

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7935  
**COMPANY NAME** : MILUX CORPORATION 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board sets the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met.</p> <p><b><u>Milux's Commitment</u></b>  <i>Milux is committed to provide top quality and innovative products which are in line with the Company's philosophy of delivering products with "Quality, Safety and Reliability".</i></p> <p>To achieve Milux's Commitment, the Board observes the following guiding principles in establishing clear roles and responsibilities:-</p> <ul style="list-style-type: none"> <li>• Establish a formal schedule of matters reserved for the Board and those delegated to Management.</li> <li>• Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.</li> <li>• Formalise ethical standards through a code of ethics and conduct and ensure its compliance.</li> <li>• Ensure that the Company's strategies promote sustainability.</li> <li>• Ensure that all members have access to information and advice.</li> <li>• Ensure the Board is supported by a suitably qualified and competent Company Secretary.</li> <li>• Formalise, periodically review and make public its Board Charter.</li> </ul> <p>The role and responsibilities of the Board broadly covers the following:-</p> <ul style="list-style-type: none"> <li>• Reviewing and adopting a strategic plan for the Company including establishing Company's goals and ensuring that the strategies are in place to achieve them;</li> <li>• Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative,</li> </ul>

	<p>technology, new products and the development of its business capital;</p> <ul style="list-style-type: none"> <li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;</li> <li>• Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management;</li> <li>• Deciding on whatever steps are necessary to protect the Company’s financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;</li> <li>• Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li> <li>• Ensuring that the Company’s financial statements are true and fair and conform with any applicable laws and/or regulations;</li> <li>• Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and</li> <li>• Ensuring that stakeholders’ considerations and environmental, social, and governance (ESG) aspects are considered and integrated into strategic business decisions, as well as Enterprise Risk Management.</li> </ul> <p>The Board’s authority conferred on Management is delegated through the Group Managing Director so that the authority and accountability of the Management is considered to be the authority and accountability of the Group Managing Director in so far as the Board is concerned. In discharging the above responsibilities, the Group Managing Director can delegate appropriate function to the Executive Director and any member of senior management.</p> <p>The Board has established Board Committees to assist in carrying out its oversight functions and execution of its duties. The Audit and Risk Committee (“ARC”) and Nomination and Remuneration Committee (“NRC”) are established and authorised by the Board to oversee the specific functions delegated to them within respective terms of reference, which are available on the Company’s website at <a href="http://www.milux.com.my">www.milux.com.my</a>.</p>
<p><b>Explanation for departure</b> :</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>	

<b>Timeframe</b>	:		
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## 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 represents the Board to the shareholders and is responsible for ensuring the integrity and effectiveness of the governance process of the Board, amongst others.</p> <p>The key roles and responsibilities of the Chairman include:</p> <ul style="list-style-type: none"><li>(a) Leading the Board by ensuring that the Company adheres to all relevant laws and regulations as well as monitors its good corporate and best practices.</li><li>(b) Maintaining regular dialogue with the Board over all operational matters and will consult with other members of the Board promptly over any matters of concern.</li><li>(c) Acting as facilitator at meetings of the Board to ensure that no Directors, whether executive or non-executive, dominates discussion, that appropriate discussion takes place.</li><li>(d) Principally responsible for the overall functioning of the Board, which include, providing leadership to the Board, chairing meetings of the Board in a manner that will encourage constructive discussion and effective contribution from each Director and promoting high level of corporate governance.</li><li>(e) The Chairman is expected to be kept informed by the Management of all the important matters and make herself available to the Management; and to be part of the control mechanism in ensuring that the Management's decisions are properly considered and provide her assistance and advice when needed.</li><li>(f) The Board communicates with shareholders at shareholders' meetings and through the distribution of its annual reports. The Chairman will chair the general meeting of shareholders and update / inform the shareholders on the Company's affairs.</li><li>(g) The role calls for skills and qualities that allow and encourage shareholders to express their opinions. The Chairman possess the capability to summarise and unify thoughts and ideas as well as to manage the meeting effectively.</li><li>(h) The Chairman also leads the role in presenting the Company's cause, whether formally or informally, to the authorities, institutional or potential investors and those having an influence on the environment in which the Company operates.</li></ul>

