

CHAPTER

07

Governance

Corporate Governance Overview Statement

The Board of Directors ("Board") of KPS Berhad is pleased to present the Corporate Governance Overview Statement ("CGOS") for the financial year ended 31 December 2025. This CGOS provides an overview of the application of the principles set out in the MCCG, issued by the Securities Commission Malaysia ("SC"), and in line with Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as illustrated below:



The CGOS should be read in conjunction with the 2025 Corporate Governance ("CG") Report ("2025 CG Report"), which provides a detailed account of how the Company applied each Principle of the MCCG during the year and is available on the Company's website at www.kps.com.my and on Bursa Securities' website.

To gain a comprehensive understanding of KPS Berhad's CG practices, it is essential to review the CGOS together with other key reports, namely, the Statement on Risk Management and Internal Controls ("SORMIC"), the Board Audit Committee ("BAC") Report, the Nomination and Remuneration Committee ("NRC") Report, which are prescribed in the 2025IAR, as well as the 2025SR. These reports are available on the Company's website at www.kps.com.my.

Driving Excellence in Corporate Governance Group-wide

The Board remains unwavering in its commitment to upholding the highest standards of CG, ensuring that the Company's operations are characterised by integrity, transparency, and professionalism. Through active oversight, the Board continually enhances governance practices and implements a comprehensive CG Framework across KPS Berhad and its subsidiary companies ("KPS Berhad Group" or "Group") regular reviews and benchmarking against global best practices and industry standards help optimise governance structures and processes.

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1) Strengthening Governance through Policy/Framework Enhancement

KPS Berhad conducted a thorough review of its Group-wide policies to ensure their continued relevance, effectiveness, and alignment with evolving internal and external dynamics. This exercise demonstrates our steadfast commitment to meeting the expectations of discerning stakeholders while further enhancing operational efficiency and strengthening governance standards.

Key drivers for the new or revised policy/framework include:

<p>Adapting to Industry Evolution</p> <p>Aligning with emerging standards and best practices to sustain competitiveness and operational efficiency.</p>	<p>Enhancing Clarity and Enforceability</p> <p>Ensuring that policies/frameworks are clearly articulated, transparent, and uniformly implemented throughout the Group.</p>	<p>Enhancing Compliance and Risk Management</p> <p>Revising policies/frameworks to proactively address legal and regulatory risks while steadfastly maintaining the highest standards of corporate integrity.</p>
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Amongst the new/revised policies/frameworks in 2025 are:

