, auditing and food industry are able to express divergent points of views and concerns, provide insights on trends and forecast as well as challenge management in a more objective manner to create more values and sustainability of the business. The independent directors with diverse backgrounds also provide constructive debates, exchange views on the company, greater checks and balances which lead to better decision making.</p> <p>Each Independent Director is required to provide confirmation on quarterly basis as to whether he has any family relationship with any director and/or major shareholder of Kawan, any conflict of interest with Kawan and any convictions for offences within the past five (5) years.</p> <p>The NC will also undertake an evaluation assessment on annual basis on the independence of the Independent Non-Executive Director.</p>

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

<b>Measure</b>	:	<p>Based on the outcome of Board effectiveness evaluation, all Independent Directors are satisfied with the independence criteria as defined under paragraph 1.01 of the MMLR of Bursa Securities and are able to continue exercise objective judgement in the Board's decision-making process.</p> <p>Nonetheless, the Board acknowledged the practice recommended under the MCCG and would consider the appointment of suitable candidates based on merit, competence and contribution of the same to further strengthen the Board.</p>	
<b>Timeframe</b>	:	Others	As and when suitable candidates are identified.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	No independent director(s) serving beyond 9 years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - 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.*

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to provide fair and equal opportunities as well as diversity within the Group. In assessing nominees and making recommendations for new appointment as Directors and Senior Management to the Board for approval, the NC takes into consideration the following:</p> <ul style="list-style-type: none"><li>- skill, knowledge, expertise, qualification and experience,</li><li>- professionalism;</li><li>- integrity and judgement;</li><li>- background, character, competencies, time commitment;</li><li>- the fit and properness of the candidate; and</li><li>- in the case of potential candidates for the position of Independent Non-Executive Directors, the abilities of candidates to discharge such responsibilities.</li></ul> <p>The process involves the identification of potential candidate(s), evaluation of suitability of candidates based on the agreed upon criterias, followed by deliberation by the NC and subsequently recommendation to the Board for approval.</p> <p>The NC will consider utilising independent sources such as directors' registry, advertisement or recruitment agency to identify qualified candidates when necessary. Where necessary, the NC may engage external independent consultancy services to conduct search for potential candidates.</p> <p>The Board has in place a Diversity Policy which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible for making recommendations to the Board on the appropriate size, composition and diversity of the Board. When considering new appointments, the NC will determine criteria used for potential candidates in the nomination and selection based on its review on the annual assessment of Directors to ensure that the potential candidates offer the skills required. Candidates are also assessed based on their competence, integrity, character, time commitment and experience in accordance with paragraph 2.20A of the MMLR of Bursa Securities as well as their fitness and propriety in accordance with the Directors' Fit &amp; Proper Policy so that the Company is able to source high calibre Directors with a sound understanding of the business imperative.</p> <p>The Board normally relies on recommendation from the NC, existing Board members, management or major shareholders. The Board may consider utilising various independent sources to identify suitably qualified candidates, where necessary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There is no appointment or reappointment of Director at the AGM for the financial year under review.  If there is any appointment or reappointment of Director, the Board will provide sufficient information to the shareholders for the shareholders to make an informed decision.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr Eugene Hon Kah Weng, an Independent Non-Executive Director of the Company is the Chairman of NC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board acknowledges the importance of having diversity of Board, Management and employees in terms of skills, expertise, gender, age and ethnicity. The Company has put in place a Diversity Policy as the Company's commitment to diversity at all levels.</p> <p>During the financial year under review, there were no changes to the company's Board composition. Currently, the Board comprises two (2) female Non-Independent Executive Directors which accounts for 25% representation of women on the Board.</p> <p>The Board supports the country's aspirational target of 30% representation of women directors in line with Practice 5.9 of MCCG 2021 and will consider diverse range of candidates including female representation in future recruitment and selection processes.</p> <p>The Diversity Policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The NC will take the necessary steps to source for suitable women candidates with required skills, knowledge and experience, where necessary.	
<b>Timeframe</b>	:	Others	