<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 position of the Chairman and Group Managing Director are held by different individuals, with clear and distinct division of accountability and responsibility.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Group Managing Director has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.</p> <p>The division in the roles of the Chairman and Group Managing Director are clearly defined in the Board Charter, which is available on the Company's website at <a href="http://www.milux.com.my">www.milux.com.my</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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Datuk Dr. Wong Lai Sum, the Independent Non-Executive Chairman of the Board, is a member of the Nomination and Remuneration Committee ("NRC") of the Board.  The NRC and Board agreed that as a member of the NRC, the Chairman did not dominate any of the discussion at the NRC level nor affect the objectivity of the Chairman; and considering the fact that matters within the purview of the NRC are matters reserved for the ultimate decision of the Board, there is adequate check and balance.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified Company Secretaries who are the members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and Malaysian Institute of Accountants (MIA), and both are holders of practicing certificate required under the Companies Act 2016.</p> <p>The Board has full access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary plays an advisory role guiding and keeping the Board abreast of statutory and regulatory requirements and updates, corporate governance practices and other relevant rules or guidelines applicable to the Group from time to time.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending relevant professional development programmes.</p> <p>The appointment and removal of the Company Secretary shall be a matter of the Board as a whole.</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 1.6

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>Prior to the scheduled Board of Directors' and Board Committees' meetings, the Company Secretary ensures that meetings agendas are disseminated to the Directors and Committee members and coordinate with Management in the compilation of meetings papers in a timely manner.</p> <p>The meeting papers including but not limited to quarterly and year-to-date financial results, minutes of previous meetings, annual budget and/or business plans, where relevant, operation reports and updates on statutory regulations and requirements, amongst other documents, will be circulated at least three (3) market days before the date of the meetings to enable the Directors to review and consider the matters to be tabled to facilitate effective review and discussion at the meetings.</p> <p>The Company Secretaries ensure that the meetings of Board of Directors and Board Committees are properly convened and draft minutes of the meetings are prepared and circulated to the Board of Directors and Committee members within a reasonable period for review and comments. The minutes will be tabled at the subsequent meetings of the Board and Board Committees for approvals and entered in the minutes book accordingly.</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 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 formalised Board Charter sets out amongst others, the board structure and procedures, roles and responsibilities including formal schedule of matters reserved for decision by the Board, Board Committees as well as those of Management in setting the direction, management, and discharging of their duties and responsibilities.</p> <p>The key values and principles provided in the Board Charter include:</p> <ul style="list-style-type: none"> <li>• Company Goals</li> <li>• Board Governance Process</li> <li>• Board-Management Relationship</li> <li>• Board-Shareholders’ Relationship</li> <li>• Stakeholders’ Relationship</li> <li>• Corporate Governance</li> </ul> <p>During the financial year 2023, the Board reviewed and updated the Board Charter to ensure that it remains current, adequate and consistent with the Board’s objectives and responsibilities and comply with applicable rules and regulations and governance practices.</p> <p>The Board Charter is available on the corporate website at <a href="http://www.milux.com.my">www.milux.com.my</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 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>The Board has adopted a Code of Ethics and Conduct ("Code") which sets forth the values, expectations and standards of business ethics and conduct to guide the Board, the Management and employees of the Group.</p> <p>The guiding principles of the Code are as follow:-</p> <ol style="list-style-type: none"><li>1. Show respect in the workplace:-<ul style="list-style-type: none"><li>• Equal Opportunity</li><li>• Anti-Harassment</li><li>• Human Rights</li><li>• Ensuring Workplace Health and Safety</li><li>• Protection of Privacy</li><li>• Use of Company's Assets with Due Care</li><li>• Leading by Example</li><li>• Continuous Training and Development</li></ul></li><li>2. Act with integrity in the marketplace:-<ul style="list-style-type: none"><li>• Ensuring Products' Quality, Safety and Reliability</li><li>• Responsible Sales and Marketing Practices</li><li>• Milux's Customers</li><li>• Milux's Suppliers</li><li>• Community Involvement</li><li>• Environmental-Friendly Practices</li></ul></li><li>3. Ensure ethics in business relationships:-<ul style="list-style-type: none"><li>• Conflict of Interest</li><li>• Anti-Corruption</li><li>• Anti-Money Laundering</li><li>• Insider Trading</li></ul></li><li>4. Ensure effective communication:-<ul style="list-style-type: none"><li>• Corporate Disclosure</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>• Spokesman</li> <li>• Whistle Blowing</li> </ul> <p>The Board reviewed the Code during the financial year 2023 and noted that the information remains relevant and appropriate. The Code is published on the corporate website at <a href="http://www.milux.com.my">www.milux.com.my</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 3.2