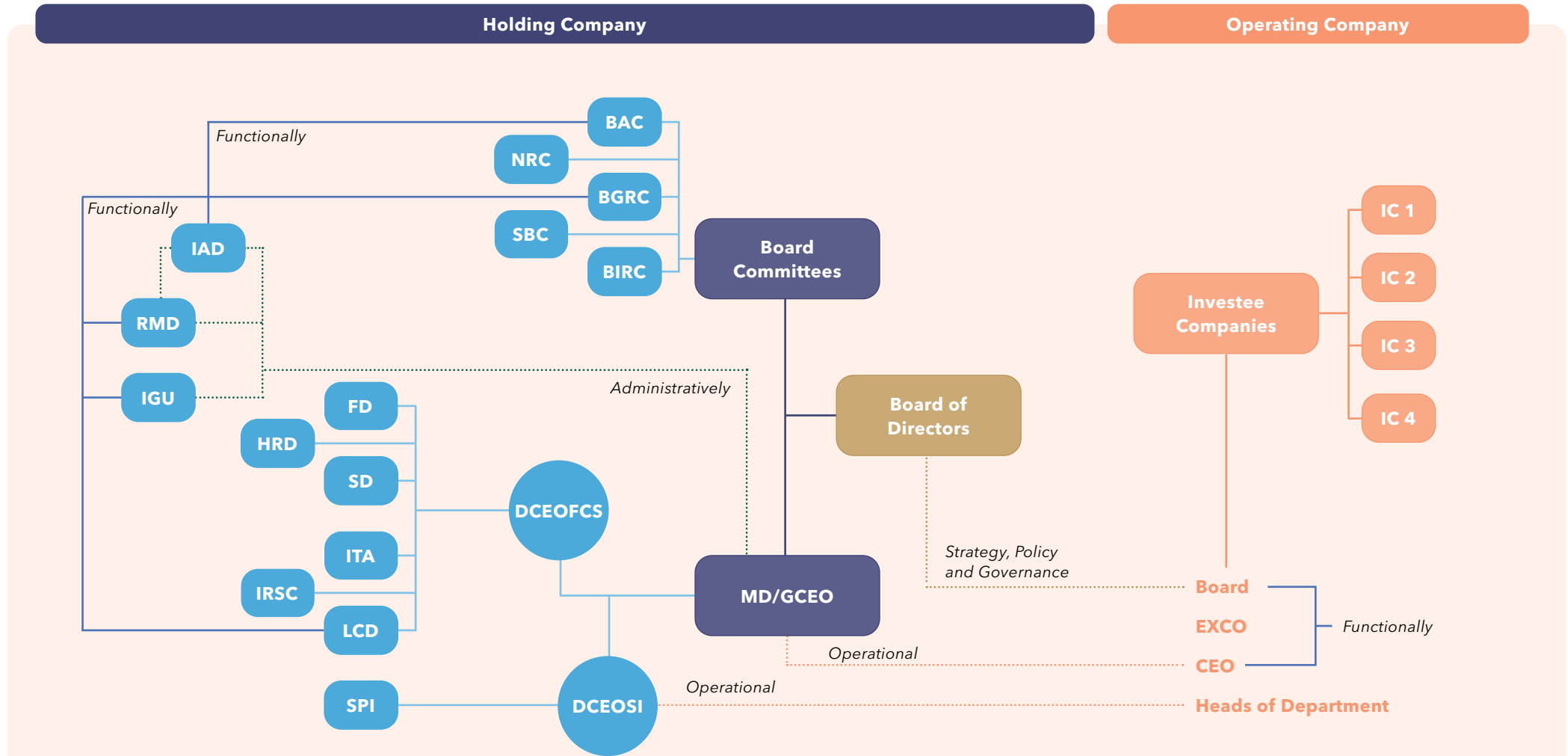
New	Revised
1) Inventory Management Policy	1) Anti-Bribery and Corruption Policy
	2) Compliance Policy
	3) Personal Data Protection Policy
	4) Code of Business Conduct and Ethics
	5) Treasury Policy
	6) Dividend Policy
	7) Board Diversity Policy
	8) Fit and Proper Policy
	9) Talent Management and Succession Planning Policy
	10) Performance Management System Policy
	11) Head of Subsidiary Appointment Policy
	12) Directors' Conflict of Interest Policy
	13) Employees' Conflict of Interest Policy
	14) Senior Management Remuneration Policy
	15) Non-Audit Related Services by External Auditors Policy and Policy on Appointment and Assessment of External Auditors (merged)
	16) Sustainability Framework and realigned the Task Force on Climate-Related Financial Disclosures with the National Sustainability Reporting Framework

2) Strengthening Governance through Robust KPS Berhad Governance Framework

KPS Berhad Governance Framework ("KPS Berhad-GF") was established in 2017, designed to align with the Company's business model and strategic direction as an investment holding entity with diversified operations spanning multiple regions. This comprehensive framework empowers the Board to fulfil its responsibilities at the investee companies ("ICs") level in an effective and systematic manner, with a particular focus on strategic leadership, policy development, governance, and the execution of value creation plans ("VCPs").