### Intended Outcome

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

### Practice 5.10

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had adopted a Diversity Policy which outlines its approach in achieving and maintaining diversity (including gender diversity) on the Board. The Board reviews its diversity policy as and when needed based on changing environment. The Board Diversity Policy can be downloaded from the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p> <p>Whilst the Board recognises that MCCG had recommended for listed issuers to have at least 30% women directors, any appointment of director on the Board is only made after objective and thorough assessment by the NC of the appropriateness of the candidate's skills and experience to the position as well as the Company's requirement at that point of time.</p> <p>As for Senior Management, the Company strives for equal employment opportunity of which the positions are to be filled with the most suitable candidates on the basis of qualifications, relevant experience, performance potentials and any other attributes required of the job.</p> <p>The disclosure on gender diversity of the Group is set out in the Sustainability Statement of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board has adopted a formal and objective annual evaluation the performance of the Board, Board Committees and individual Directors' performance.</p> <p>The assessment takes into account the contribution and performance of the Directors in relation to their competencies, time commitment, experience and criteria set in the Directors' Fit and Proper Policy in meeting the needs of the Company.</p> <p>The Board engages the Company Secretaries from an independent external secretarial firm to facilitate the Board evaluation via evaluation forms and informal discussion with the NC and Directors.</p> <p>The evaluation process is a self-review assessment whereby the Directors assessed themselves, the Board as a whole as well as the performance of the Board Committees. The criteria and outcome of the assessment are properly documented.</p> <p>Based on the evaluation for FY2023, the NC was satisfied that the Board size and its composition were optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles.</p> <p>The Directors and Board Committees had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfil their commitment to the Company during the year.</p>
<b>Explanation for departure</b>	:

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

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The RC has established a formal process on the remuneration of the Board and Board Committees, GCEO and Key Senior Management.</p> <p>The RC assesses, reviews and recommend to the Board the remuneration packages and fees of Directors. Nevertheless, the Board is guided by the present practices and the existing stipulations on remuneration that are contained in the various promulgations such as Companies Act 2016 and the MMLR of Bursa Securities.</p> <p>The remuneration packages for the Executive Directors are reviewed taking into account a number of factors including individual responsibilities, skills, key performance indicators, performance and experience undertaken and benchmarking against comparable companies.</p> <p>The Chairman of each Board Committees receives higher fees in respect of their service as a chairman of the respective committee. The Directors will receive an additional fee if they are members of the Board Committees.</p> <p>The Directors' fees reflect their experience and level of responsibilities. Directors are also paid fixed meeting allowances for attending Board and Board Committees meetings. The Directors' fees and benefits payable shall be tabled to the shareholders at AGM.</p>

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

<b>Measure</b>	:	The RC is in the process to formalise and document the Remuneration Policy.	
<b>Timeframe</b>	:	1 year	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established a RC to assist the Board in developing and administrating a fair and transparent procedure for setting the remuneration of Directors and Senior Management.</p> <p>The RC comprises three (3) Independent Non-Executive Directors. The RC reviews and recommends to the Board's approval the remuneration of the Directors and Senior Management annually pursuant to the Terms of Reference of the RC.</p> <p>The Directors' fees and benefits payable (including allowances) to Directors have also been reviewed and recommended by the RC to the Board to seek Shareholders' approval at the Company's forthcoming AGM pursuant to the Constitution of the Company.</p> <p>The TOR of the RC clearly sets out its duties and functions which is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	A summary of the Directors' remuneration paid during the financial year ended 31 December 2023 are disclosed as follows:

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	Gan Thiam Chai	Executive Director	130	18	-	-	-	-	148	130	18	962	328	28	156	1,622
2	Gan Thiam Hock	Executive Director	70	18	-	-	-	-	88	70	18	712	247	13	116	1,176
3	Kwan Sok Kay	Executive Director	70	26	-	-	-	-	96	70	26	553	192	10	90	941
4	Gan Ka Bien	Executive Director	70	20	-	-	-	-	90	70	20	389	135	17	64	695
5	Dr. Nik Ismail Bin Nik Daud	Independent Director	112	51	-	-	-	-	163	112	51	-	-	-	-	163
6	Lim Hun Soon @ David Lim	Independent Director	133	39	-	-	8	-	180	133	39	-	-	8	-	180
7	Eugene Hon Kah Weng	Independent Director	100	47	-	-	-	-	147	100	47	-	-	-	-	147
8	Abdul Razak Bin Shakor	Non-Executive Non-Independent Director	70	21	-	-	-	-	91	70	21	-	-	-	-	91
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of view that it is not in the best interest of the Company to disclosing the information due to competitiveness of the industry and confidentiality concern. Nevertheless, the detailed remuneration of the Executive Director are disclosed under Practice 8.1.	
		The Board closely monitor developments in the market in respect of such disclosure in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The remuneration of Senior Management commensurate with their individual performance, taking into consideration of Company's performance. The remuneration packages of Senior Management are based on experience, expertise, and skills. The Board opines that the current remuneration package is competitive to attract, retain and motivate its Senior Management to lead and operate the Company successfully.	
<b>Timeframe</b>	:	Others	The Board will closely monitor developments in the market and review the appropriateness of such disclosure in future.