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 adopted by the Group sets out the mechanism and framework by which employees (whether permanent, part-time or contractual), business associates and members of the public can report genuine concerns/ complaints in relation to improper conducts or illegal activities in good faith and in a responsible manner without fear of retaliation.</p> <p>Employees and business associate who makes a report of improper conduct or illegal activities in good faith shall not be subjected to any kind of victimisation and unfair practices, including threat, harassment and termination.</p> <p>The Whistleblowing Policy has provided that any report of alleged wrongdoing or improper conducts could be made via post or email using the prescribed form to the ARC Chairman at:</p> <p>Milux Corporation Berhad No. 31, Lorong Jala 14/KS10 Off Jalan Telok Gong 42000 Port Klang Selangor, Malaysia. Email Address: ph.hbglobal@gmail.com</p> <p>The Company does not condone bribery and corruption and expects its Directors, employees and business associates to adhere to the same principle in their business conduct with or on behalf of the Company.</p> <p>In compliance with the Listing Requirements, the Group has established and implemented the Anti-Bribery and Corruption Policy as part of the anti-bribery and anti-corruption program of the Group.</p> <p>The Company advocates the reporting of real or suspected cases of bribery and corruption, and individual with any suspicion or concern can raise a report to the ARC Chairman with details stated above and in accordance with the procedures outlined in the Whistleblowing Policy.</p>

	Both the Whistleblowing Policy and Anti-Bribery and Corruption Policy are available on the Company's website at <a href="http://www.milux.com.my">www.milux.com.my</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

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 strongly emphasise a balanced and holistic approach that encompasses economic, environmental, and social responsibilities. The commitment stems from its genuine dedication to the well-being of the stakeholders and the advancement of a brighter future.</p> <p>As part of this commitment, the Group has embraced the International Financial Reporting Standards (IFRS) Foundation's International Integrated Reporting Framework and Integrated Thinking Principles. The Group employ the Six Capitals model to provide financial clarity to its sustainability performance, enabling the Group to generate enduring value for its business and stakeholders. The model reinforces the sustainability strategy, policies, and practices of the Group, aligning them with global standards such as the UN SDGs.</p> <p>The Six Capitals framework identifies the value sources essential for the Group's value creation and are defined as follows:</p> <ol style="list-style-type: none"><li>1. Financial - Financial Highlight Main focus areas:<ul style="list-style-type: none"><li>• Economic Performance</li></ul></li><li>2. Intellectual - Marketplace Main focus areas:<ul style="list-style-type: none"><li>• Cybersecurity and Data Protection</li><li>• Product and Service Quality and Compliance</li></ul></li><li>3. Governance Main focus areas:<ul style="list-style-type: none"><li>• Anti-corruption</li></ul></li><li>4. Human - Workplace Main focus areas:<ul style="list-style-type: none"><li>• Health and Safety</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>• Employee Management</li> <li>• Diversity, Equity and Inclusion</li> </ul> <p>5. Social - Community Main focus areas:</p> <ul style="list-style-type: none"> <li>• Contributing to Local Communities/CSR</li> <li>• Customer Satisfaction and Service</li> </ul> <p>6. Natural - Environment Main focus areas:</p> <ul style="list-style-type: none"> <li>• Climate Change (Energy Management and Emissions)</li> <li>• Waste Management</li> <li>• Water Management</li> </ul> <p>The Company has implemented a well-structured two-tier governance framework to ensure the realisation of sustainability objectives and targets. Within this framework, the Executive Director ("ED") directly reports to the Group Managing Director, who in turn reports to the Board. The ED receives support from the Chief Financial Officer ("CFO"), while the Board assumes a leadership role in advancing sustainability, overseeing the sustainability strategies and initiatives, attaining key objectives, and ensuring the effectiveness of internal controls and risk management systems. Additionally, the ARC and NRC are delegated and tasked with overseeing performance and risk management functions of the Board.</p> <p>In line with its dedication to sustainability and the pursuit of sustainability objectives, the Company has established a Sustainability Committee comprising senior management team headed by the Group Managing Director from the operating subsidiary companies, with key function of coordinating daily activities and implementing the Group-wide sustainability initiatives. The Sustainability Committee plays a key role in integrating sustainability elements across the Group's value chain, from innovation to retail.</p> <p>The Company's commitment to establishing a robust governance framework is evident in the roles and responsibilities of the Board and the committees which are further elaborated in the Sustainability Statement of the Annual Report 2023 of the Company.</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>

<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 4.2

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>As part of its dedication to fostering a sustainable business, the Company endeavours to cultivate positive relationships with its stakeholders. Regular engagement with them is imperative to gather feedback and insights to address any concerns or improvement opportunities through maintaining transparent communication channels.</p> <p>The Company has identified key stakeholder groups and aim to engage them through diverse methods and channels, summarised in the table below:</p> <ul style="list-style-type: none"> <li>• Customers (End users)</li> <li>• Customers (Dealers)</li> <li>• Employees</li> <li>• Suppliers</li> <li>• Investors</li> <li>• Government Agencies</li> <li>• Local Communities</li> </ul> <p>Further details of the stakeholders’ engagement approach including areas of concern/ interest are set out in the Sustainability Statement in the Annual Report 2023 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