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The KPS Berhad-GF is as summarised below:



Managing Director/Group Chief Executive Officer ("MD/GCEO"); Deputy Chief Executive Officer, Finance & Corporate Services ("DCEOFCS"); Deputy Chief Executive Officer, Strategy and Investments ("DCEOSI"); Executive Committee ("EXCO"); NRC, Board Governance and Risk Committee ("BGRC"); Board Investment Review Committee ("BIRC"); Sustainability Board Committee ("SBC"); Strategic Planning and Investment Department ("SPI"); Investor Relations, Sustainability and Communications Department ("IRSC"); Finance Department ("FD"); Human Resource Development Department ("HRD"); Secretarial Department ("SD"); Legal and Compliance Department ("LCD"); Risk Management Department ("RMD"); Internal Audit Department ("IAD"); Information Technology and Administration ("ITA"); Integrity and Governance Unit ("IGU"); Chief Executive Officer ("CEO").

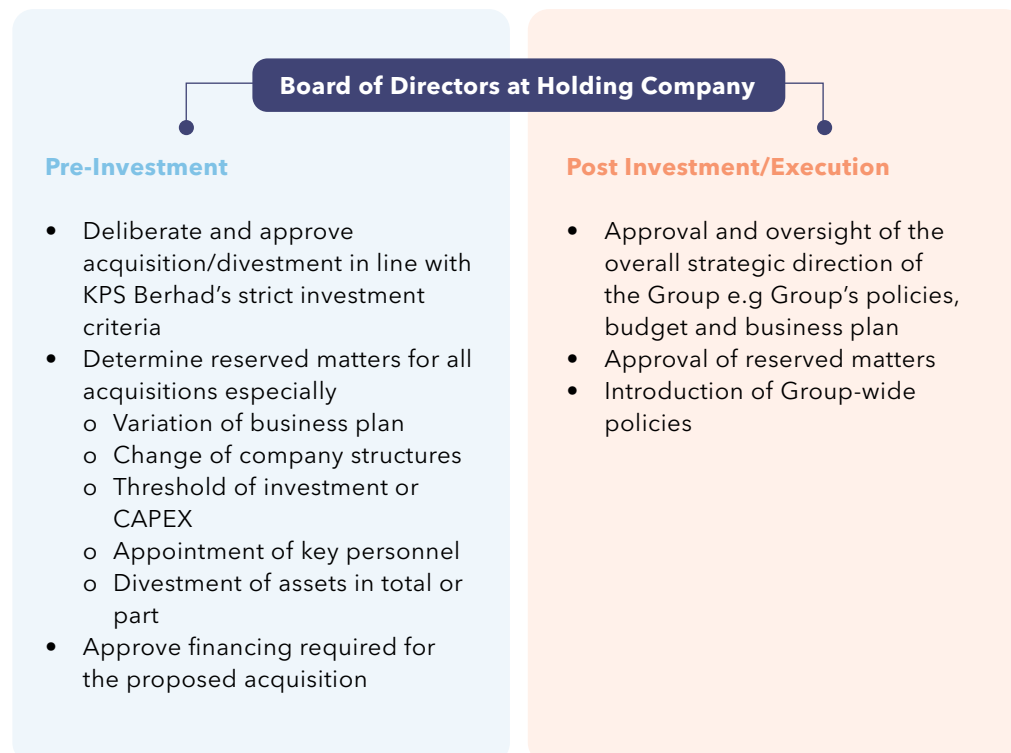
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Roles of the KPS Berhad Board, MD/GCEO, ICs Board, and EXCO under the KPS Berhad-GF

Under the KPS Berhad-GF, the Board oversees the Group’s management and business affairs and makes key policy decisions. To maximise the overall effectiveness of the Board, specific responsibilities are delegated to various Board Committees (“BCs”), namely the BAC, NRC, BGRC, BIRC, and SBC, ensuring each BC operates rigorously within its defined Terms of Reference (“TOR”).

