

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7181
COMPANY NAME : ARB 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of ARB Berhad ("ARB") acknowledges the importance of enhancement of corporate governance practices outlined in the Malaysian Code on Corporate Governance ("MCCG" or "Code"). It is the Board's responsibility and commitment to ensure that high standards of corporate governance are being practised in the Company and its subsidiary ("Group"), thereby safeguarding the assets of the Group and its shareholders' investments. The Board believes that it has substantially complied with the recommendations set out in the Code.</p> <p>The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and ensure the necessary resources are in place.</p> <p>The Board and the Senior Management work closely to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board will scrutinise the sustainability, effectiveness and implementation of the strategic plans for the financial period ended 31 December 2023 and provide guidance and input to the Senior Management.</p> <p>The Board has a formal schedule of matters reserved to itself for the decision, which includes the overall Group strategy and direction, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.</p> <p>The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks</p>

incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The roles and responsibilities of the Board are set out in the Company's Board Charter and the Board Committees' roles and responsibilities are set out in respective Board Committee's Terms of Reference.

The principal roles and responsibilities assumed by the Board are as follows:

- Review and Adopt Strategic Plans of the Group

The Board together with the Management of the Company plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans by the Management in order to have a better understanding of the Group's businesses. The Board also monitors budgetary exercise which support the Group's business plan and budget plan.

- Oversight of the Group's Business

The day-to-day management of the business operations of the Group is led by the Executive Director ("ED") and assisted by the Senior Management personnel. Their performance under the leadership of the ED is assessed by the Board based on the financial and management reports tabled during its quarterly meetings. The Board is also kept updated on the Group's strategic direction initiatives, significant operational and regulatory challenges faced by the Group during these meetings.

- Review of Internal Control and Integrity of Management Information

The Board is overall responsible for maintaining a proper internal control system. The Board is responsible for the Group's system of internal controls including reviewing financial condition of the business, operational, regulatory compliance as well as risk management matters.

- To Formulate and Put in Place an Appropriate Succession Plan

The Board is responsible to formulate and put in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for the Directors of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and ED.

The Board has entrusted the Nomination Committee and Remuneration Committee with the duty to review candidates with required mix of skills and experience for the Board and to

	<p>determine remuneration packages for these appointments, and to formulate nomination, selection and remuneration for the Group.</p> <ul style="list-style-type: none"> • <u>Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group</u> The Board recognises that shareholders and other stakeholders are entitled to be informed on a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Therefore, the Company website is the primary medium in providing information to all shareholders and stakeholders. 	
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 1.2

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 chaired by Ms Julia Yuen Ya Ting, an Independent Non-Executive Chairperson who is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website at https://www.arbberhad.com/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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the ED of the Group are held by two different individuals with clear separation of duties and responsibilities to ensure a balance of power and authority so that no one individual has unfettered powers of decision making.</p> <p>The difference in the roles of the Chairman and ED provides a clear segregation of responsibility and accountability. These are enshrined in the Board Charter, which is made available on the Company's website at https://www.arbberhad.com/corporate-governance.</p> <p>There is clear separation of powers between the Chairman, who is an independent director and the ED, and this further enhances the independence of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: As at 31 December 2023, the Chairperson of the Board, Ms Yuen Ya Ting holds the following positions: - <ol style="list-style-type: none">1. Member of Audit Committee ("AC")2. Member of Nomination Committee ("NC")3. Member of Remuneration Committee ("RC") The Company is a moderate-sized Board comprising only three (3) Independent Directors. The Board is of the view that with diverse skills and competencies of the individual Directors, especially Independent Directors, who are appointed to form a competent and strong Board, the Chairperson's participation at the committee level should be determined by her ability to contribute and participate, as much as the need for objectivity. The Board also believes that the objectivity in receiving or assessing committees' reports has not been diminished in any way.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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 qualified Company Secretary who ensure the Board's actions and policies are in compliance with the relevant regulatory requirements i.e. Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Companies Act 2016 ("Act"). At least one of the Company Secretary or a representative from the secretarial firm is in attendance at meetings of the Board, Board Committees and shareholders to ensure that the meetings are properly convened and the proceedings are recorded.</p> <p>The Company Secretary also serve notices to the Directors on the prohibition and procedures of dealings during and outside closed periods pursuant to Chapter 14 of the MMLR of Bursa Securities.</p> <p>The Company is supported by ONE (1) Company Secretary which is qualified to act as secretary under Section 235(2) of the Act. The Company Secretary has undertaken continuous professional development by attending training during the year under review. The Board is satisfied with the performance and support rendered by the Company Secretary in assisting them to discharge their duties.</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 1.6