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>Dedicated to environmental stewardship, the Group places a strong emphasis on making impactful contributions to the environment. Taking cognisance of the substantial influence of energy consumption and greenhouse gas (“GHG”) emissions on environmental degradation, the Group is fully committed to mitigating the carbon footprint and reducing energy usage through active implementation and advocacy for eco-friendly initiatives aimed at diminishing the environmental impact, and embrace opportunities that arise during the transition to a low-carbon economy.</p> <p>Acknowledging the increased importance of addressing climate change within ESG frameworks, the Group is steadfast in its commitment to continuously enhance environmental performance and strictly adhere to all applicable environmental regulations.</p> <p>The Board continue to assess and identify relevant development programme concerning sustainability to ensure they stay abreast with all sustainability-related rules and requirements and equip with necessary knowledge to discharge the duties and responsibilities with the enhanced ESG reporting requirements. The Board ensures that the mandatory training programme for directors of listed issuers focus substantially on sustainability is fulfilled by the Directors by the required timeline.</p> <p>Additional details regarding the Management’s initiatives and strategies are presented in the Sustainability Statement in the Annual Report 2023 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>	:		
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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 4.4**

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>In addressing the importance of sustainability governance in all aspects of the business operations of the Group, the assessment on the effectiveness and management of overall sustainability governance framework and material ESG risks and opportunities by the Board and senior management had been included in the annual evaluation of the Board and Board Committees.</p> <p>The outcomes from the evaluations performed by the NRC was reported to the Board accordingly.</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>	:	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 5.1**

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 NRC in its annual evaluation on the performance of the Board, Board Committees and individual Directors, had reviewed the composition of the Board and Board Committees and was satisfied that these Committees have been functioning effectively.</p> <p>For the Directors retiring and standing for re-election at the AGM, the Board through the NRC has carried out fit and proper assessment on the retiring Directors and noted that they met the criteria as set out in the Directors’ Fit and Proper Policy on character and integrity, experience and competence, time and commitment to effectively discharge their role as Directors. The Board and NRC have also noted the Director Self and Peer Performance Evaluation conducted encompassing fit and proper assessment on the Directors of the Company and satisfied that the Directors including the retiring Directors have effectively discharge their role as Directors 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

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>	:	Applied	
<b>Explanation on application of the practice</b>	:	Following the resignation of Mr. Gan Boon Lay as Director on 5 January 2024 and the resignations of Ms. Teh Sok Hoon and Ms. Yee Carine from the Board on 26 February 2024 respectively, the Board of Directors currently comprises three (3) Executive Directors and four (4) Independent Non-Executive Directors (“INEDs”).	
<b>Explanation for departure</b>	:	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>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, none of the INEDs are serving more than 9 years in 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**

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>Through the Board Diversity Policy, the Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and heightened capacity for the oversight of the Group.</p> <p>The Board values the benefits that diversity can bring to its Board. The Board believes that it makes prudent business sense and promotes better corporate governance by having a truly diverse and inclusive board that can leverage on differences in thought, perspective, knowledge, skills and experience.</p> <p>For purposes of Board composition, diversity includes, but not limited only to, age, skills, expertise, experience, independence and ethnicity but also gender. The Board will make good use of these differences and distinctions among the individuals in determining the optimum composition of the Board.</p> <p>The NRC has been tasked to assist the Board in identifying and nominating suitable candidates for Board appointments. The NRC in assessing the appointments will ensure that all Board appointments reflect the diverse nature of the business environment in which the Company operates and be made on merit, in the context of the age, skills, experience, independence, ethnicity and gender which the Board requires to be effective.</p> <p>Women representation on the Board as well as in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's objectives.</p> <p>In accordance with the Directors' Fit and Proper Policy, the Board ensures that the Directors appointed to the Board are persons with the required character, integrity, experience, competence and time to</p>

	effectively discharge their responsibilities and duties and to contribute towards the proper governance of the Group.	
<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 5.6