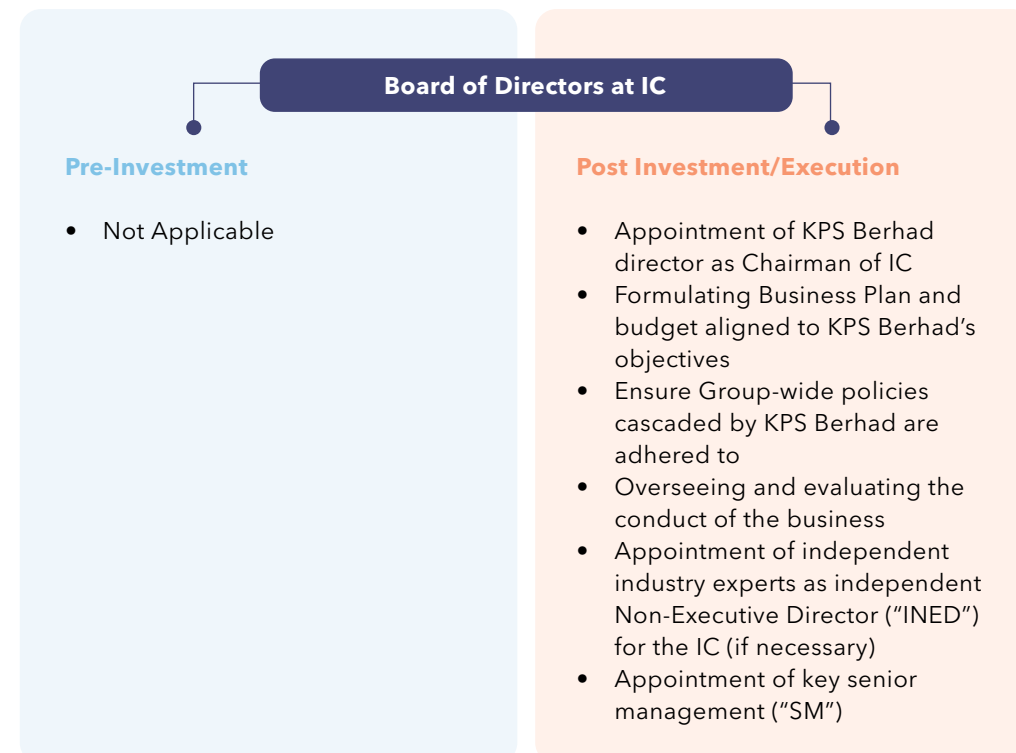
Additionally, the Board has delegated certain powers to the MD/GCEO for day-to-day management, operating within the approved Limit of Authority (“LOA”). The LOA governs the delegation of decision-making authority, ensuring that decisions are made by the appropriate entity, such as the Board, BCs, MD/GCEO, or Management, with clear accountability to the Board.

Furthermore, as an investment holding company, KPS Berhad’s Board plays a pivotal role throughout both the pre-investment and post-investment phases of its ICs, as outlined below:



Following the acquisition of an investee company (“IC”), KPS Berhad appoints designated directors to serve as Board Representatives (“BR”) on IC’s Board. The BR assume the roles of Chairperson, working alongside key management personnel or external experts with relevant expertise (Subject Matter Experts). This structure enhances the KPS Berhad Board’s oversight of the Group’s overall strategic direction, encompassing Group policies, budgets, and business plans. Importantly, it ensures that the BR fulfil their fiduciary duties by acting in good faith and in the best interests of the IC, in accordance with Paragraph 3.02 of the SC Guidelines on the Conduct of Directors of Listed Corporations & Their Subsidiaries (“GCD”) and the Board Charter of KPS Berhad.