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the AC is an Independent Non-Executive Director, who is not the Chairman of the Board.</p> <p>The Chairman of the AC, Mr Lim Hun Soon @ David Lim is a member of the Institute of Chartered Accountants (ICAEW), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He has an extensive career as an Audit Partner at KPMG over thirty-four (34) years. He has worked extensively with AC, senior management and Board members of Public Listed Companies across industries.</p> <p>The AC comprises three (3) members, all of whom are Independent Non-Executive Directors and have relevant financial and commercial experiences. The Chairman leads open discussions and deliberations of the AC with confidence and support other members in developing and managing the AC's agenda.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC has adopted a policy that in the event that the AC decides to appoint a former key audit partner as Director, a cooling-off period of at least three (3) years must be observed.</p> <p>During the financial year under review, none of the AC member is a former key audit partner of the external audit firm of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the suitability, objectivity and independence of the External Auditors ("EA") and to make subsequent recommendations to the Board on the appointment or reappointment or termination of the EA.</p> <p>The AC is guided by the External Auditors Assessment Policy in safeguarding the EA independence and objectivity. The policy set forth the procedures relating to the appointment of the EA, annual assessment and non-audit engagement. The policy is available on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p> <p>On an annual basis, the AC reviews and evaluates the suitability, objectivity and independence and quality of the EA taking into consideration the following: -</p> <ul style="list-style-type: none"><li>- Technical competencies</li><li>- Independence and objectivity</li><li>- Audit scope and planning</li><li>- Adequacy of technical support</li><li>- Time commitment</li><li>- Audit and non-Audit fees</li></ul> <p>During the financial year under review, the AC held discussions with the external auditors without the presence of the management two (2) times a year to allow the external auditors to express concerns and issues, if any.</p> <p>The AC had on 18 April 2024 confirmed in AC meeting from its external auditors, RSM confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all the relevant professional and regulatory requirements.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted												
<b>Explanation on adoption of the practice</b>	:	<p>The AC comprises all Independent Non-Executive Directors and is able to exercise their independent judgement objectively in the best interest of the Company.</p> <p>The composition of the AC is as follows:</p> <table border="1"><thead><tr><th>Director</th><th>Designation</th><th>Membership</th></tr></thead><tbody><tr><td>Mr Lim Hun Soon @ David Lim</td><td>Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>Dr. Nik Ismail bin Nik Daud</td><td>Senior Independent Non-Executive Director</td><td>Member</td></tr><tr><td>Mr Eugene Hon Kah Weng</td><td>Independent Non-Executive Director</td><td>Member</td></tr></tbody></table> <p>The details of the TOR of the AC are available for reference on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a>.</p>	Director	Designation	Membership	Mr Lim Hun Soon @ David Lim	Independent Non-Executive Director	Chairman	Dr. Nik Ismail bin Nik Daud	Senior Independent Non-Executive Director	Member	Mr Eugene Hon Kah Weng	Independent Non-Executive Director	Member
Director	Designation	Membership												
Mr Lim Hun Soon @ David Lim	Independent Non-Executive Director	Chairman												
Dr. Nik Ismail bin Nik Daud	Senior Independent Non-Executive Director	Member												
Mr Eugene Hon Kah Weng	Independent Non-Executive Director	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC assists the Board to review the integrity of the Company's financial statements. The AC further reviews the adequacy and effectiveness of the system of internal controls as well as risk management framework of the Company.</p> <p>All the AC members have the relevant financial knowledge and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>The qualification and experience of the AC members are disclosed in the Directors' Profiles of the Annual Report.</p> <p>The members of AC undertake continuous professional development to keep themselves abreast of the development in the industry and relevant changes in the accounting and auditing standards and practices.</p> <p>The training attended by the AC members during FY2023 are set out in Corporate Governance Overview Statement of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