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 Board may consider independent sources for the identification of suitably qualified candidate for appointment to the Board besides considering the recommendations from the existing board members, Management and/ or major shareholders.</p> <p>In accordance with the Directors' Fit and Proper Policy, the Board through the NRC will assess to ensuring that the proposed candidates for appointment to the Board are persons with the required character, integrity, experience, competence and time to effectively discharge their responsibilities and duties and to contribute towards the proper governance of the Group.</p> <p>There was no appointment of new Director during the financial year under review.</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>	:	The profiles of the Directors standing for re-election are set out in the Directors' Profile section in the Annual Report 2023. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any. For INEDs standing for re-election, the NRC will take into consideration the self-assessment checklist and independence confirmation by the INEDs before recommending to 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**

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>	:	Datuk Haw Chin Teck, the Chairman of the NRC, is an INED of the Company.	
<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>	:	Following the resignations of Ms. Teh Sok Hoon and Ms. Yee Carine as Directors from the Board on 26 February 2024, the Board currently has Datuk Dr. Wong Lai Sum as the only female Director.	
		The Board continue to support the diverse perspective and insights a female board member could bring to the effective functioning of the Board in the discharge of its duties and will look into recruiting more female representation in the Board.	
The Board will look into appointing female Director(s) when vacancies arise or when there is a need to increase the Board size.			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the adopted Board Diversity Policy, the Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and heightened capacity for the oversight of the Group.</p> <p>The Board values the benefits that diversity can bring to its Board. The Board believes that it makes prudent business sense and promotes better corporate governance by having a truly diverse and inclusive board that can leverage on differences in thought, perspective, knowledge, skills and experience.</p> <p>The NRC has been tasked to assist the Board in identifying and nominating suitable candidates for Board appointments. The NRC in assessing the appointments will ensure that all Board appointments reflect the diverse nature of the business environment in which the Company operates and be made on merit, in the context of the age, skills, experience, independence, ethnicity and gender which the Board requires to be effective.</p> <p>Women representation on the Board as well as in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's objectives.</p> <p>The Board Diversity Policy is available on the Company's website at <a href="http://www.milux.com.my">www.milux.com.my</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

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, through the NRC has performed annual assessment on the effectiveness of the Board, Board Committees and the individual Directors (including independence of the INEDs) of the Company for the financial year 2023, facilitated by the Company Secretary, through the completion of the following Evaluation Forms:</p> <ul style="list-style-type: none"><li>(a) Board and Board Committees Evaluation Form;</li><li>(b) Director Self and Peer Performance Evaluation Form;</li><li>(c) Audit and Risk Committee Members' Self and Peer Evaluation Form; and</li><li>(d) Independent Directors' Self-Assessment Checklist and Confirmation.</li></ul> <p>Overall, based on the summary analysis of the review with 'above average' rating recorded for most of the established criteria, the NRC was satisfied that the performance of the Board, Board Committees and individual Directors for the financial year under review were effective as a whole in discharging their roles and responsibilities. It was also noted that all the Directors and their fellow directors had fulfilled the role and performed their responsibilities outlined in the Evaluation Forms effectively.</p> <p>On its assessment of the independence of the INEDs, the NRC was satisfied with the level of independence demonstrated and noted that all the INEDs have fulfilled the independence criteria prescribed under the Listing Requirements and there were no issues of independence in the Board.</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>Notwithstanding that the Company does not have a formalised remuneration policy for Directors and Senior Management, the NRC reviews and assesses the remuneration packages of the EDs and Senior Management of the Company taking into consideration the demand, complexities and performance of the Group as well as skills and experience required of them before recommending to the Board for approval. The remuneration of the EDs and Senior Management will be determined based on individual's performance, experience as well as scope of responsibilities.</p> <p>The Executive Directors do not take part in the deliberation and decision on their own remuneration.</p> <p>The level of remuneration, in the case of Non-Executive Directors, should be appropriate to their level of responsibilities, taking into consideration the responsibilities of the Directors including their appointment in the Board Committees.</p> <p>The decision of the remuneration of the Non-Executive Directors shall be matter of the Board as a whole, with the Director concerned abstaining from deliberation and voting in respect of their own remuneration.</p> <p>The Board is satisfied that the existing process to review and determine the remuneration of the Directors and Senior Management is sufficiently attractive to retain them in the management and running of the business and operations of the Group.</p>

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

<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



### 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>	:	The NRC is tasked by the Board to oversee the nomination process and the procedures of remuneration of the members of the Board and Senior Management.  The TOR of the NRC is published on the Company's website at <a href="http://www.milux.com.my">www.milux.com.my</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**