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>The agenda of the meeting together with the relevant Board papers were circulated to the Board at least seven (7) days prior to the meeting date. This is to ensure that the Board have sufficient time to read through the Board papers together with the supporting information and seek for clarification from the management and Company Secretary whenever the need arises.</p> <p>The agenda deliberation and issues discussed during the meetings and the Board's conclusions in discharging their duties and responsibilities were recorded in the minutes of meeting by the Company secretary. The minutes of meeting were properly documented and maintain at the Registered office of the Company.</p> <p>The minutes of the meetings are prepared and circulated to all the Directors for review and approval. The minutes of the meetings will be confirmed by the Board at the next meeting and signed by the Chairman.</p> <p>The Board has access to all information within the Company to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.</p> <p>The Directors may, as a full Board or in their individual capacity, when necessary, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter serves as a guidance for Directors and Management regarding the responsibilities of the Board and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.</p> <p>The roles and responsibilities of the Board Committees, as well as the issues and decisions which required the Board Committees collective decision are also spelled out in the Terms of Reference of the respective Board Committees.</p> <p>The Board Charter is reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s duties and responsibilities. The Board Charter is available for reference on the Company’s website https://www.arbberhad.com/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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a Code of Conduct and Ethics which sets out the standards of behaviour and ethical conduct to be observed by the Directors and employees in performance of their duties, during conflict of interest situations and in preserving the confidentiality of the Company's information.</p> <p>The Directors also observe and adhere to the Code of Conduct and Ethics which is based on principles of integrity, sincerity, honesty, responsibility and accountability in order to enhance the standard of corporate governance.</p> <p>Pursuant to the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has established an Anti-Bribery and Anti-Corruption Policy in 2020. The Company is committed in conducting its business dealings ethically and with integrity as well as in compliance with the applicable laws and regulations.</p> <p>The Code of Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy can be found on the Company's website at https://www.arbberhad.com/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

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 Board has in place a Whistle-Blowing Policy to serve as an avenue and mechanism to all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud corrupt practices, and/or abuse, for investigation and management's action.</p> <p>The Whistle-Blowing Policy sets out the protection to reporting individual who has made the disclosure or report in good faith, the confidentiality and safeguarding in dealing with such disclosure or report, the communication channel and the procedural flow of making the disclosure or report.</p> <p>The Board will review the Whistle-Blowing Policy when necessary to ensure it remains relevant and appropriate. The Whistle-Blowing Policy is available at the Company's website at https://www.arbberhad.com/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