Regarding the responsibilities of the IC Board, each IC Board establishes a delegation of authority and Financial Authority Limits as key guidelines for its business operations and for achieving its objectives. To support this, the IC Board forms an EXCO, with members nominated by shareholders in accordance with the shareholders’ agreement. The EXCO’s roles and responsibilities are clearly defined in its TOR. The illustration below highlights the roles of the IC Board:



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Corporate Governance Highlights at KPS Berhad

Throughout 2025, KPS Berhad consistently demonstrated its commitment to the Practices outlined in the MCCG, as summarised below:

MCCG		FY2025	
48 MCCG Practices	43 Standard Practices	38 Applied 4 Departed* 1 Not Applicable	
	5 Step-Up Practices	4 Adopted 1 Not Adopted*	

The four (4) departed standard practices are as follows:

Practice	Details
Practice 5.9	The Board comprises at least 30% women directors.
Practice 8.2	Disclosed on a named basis, the top five senior management’s remuneration components, including salary, bonus, benefits-in-kind and other emoluments, are in bands of RM50,000.
Practice 13.2	All directors attend general meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful responses to questions addressed to them.
Practice 13.3	The Company leverages technology to facilitate voting in absentia and remote shareholders’ participation at the general meeting.

* Details explanation of the Departed Practices and the Non-Adoption of Step-Ups can be found in the 2025 CG Report.

Detailed explanations of the departure are disclosed in the 2025 CG Report under the respective practices.

In line with the enhanced expectations of the MCCG, the Company has evaluated each Step-Up Practice and discloses below the practices that were adopted and the one that was not during the financial year.

<p>Step-Up 4.5</p> <p>Adopted</p> <p>Designated management personnel oversee the sustainability matters of the Company</p>	<p>Step-Up 5.4</p> <p>Adopted</p> <p>The Board has a policy limiting the tenure of ID to nine (9) years without extension</p>
<p>Step-Up 8.3</p> <p>Not Adopted</p> <p>Companies are encouraged to fully disclose the detailed remuneration of each senior management member on a named basis</p>	
<p>Step-Up 9.4</p> <p>Adopted</p> <p>The Board Audit Committee is comprised solely of Independent Directors (“IDs”)</p>	<p>Step-Up 10.3</p> <p>Adopted</p> <p>The Board establishes the Board Risk Committee (known as BGRC)</p>

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The following sections illustrate how KPS Berhad has effectively adopted and implemented the three (3) Principles set forth in the MCCG:

Principle A

Board Leadership and Effectiveness



Principle B

Effective Audit and Risk Management



Principle C

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders



Principle A

Board Leadership and Effectiveness



- Board Responsibilities
- Board Composition
- Remuneration

Board Responsibilities

a) Board Charter

The Board Charter (“Charter”) serves as a definitive governance framework, providing clear guidance for the Board in discharging its fiduciary duties with utmost professionalism and effectiveness. It specifies the distinct roles, powers, responsibilities, and obligations of the Board, BCs, individual directors, the MD/GCEO, and the Company Secretary. While authority is appropriately delegated, the Board retains ultimate responsibility and maintains collective oversight of both its BCs and Management at all times.

To ensure the ongoing relevance of the Charter, it is subject to systematic review and revision at least once every three (3) years, or whenever there are changes in the regulatory framework or requirements. This approach ensures that the Charter consistently reflects the Company’s evolving objectives, strategies, and the latest legal and regulatory developments. The Charter is publicly accessible on KPS Berhad’s website at www.kps.com.my.

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b) Discharging Responsibilities

The Board assumes full accountability for the overall performance of the Group, exercising independent judgment with utmost care, skill, and diligence, as stipulated under Sections 211 (Functions of the Board) and 213 (Duties & Responsibilities of Directors) of the Companies Act 2016 (“CA2016”). In line with the SC’s GCD guidelines, KPS Berhad-GF ensures that Directors maintain rigorous oversight of all internal controls across the Group.

The Board exercises strategic oversight and establishes direction for both the Group’s immediate objectives and long-term aspirations, shaping its overall trajectory. It offers informed counsel on corporate initiatives proposed by Management, closely monitoring their implementation to ensure optimal performance and sustained growth.