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>	:	Detailed disclosure for the remuneration of individual Directors on named basis for the financial year ended 31 December 2023 are set out below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Dr. Wong Lai Sum	Independent Director	54.05	-	-	-	0.956	4.75	59.756	54.05	-	-	-	0.956	4.75	59.756
2	Datuk Wira Ling Kah Chok	Executive Director	32.70	-	-	-	4.811	3.750	41.261	32.70	-	-	-	4.811	3.75	41.261
3	Datuk Khoo Teck Kee	Executive Director	-	96.0	366.24	15.26	23.922	58.466	559.888	-	96.0	366.24	15.26	23.922	58.466	559.888
4	Tan Chee How	Executive Director	-	-	261.948	10.914	4.811	33.909	311.582	-	-	261.948	10.914	28.761	33.909	335.532
5	Ho Pui Hold	Independent Director	37.70	-	-	-	1.852	6.00	45.552	37.70	-	-	-	1.852	6.00	45.552
6	Datuk Haw Chin Teck	Independent Director	37.70	-	-	-	1.852	7.25	46.802	37.70	-	-	-	1.852	7.25	46.802
7	Gan Boon Lay	Non-Executive Non-Independent Director	32.70	-	-	-	1.852	3.75	38.302	32.70	-	-	-	1.852	3.75	38.302
8	Yee Carine	Non-Executive Non-Independent Director	32.70	-	-	-	1.852	3.00	37.552	32.70	-	-	-	1.852	3.00	37.552
9	Teh Sok Hoon	Non-Executive Non-Independent Director	32.70	-	-	-	1.852	3.00	37.552	32.70	-	-	-	1.852	3.00	37.552
10	Dato' Sri Ir. Ts. Dr. Liew Mun Hon	Independent Director	32.70	-	-	-	1.852	6.25	40.802	32.70	-	-	-	1.852	6.25	40.802
11	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
12	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
13	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

14	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
15	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>	:	<p>Due to confidentiality and sensitivity, the remuneration of the two (2) key Senior Management of the Company (excluding the Executive Vice Chairman, Group Managing Director and Executive Director) were disclosed on no named basis in the band of RM50,000 during the financial year ended 31 December 2023, as follows:-</p> <table border="1" data-bbox="576 1084 1334 1216"> <thead> <tr> <th>Remuneration Range (RM)</th> <th>Senior Management</th> </tr> </thead> <tbody> <tr> <td>350,001 - 400,000</td> <td>1</td> </tr> <tr> <td>150,001 - 200,000</td> <td>1</td> </tr> </tbody> </table> <p>The Board ensures that the remuneration of Senior Management personnel is fair and commensurate with the performance of the Group and the contributions made by the Senior Management, but at the same time it is able to attract, retain and motivate the Senior Management to excel in their respective roles.</p>	Remuneration Range (RM)	Senior Management	350,001 - 400,000	1	150,001 - 200,000	1
Remuneration Range (RM)	Senior Management							
350,001 - 400,000	1							
150,001 - 200,000	1							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>								
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.						
<b>Timeframe</b>	:	Choose an item.						

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>	:	The Chairman of the ARC and the Chairman of the Board are held by different individuals, both of whom are INEDs of the Company.	
<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>	:	The TOR of the ARC has been amended to provide that no former audit partner of the external audit firm of the Group [including all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.)] would be appointed as a member of the Committee unless the said former partner has observed a cooling-off period of at least three (3) years before being appointed as a member of the Committee.	
<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 ARC is responsible for assessing the capabilities and independence of the external auditors and to submit its recommendation to the Board on their appointment, re-appointment, resignation or dismissal, where applicable.</p> <p>The ARC has carried out annual evaluation and was satisfied with the performance of the External Auditors, having regard to the criteria encompasses the calibre of the firm, independence and objectivity and competency, and has recommended to the Board the re-appointment of the External Auditors of the Company. The evaluation process and assessment result were properly documented and recorded.</p> <p>The ARC noted the confirmation by the External Auditors of their independence in accordance with the By-laws of the Malaysian Institute of Accountants, in relation to the audit of the financial statements of the Group for the year ended 31 December 2023.</p> <p>At least twice a year and whenever necessary, the ARC meets with the External Auditors without the presence of executive Board members and Senior Management personnel, to allow the ARC to communicate independently with the External Auditors on matters concerning the Group</p> <p>The ARC had adopted the Policy on the Provision of Non-Audit Services by External Auditors and Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors.</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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARC consists of three (3) members, all of whom are INEDs.