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	:	The Company views sustainability as an important aspect and established a systematic and comprehensive governance structure to ensure successful attainment of all the sustainability targets and goals. The Board oversight corporate sustainability strategy and performance. The Company's ED is responsible for monitoring the implementation of sustainability strategy and its performance. The ED will review sustainability matters with the Departmental Sustainability Working Committee ("DSWC") and report to the Board on sustainability matters on a quarterly basis.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group ensures that its communication with the internal and external stakeholders is transparent and timely.</p> <p>The Group is committed to being accountable and responsive to the expectations and interests of its stakeholders. The Group identified the key stakeholder groups, the corresponding sustainability focus areas and the mode of engagement with such stakeholders as disclosed in the Sustainability Statement in the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 and knowledge of sustainability issues that are relevant to the Group and its business to discharge its role effectively.</p> <p>The Directors have generally sufficient knowledge on the industry which the Group is operating. The Board are encouraged to continuously attend professional development programs, including those related to sustainability issues that are relevant to the Company and its business, to equip themselves with the necessary knowledge and to keep abreast with the latest changes in, amongst others, trends and regulatory framework that aids the Directors in the discharge of their duties effectively.</p> <p>Nomination Committee ("NC") is responsible to address the future Board skills matrix for the Company. NC would integrate sustainability considerations into their nominating processes such as training criteria and sustainability experience to recruit Directors that will bring sustainability expertise to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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 performance evaluations of the Board and Senior Management include a review of the performance in addressing the Company’s material sustainability risks and opportunities.</p> <p>It is part of the procedure to measure progress against the achievement of sustainability targets in order to promote accountability of the Board and Senior Management and identify issues that may require intervention by the Board and/or Senior Management to ensure prompt corrective actions are taken.</p>	
Explanation for departure	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	The DSWC comprises representatives from Health, Safety and Environment, Human Resources and Operations departments. They will report the sustainability matters to ED on a quarterly basis.

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 following were the activities undertaken by the NC during the financial year period 31 December 2023:-</p> <ul style="list-style-type: none">i. Assessed the independence of the Independent Directors of the Company;ii. Reviewed the effectiveness of the Board as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;iii. Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting ("AGM") in accordance with the Company's Constitution;iv. Performed an assessment on the Board, Board Committees and individual Directors; andv. Reviewed the size and composition of the Board and made recommendation to the Board as regards any changes that may, in their view, be beneficial to the Company. <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. For financial year period 31 December 2023, none of the Independent Directors of the Company has served for a cumulative term of more than nine (9) years.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors consists of four (4) members comprising:</p> <ul style="list-style-type: none"> • One (1) Independent Non-Executive Chairperson; • One (1) Executive Director; and • Two (2) Independent Non-Executive Directors <p>The Board's current composition comprises of half Independent Directors which is a good mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group and to reinforce the check and balance of Board's decision-making process.</p> <p>All three (3) Independent Non-Executive Directors satisfy the independence test under the Listing Requirements of Bursa Securities. Hence, they are able to provide an unfettered and unbiased independent judgment and to promote good corporate governance in their roles as Independent Directors.</p> <p>The Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.</p> <p>The assessment of the independence of Independent Non-Executive Directors was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</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 5.3

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	:	The Company does not have an independent director who exceed a cumulative term limit of nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that a diverse Board in the Company could offer greater depth and breadth whilst the diversity at Senior Management will lead to better decisions.</p> <p>The Board appoints its members through a formal and transparent selection process. In making a recommendation to the Board on the candidates for directorship, the NC will consider and nominate the candidates based on the objective criteria, including:-</p> <ul style="list-style-type: none"> (a) Skills, knowledge, expertise and experience; (b) Professionalism; (c) Integrity; (d) Time commitment to the Company based on the number of directorships held; and (e) The ability to discharge his/her responsibilities/ functions as a Board of Directors. <p>This helps to ensure an appropriate balance between experience perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.</p> <p>The Terms of Reference of the NC can be viewed at the Company's website at https://www.arbberhad.com/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

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	:	The proposed appointment of new member to the Board will be deliberated by the Directors based on the recommendation of the NC. For the appointment of new Directors, the NC considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates are sourced through recommendations as well as external search networks based on the needs of the Board. The NC then review the profile of the shortlisted candidates to ensure that they are suitable and of sufficient calibre for recommendation to the Board for approval.
Explanation for departure	:	Please provide an explanation for the departure.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.7