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

## Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges their responsibilities in establishing and maintaining an effective risk management and internal control systems. Hence, the Board has put in place an ongoing process for reviewing its adequacy and integrity.</p> <p>The risk management and internal control systems are designed to manage and minimise rather than eliminate the risk of failure to achieve its objectives and strategies. Hence, the systems can only provide reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has established a structured risk management framework to identify, measure, control, report and monitor key risks faced by the Group. The Group adopts the three lines of defence in managing its risk.</p> <p>The Board through the AC monitors the Group's risk management and oversees the effectiveness of the processes. In discharging its responsibilities, the AC is assisted by its Risk Management Committee ("RMWC"). The responsibilities of RMWC include implementing the Board's approved framework, policies and procedures on risk management and internal controls and oversight of Group's risk.</p> <p>Details of the Group's risk management and internal control system which provides an overview of the risk management and internal controls within the Group are disclosed in the Statement on Risk Management and Internal Control of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for reviewing the Group’s risk management system. The Board delegates its role to the AC to monitor the Group’s risk management and oversee the effectiveness of the processes.</p> <p>The Board has established a structured risk management framework to identify, measure, control, report and monitor key risks faced by the Group. The AC monitors the processes, reviews the risk and summaries of key matters to the Board every quarter. The RMWC review on quarterly basis on the effectiveness of the current risk management processes and deliberate on the risk assessments. The risk officer will then present the risk management report highlighting key risks to the AC and alerted risk related matters which requires AC’s attention and guidance.</p> <p>Key features of its risk management framework and internal control framework are disclosed in the Statement of Risk Management and Internal Control of the Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is outsourced to a professional service firm, Tricor Axcelasia Sdn Bhd which reports directly to the AC.</p> <p>The internal audit function undertakes independent assessment on the internal control system of the Group based on the audit plan 2023 as approved by the AC and provides assurance to the AC on the adequacy and effectiveness of the Group's internal control system.</p> <p>The AC reviews the following and report the same to the Board:</p> <ul style="list-style-type: none"> <li>- the adequacy of the scope, competency and resources of the internal audit function and that it has necessary authority to carry out its work; and</li> <li>- the internal audit plan, processes, the results of internal audit assessments and investigations undertaken and that appropriate actions are taken on the recommendation.</li> </ul> <p>The AC had conducted an annual assessment on internal audit function to ensure that internal audit function is effective and function independently.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group’s internal audit function is carried out by an outsourced Internal Audit (“IA”), Tricor Axcelasia Sdn Bhd, which reports directly to the AC. The Group IA activities were performed by a team of four (4) to five (5) professional internal auditors, led by Ms Sarine Loo (“Ms. Sarine”) who has 25 years of experience in risk management, IA and corporate governance advisory services. Ms. Sarine is a professional member with the Institute of Internal Auditors of Malaysia (“IIAM”).</p> <p>The number of staff deployed for the IA reviews ranges from 4 to 5 staff per visit including the Engagement Director. The IA staff who performed the IA reviews have professional qualifications and/or an university degree. Some of them are members of the Institute of Internal Auditors Malaysia. The internal auditor function reports directly to the AC. Hence, the reporting structure ensures that the staff on the engagement are free from any relationships or conflict of interest which could impair their objectivity and independence.</p> <p>The audits were performed using a risk-based approach and guidance from the International Professional Practice Framework.</p> <p>Please refer to AC Report for a detailed disclosure on internal audit function.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognizes the importance of maintaining good relationship with its shareholders through various means. The Company has in place good corporate disclosure policies and communication channels to ensure timely and accurate dissemination of information to its shareholders and stakeholders. Announcements regarding major corporate developments and activities of the Company are duly and promptly made to all shareholders to be in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.</p> <p>The Company via its website provides relevant information such as Board Charter, Constitution, TOR of Board Committees, Annual Report and minutes of the AGM and Extraordinary General Meeting ("EGM").</p> <p>The AGM is the principal forum for dialogue with shareholders. AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and raise concerns, enquiries and comments on the Company's operations. and provide insights on the company's business activities and financial position. An overview on the Company's performance and major activities during the financial year under review was presented by the GCEO during the AGM.</p> <p>The GCEO, Financial Controller and Corporate Affairs Officer conducted engagement sessions with various investors as parts of the Company's investor relations initiatives. The engagement sessions allow stakeholders to better understand the Company's performance, strategy, corporate governance practices and future prospects.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 19<sup>th</sup> AGM was circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders to go through the Annual Report.</p> <p>The Notice for forthcoming AGM will continue to be given at least 28 days prior to the meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The shareholders and proxies of the Company are encouraged and are given the opportunity during the AGM to raise questions regarding the operations of the Group. This is the main forum for a dialogue between the Company and its shareholders where shareholders' concerns may be conveyed to the Board. The Company will ensure that all Board members, the chairs of the Board Committees, the Management team and the Company's External Auditors are available to respond to shareholders questions during the AGM and EGM.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The 19<sup>th</sup> AGM and EGM of the Company was held physically at Kawan’s Headquarter at Pulau Indah. Shareholders who are unable to vote and attend the general meeting of the Company are encouraged to submit the proxy form to the Share Registrar. Hence, this allows them to vote in absentia.</p> <p>The Board has always given foremost consideration to the location of its general meeting to ensure it is easy to reach or easily accessible by the shareholders.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Chairman views the engagements among the Board, Senior Management and shareholders in earnest. Shareholders are eligible to pose questions including but not limited to financial and non-financial performances, and long-term strategies of the Group.  The Company received questions from the shareholders/proxy holders during the 19 <sup>th</sup> AGM and EGM and the Board had provided meaningful response to questions. The questions raised by the shareholders/proxy holders and responded by the Board were minuted and the minutes of the 19 <sup>th</sup> AGM and EGM are available online on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.5**

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The minutes of the 19 <sup>th</sup> AGM and EGM is available online on the Company's website at <a href="http://www.kawanfood.com">www.kawanfood.com</a> no later than 30 business days after the completion of the 19 <sup>th</sup> AGM and EGM.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**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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