### 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 members of the ARC possess the necessary skills and a wide range of experience and expertise covering areas such as accounting and auditing, finance, business acumen and analytical, and marketing and sales skills for effective discharge of their duties and function.</p> <p>All the members of ARC continue to attend professional development programme and training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, amongst others and to equip themselves and enhance their skills and knowledge to effectively discharge their duties and responsibilities.</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 10.1

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 has overall responsibility for maintaining a sound system of internal control and risk management that provide reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Board continually reviews the adequacy and effectiveness of the internal control system to ensure it meets the Group’s objectives and manage the risks to which it is exposed. The ARC is tasked to oversee the risk management and internal control framework of the Company.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2023 provides an overview of the internal control within the Group for the financial year under review.</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 10.2

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 ARC has been tasked to assist the Board to identify, assess and monitor key risks and implement adequate internal control system to safeguard shareholders' investments and the Company's assets.</p> <p>The ARC is supported by internal audit function which conducts periodical assessment on the efficiency and effectiveness of the internal control systems of the Group, covering not only financial controls but also operational and compliance controls as well as risk management.</p> <p>The risk management processes in identifying, evaluating, and managing significant risks are embraced in the operating and business processes. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis.</p> <p>The key features of the risk management framework are:</p> <ol style="list-style-type: none"> <li>1. Risk Identification and Categorisation</li> <li>2. Risk Assessment</li> <li>3. Risk Ownership and Responses</li> <li>4. Risk Treatment and Control</li> <li>5. Reporting and Monitoring</li> <li>6. Assurance and Execution of Internal Audit Plan</li> </ol> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2023 provides further details of the internal control within the Group during the financial year under review.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		



<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 internal audit function of the Group is outsourced to Messrs ASAP Advisory PLT, who perform audit review in accordance with the approved internal audit plan and provide the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.</p> <p>The Internal Auditors do not have other engagements with the Group that may impair their objectivity and independence.</p> <p>Functionally reporting to the ARC, the Internal Auditors provide assurance services with regards to the effectiveness of the internal control systems, assessment of the compliance to the Group's standard operating procedures, operational efficiency, reliability of system and information including systems for compliance with applicable law, regulations, rules, directives and guidelines.</p> <p>At the end of each audit review exercise, meetings will be held between the Internal Auditors with Senior Management personnel to discuss the audit issues noted and ensuring agreed remedial actions are executed within an acceptable timeframe. The IA reports will be presented to the ARC for review at the scheduled quarterly meeting and the control lapses observed will be highlighted, with recommendation and the Management's responses as well as agreed corrective actions taken or to be taken within the agreed timeline; and where relevant, explanation for any corrective action that will not be implemented. The internal audit activity will also be responsible for subsequent follow-ups on the audit findings and recommendations. Significant findings will remain an open issue until dissolved/ cleared.</p> <p>Following the performance of annual assessment, the ARC was satisfied with the performance of the Internal Auditors in terms of the adequacy of the scope and function of the internal audit and effective review of the key processes and control environment of the Group.</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

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 internal audit function of the Group is outsourced to an independent professional firm, ASAP Advisory PLT (the “Outsourced Internal Auditors”). The responsibilities of the Outsourced Internal Auditors include conducting audits, submitting findings and the provision of independent report to the ARC on the Group’s systems of internal controls.</p> <p>Being an independent function, the audit work is conducted with impartiality, proficiency and due professional care. The audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures and consistent with the Group’s risk management policy. The Outsourced Internal Auditors reports directly to the ARC and audit findings and recommendations are communicated to the Board.</p> <p>In performing its duties, the Outsourced Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons-in-charge. The identified audit findings and recommendations are followed up by the Outsourced Internal Auditors and the status is reported to the ARC.</p> <p>The internal audit personnel of the Outsourced Internal Auditors is led by Mr. Ong Tian Soon. He is a Chartered Member of The Institute of Internal Auditors Malaysia (CMIIA), along with one manager, one superior, and two associates, to provide approved internal audit activities.</p> <p>All internal auditing activities are guided by the Internal Audit Charter which was approved by the ARC for adoption by the Internal Audit function of the Company and the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors, Inc.</p> <p>During the financial year under review, the Outsourced Internal Auditors carried out periodic internal audit reviews in accordance with</p>

	<p>the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the ARC at their scheduled meetings.</p> <p>Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>The ARC was satisfied with the adequacy of the scope, function, competency and resources of the Outsourced Internal Auditors and was of the view that they have the necessary authority to carry out their work during the financial year under review.</p> <p>Details of the Group's internal control system and risk framework are set out in the Audit Committee Report and Statement on Risk Management and Internal Control in the Annual Report 2023 of the Company.</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