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 Company has provided a statement accompanying the Notice of Annual General Meeting as required under Paragraph 8.27(2) of the Main Market Listing Requirement of Bursa Securities that there was no individual seeking for election as a Director at its Annual General Meeting.</p> <p>The profile of Directors is published in the Annual Report 2023 which include their age, gender, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>The justification for the re-election of retiring Directors has been included in the notes accompanying the Company's Notice of 25th AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	Encik Aiman Afiffudin Bin Ramlee, the Chairman of NC is an Independent Non-Executive Director.	
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	:	As at 31 December 2023, the Board comprises of a sole woman Director namely Ms Yuen Ya Ting. The Board deems the representation as sufficient for the time being.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of board gender diversity policy.</p> <p>Presently, the Board does not intend to implement any policy on gender diversity or set any targets and measures to meet 30% women representation on the Board as the Board believes that the appointment of new directors and senior management should be based on the merit of the candidates as well as the required mix of skills, expertise, knowledge and experience to be brought to the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The NC undertakes an annual assessment of the performance and effectiveness of the Board as a whole, Board Committees and individual Director's contribution to the effectiveness on the process of the Board. The assessment of the Board is based on specific criteria, including the mix of skills, experience, tenure and other core qualities possessed by Directors.</p> <p>The criteria used by the NC in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>All assessments and evaluations carried out will be documented and minuted by the Company Secretaries. The results of all assessment and comments by Directors are summarised and deliberated at the NC meeting and thereafter reported to the Board for deliberation.</p> <p>Based on the assessment conducted for the financial period ended 31 December 2023, the Board and the NC is satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence demonstrated by all the Independent Non-Executive Directors, and that each of them continues to fulfil the definition of independence as set out in the Listing Requirements of Bursa Securities.</p>

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

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key Senior Management. On a yearly basis, the RC reviewed and recommended to the Board the remuneration packages of the ED, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.</p> <p>In making its recommendation, the RC considered the principles set out in the Board Remuneration Policy. Board remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed.</p> <p>The Board Remuneration Policy is available on the Company's website at https://www.arbberhad.com/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

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 set up a RC to review and recommend matters relating to the remuneration of Board and Senior Management.</p> <p>The RC comprises of three (3) members, all of whom are Independent Non-Executive Directors in order to assist the Board for determining the Director's remuneration.</p> <p>The RC meets when required and is entrusted, among others, to establish a formal and transparent procedure for developing executive remuneration, fixing and examining the remuneration packages and other benefits of the ED and Senior Management. The contribution, responsibilities and performance of each ED and Senior Management is taken into account when determining their respective remuneration packages.</p> <p>Further information on the duties, responsibilities and activities of the RC during the financial period ended 31 December 2023 can be found in the RC Report in the Annual Report 2023.</p> <p>The terms of reference of the RC is made available to public at the Company's website https://www.arbberhad.com/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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on named basis for the remuneration of individual Directors are provided in the Corporate Governance Overview Statement in the Annual Report 2023.

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 Haji Junaidi bin Datuk Haji Abdul Rahman (Resigned w.e.f 17/11/2022)	Independent Director	13.5	-	-	-	-	1.2	14.7	13.5	-	-	-	-	1.2	14.7
2	Dato' Baharon bin Talib (Resigned w.e.f 10/07/2023)	Executive Director	-	-	-	-	-	-	-	123.2	-	-	-	-	-	123.2
3	Dato' Sri Liew Kok Leong (Resigned w.e.f 28/12/2023)	Executive Director	-	-	-	-	-	-	-	-	-	1,495.4	-	-	181.1	1,676.5
4	Khor Ben Jin (Resigned w.e.f 11/10/2023)	Independent Director	41.5	-	-	-	-	2.1	43.6	41.5	-	-	-	-	2.1	43.6
5	Khor Chin Meng	Independent Director	36.0	-	-	-	-	2.4	38.4	36.0	-	-	-	-	2.4	38.4
6	Yuen Ya Ting (appointed w.e.f 17/11/2022)	Independent Non-Executive Director.	26.9	-	-	-	-	1.2	28.1	26.9	-	-	-	-	1.2	28.1
7	Hong Zi Shen (Appointed w.e.f 10/07/2023)	Executive Director	-	-	-	-	-	-	-	-	-	120.0	-	-	15.0	135
8	Aiman Afiffudin Bin Ramlee (Appointed w.e.f 11/10/2023)	Independent Director	5.4	-	-	-	-	0.3	5.7	5.4	-	-	-	-	0.3	5.7

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	:	Although the MCCG recommends that the Company discloses on a named basis the senior management's remuneration component in bands of RM50,000, the Board is of the view that the disclosure of these details would not be in the best interest of ARB Group due to confidentiality, privacy, security and sensitivity of the remuneration package. The assessment of the senior management's remuneration to ensure their remuneration commensurate with their individual performance by taking into consideration the Company's performance is entrusted to the RC.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of Directors has established an AC which is chaired by the Independent Non-Executive Director, Mr Khor Chin Meng.</p> <p>Meanwhile, the Chairperson of the Board is Ms Yuen Ya Ting. As such, the Chairman of the AC is distinct from the Chairperson of the Board.</p> <p>Having the positions of Board Chairperson and Chairman of the AC assumed by different individuals allows the Board to objectively review the AC's findings and recommendations.</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	:	The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a former audit partner of the external auditors of the Group, and this practice is adopted under the terms of reference of AC.	
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 AC has established a transparent and appropriate relationship with the Company's External Auditors. The Auditors will highlight to the AC and the Board on matters that require the Board's attention.</p> <p>The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.</p> <p>To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration of the following:</p> <ul style="list-style-type: none">(i) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;(ii) the adequacy of the experience, competence and resources of the External Auditors;(iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and(iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors. <p>Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the AGM on the recommendation of the Board. The External Auditors are being invited to attend the AGM of the Company to respond and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.</p> <p>The AC is satisfied with the competence and independence of the External Auditors for the financial year period 31 December 2023.</p>

	Having regard to this, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs Chengco PLT as the External Auditors of the Company for the financial year ending 31 December 2024.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows: <ul style="list-style-type: none">• Khor Chin Meng (Independent Non-Executive Director)• Yuen Ya Ting (Independent Non-Executive Chairman)• Aiman Afiffudin Bin Ramlee (Independent Non-Executive Director)

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 members of the AC have the relevant experience and expertise in finance and accounting and have carried out their duties in accordance with the Terms of Reference of the AC. The qualification and experience of the individual AC members are disclosed in the Directors' Profile in the Annual Report.</p> <p>All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required to enable them to effectively discharge their duties.</p> <p>A summary of training programmes, conferences and seminars attended by AC members during the financial period ended 31 December 2023 is set out in the Corporate Governance Overview Statement of the Annual Report 2023.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for maintaining a system of internal control within the Group, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as internal financial administration procedures and guidelines, in order to safeguard shareholders' interest of the Group's assets.</p> <p>The Board engages the services of an outsourced internal audit firm, GovernanceAdvisory.com Sdn. Bhd. ("GA"), to review its internal control system. The Management is proactive in identifying new areas for the Internal Auditors to conduct their testing.</p> <p>The AC reviews internal control issues identified by the Internal Auditors and Management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system.</p> <p>The Standard Operating Procedures Manual developed by Management sets out the policies, procedures and practices to identify and mitigate risks, and to ensure that their reporting and compliance objectives are met.</p> <p>Further details are set out in the Statement on Risk Management and Internal Control 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 10.2

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 details of the Group's risk management and internal control framework is elaborated in the Statement on Risk Management and Internal Control of the Annual Report 2023, which has been reviewed by the External Auditors.</p> <p>The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and effectiveness to ensure shareholder's interest and the Group assets are safeguard. In addition, the Board has also received assurance from the ED and Senior Management that the Group's risk management and internal control not only covers the financial aspects of the Group, but operational and compliance aspects of the Group system are operating adequately and effectively.</p> <p>Due to inherent limitations in any risk management and internal control system, such system is designed to manage the risk that may impede the achievement of the Group's business objectives rather than eliminate these risks. Therefore, the risk management and internal control system can only provide reasonable and not absolute assurance against fraud, material misstatement, losses or errors.</p> <p>The Board through its AC has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements. The process is reviewed by the Board and the AC on a periodic basis.</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