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 Board has adopted a Shareholders' Communication Policy to ensure that all shareholders have ready and timely access to all publicly available information of the Company, to fairly and accurately represent the Company so that investors and potential investors can make properly informed investment decisions and others can have a balanced understanding of the Company and its objectives.</p> <p>The Company has also established a Corporate Disclosure Policy to ensure informative, timely and accurate disclosure of material information concerning the Group to the public.</p> <p>In addition, a dedicated chapter governing the Board-Shareholders relationship has been included in the Board Charter, thereby formalising the Board's commitment to serving the best interest of the shareholders.</p> <p>The channel of communication adopted by the Company with the stakeholders include:</p> <ul style="list-style-type: none"><li>(i) Announcements to Bursa Securities;</li><li>(ii) Corporate Website;</li><li>(iii) Annual Reports and Circulars;</li><li>(iv) General Meetings of shareholders; and</li><li>(v) Designated Contact Person for Investor Relation.</li></ul> <p>Shareholders and Investors can access to the Company's latest announcements in the dedicated website of Bursa Securities at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p> <p>The general meeting has been the main forum for the shareholders to engage with the Board and to provide feedback or seek clarification on the Group's plan, business activities and/or performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the general meeting and to vote on the resolutions proposed at the meetings.</p>

	<p>In addition, the Company's corporate website at <a href="http://www.milux.com.my">www.milux.com.my</a> provides all relevant information on the Company and its products and is accessible by the public. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.</p> <p>Any enquiry regarding investor relations/ from the shareholders may be conveyed to the designated contact person on the Company's corporate website.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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>Notice of the 28<sup>th</sup> AGM were given to the shareholders at least 28 days before the AGM to give sufficient time to shareholders to make the necessary arrangements to participate in person or through corporate representatives, proxies or attorneys and consider the resolutions to be tabled at the AGM.</p> <p>The Notice of AGM, which sets out the businesses to be transacted at the AGM, was published in a nationally circulated newspaper and announced to Bursa Securities.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decision before exercising their voting rights.</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>	:	<p>All members of the Board and Senior Management attended the 28<sup>th</sup> AGM of the Company held on 23 June 2023.</p> <p>The Chairman of the Board and ARC, Executive Directors including Group Managing Director, Chief Financial Officer and Company Secretary were present at the Broadcast Venue while other Directors participated the meetings remotely.</p> <p>Questions relating to the resolutions tabled at the AGM and business operations of the Group were posted by the shareholders before and during the AGM which were duly responded by the Chief Financial Officer.</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 13.3

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company convened the 28<sup>th</sup> AGM on 23 June 2023 on a virtual basis through live streaming from the Broadcast Venue and using Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd (“Tricor”) via TIIH Online website without physical attendance by the shareholders.</p> <p>The RPV facilities provided by Tricor enables remote shareholders’ participation and voting at the AGM. The relevant Administrative Guide with full details on the conduct of the virtual AGM including the registration process and remote participation and voting were furnished to the shareholders in advance and announced via Bursa Securities for guidance.</p> <p>The voting at the AGM was conducted by way of poll and Tricor was appointed as the Poll Administrator to conduct the electronic polling process and Quantegic Services Sdn Bhd as Independent Scrutineers to verify the results of the poll voting.</p> <p>The Company will continue to leverage technology and conduct virtual general meetings through live streaming using RPV facilities to facilitate shareholders participation and engagement with the Board and Senior Management effectively.</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 13.4

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>	: All questions submitted by the shareholders or proxy holders prior to and during the live streaming of the virtual AGM held on 23 June 2023 via the 'Query Box' in the TIH Online website were made visible to all the participants during the AGM. The questions relating to the business and operations of the Group were duly responded by the Chief Financial Officer after presentation of the agenda items for the AGM before commencement of the e-voting process.
<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> :	Applied
<b>Explanation on application of the practice</b> :	<p>The 28<sup>th</sup> AGM of the Company held on 23 June 2023 was conducted on a virtual basis through live streaming from the Broadcast Venue and using RPV facilities provided by Tricor via TIH Online website without physical attendance by the shareholders.</p> <p>Detailed Administrative Guide was circulated to all shareholders together with the Annual Report to provide guidance on registration and participation at the virtual AGM. A video clip on the e-polling process was presented by the Poll Administrator to the participants at the commencement of the AGM for guidance. All questions posed to the Company were made visible to all participants during the AGM.</p> <p>Through the RPV, shareholders participated at the 28<sup>th</sup> AGM remotely and submitted their questions regarding the proposed resolutions tabled at the meeting as well as the Group's business and performance, which were duly responded by the Management. Electronic poll voting was used to facilitate the voting process for the resolutions tabled at the AGM and an Independent Scrutineer was appointed by the Company to verify the results of the poll voting.</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**

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 28 <sup>th</sup> AGM held on 23 June 2023 were uploaded to the Company's website no later than 30 business days after the AGM.
<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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