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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>During the financial period ended 31 December 2023, the Group outsourced its internal audit function to an independent professional firm, GovernanceAdvisory.com Sdn Bhd, to provide an independent assessment and assurance over the system of internal control of the Group to the AC and the Board.</p> <p>The internal audit activities were reported directly to the AC based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all levels of operations within the Group.</p> <p>The principal role of the internal auditors is to independently review the internal control system established by the management, its adequacy and effectiveness with the objectives set and to make appropriate recommendations on areas for improvement. Follow up reviews are incorporated in the following Internal Audit Plan to report on the status of implementation of management action plans to the AC. With the internal audit function being put in place, remedial actions can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units.</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 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 Company outsourced its internal audit function to an independent professional firm, GovernanceAdvisory.com Sdn Bhd. The Engagement team is headed by Mr. Wong Tchen Cheg. Mr Wong Tchen Cheg holds a Chartered Accountant of the Malaysian Institute of Accountants and Associate Member of Institute of Internal Auditors Malaysia (“IIAM”).</p> <p>There were a total of eight (8) personnel which were deployed by GovernanceAdvisory.com Sdn Bhd for the internal audit work during the financial period ended 31 December 2023. All the personnel deployed by GovernanceAdvisory.com Sdn Bhd are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit work was carried out in a manner that would meet the requirements of the International Professional Practices Framework of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signify a satisfactory conclusion of the internal audit work.</p> <p>During the financial year period 31 December 2023, the total internal audit cost incurred is approximately RM10,000.00, excluding ancillary expenses and taxes.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of effective communication between the Group and its stakeholders for informed decision-making. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The communication channels used in the Company's engagement with its stakeholders include:</p> <ul style="list-style-type: none">a) The Company's website;b) Announcements made to Bursa Securities;c) Annual Reports;d) General Meetings; ande) Investors and analyst.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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 Annual Report 2023, which contains the Notice of AGM, together with the detailed explanations for each resolution proposed, as well as the Form of Proxy, is sent to shareholders at least 28 days prior to the date of the AGM, so as to give sufficient time for the shareholders to review the Annual Report and consider the resolutions for any questions they might wish to raise at the AGM.</p> <p>The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the AGM.</p> <p>The present of all Directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	In line with the Government’s initiative and Securities Commission’s Guidance Note, the Company conducted its 24 th AGM on a virtual basis through live streaming and online remote voting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: All the Directors and the members of the Key Senior Management of the Company were present at the 24 th AGM to provide responses to the questions posed by shareholders. Sufficient time and opportunity were made available for shareholders to pose questions during the 24 th AGM. Dato' Sri Liew Kok Leong, the ED of the Company read out the shareholders' questions and provided the responses to the relevant questions.
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.

<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>	
Application	: Applied
Explanation on application of the practice	: <p>To keep people safe amidst the COVID-19 pandemic, the Company's 24th AGM was held in a virtual manner. Live streaming from the broadcast venue was leveraged to facilitate remote shareholder participation and online electronic poll voting.</p> <p>Shareholders were encouraged to participate, vote and voice their perspectives in the form of real time text submissions and vote remotely at the AGM.</p> <p>Shareholders were encouraged to submit their questions in the query box in order to transmit their questions online.</p> <p>The Company's responses to those questions were addressed by the Chairman during a designated Question-and-Answer session. Response to questions received post meeting has been emailed to the relevant shareholders.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the 24 th AGM, detailing the meeting proceedings were made available on the Company's corporate website at https://www.arbberhad.com/annual-general-meeting within 30 business days after the general meetings.
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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