In fulfilling its responsibilities, the Board thoroughly evaluates and challenges Management’s underlying assumptions, making key decisions on the annual strategic initiatives and business plan. This encompasses the approval of capital and revenue budgets, as well as the corporate key initiatives (“CKIs”) and key performance indicators (“KPIs”) for the Company and the MD/GCEO, thereby ensuring full alignment with the Company’s strategic objectives and facilitating robust decision-making.

While the Board provides oversight of the Group’s operations, the MD/GCEO, with Management’s support, is charged with executing the Group’s strategic and operational agenda. The MD/GCEO is accountable for implementing strategies and policies as approved by the Board, with the Company’s performance evaluated through quarterly financial reports and biannual assessments of the CKIs and KPIs.

Effective 2025, to further strengthen the Board’s oversight of the Group’s strategic matters, a dedicated strategic agenda has been incorporated into KPS Berhad’s quarterly Board meetings. Under this framework, the MD/GCEO delivers comprehensive updates to the Board on key strategic matters, including ongoing investment and divestment realisation, capital structure and capital availability, dividend distribution, value creation, prospective investments, emerging risks, mergers and acquisitions and talent development.

In addition to quarterly and ad hoc Board meetings, a separate off-site informal session, known as the Board Retreat Sessions (“BRS”), is intended to be held at least twice a year to facilitate in-depth strategic discussions among the Board, SM and Heads of Subsidiary (“HOS”) companies. The BRS serves as a dedicated forum for formulating strategic initiatives, setting the Group’s direction, and reviewing its progress. In 2025, the BRS was held from 28 November 2025 to 1 December 2025.

c) Board Oversight of Group Sustainability

The Board plays a pivotal role in shaping and advancing the Group’s sustainability agenda. It oversees the formulation and execution of sustainability strategies and monitors progress towards the Group’s established sustainability objectives. Both the BCs and the SBC collaborate closely with the Board, providing specialised oversight and expert guidance on specific sustainability matters. Feedback from stakeholder engagements on ESG topics is communicated to the SBC, which then presents these findings to the Board for consideration and action. This governance structure facilitates comprehensive analysis and enables well-informed decision-making on complex sustainability issues, thereby supporting the Group’s long-term success.

The Board formally adopted the Sustainability Policy (“SP”) in November 2018, subsequently revising it in 2019 to establish a robust framework that underpins the Group’s unwavering commitment to responsible business practices. This policy integrates Environmental, Social, and Governance (“ESG”) principles, thereby advancing sustainable development throughout the organisation.

Recognising the rapidly evolving business landscape and shifting stakeholder expectations, KPS Berhad undertook a comprehensive review and enhancement of its SP in 2024. This updated policy further strengthens the Group’s ability to systematically embed sustainability within its operational framework, ensuring alignment with current strategic objectives and enabling the effective management of emerging challenges.

Aligned with the SP, the Group is committed to taking significant steps to ensure its activities generate long-term value for all stakeholders through sustainable development practices. The Group executed its strategy by addressing ESG risks and opportunities, aligning with its business aspirations and pursuit of operational excellence.

d) Board Leadership

- **Board Chairman**

Dato’ Dr. Ahmad Fadzli bin Ahmad Tajuddin (“Dato’ Dr. Ahmad Fadzli”) was appointed as the Non-Independent Non-Executive Chairman (“NINEC”) on 26 May 2025. Throughout the year, Dato’ Dr. Ahmad Fadzli demonstrated exemplary leadership of the Board, consistently upholding the highest standards of formality, professionalism, and unity. Through his diligent execution of Board duties, roles, and responsibilities, he provided strategic guidance and played an instrumental role in steering the Board towards effective governance and cohesive decision-making.

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In line with Practice 1.4 of the MCCG, the Chairman of the Board, Dato’ Dr. Ahmad Fadzli, does not serve as a member of any BCs, a governance practice consistently upheld since 2020. This intentional separation strengthens the system of checks and balances, ensuring that the Board is able to objectively evaluate and consider the recommendations put forward by its committees.

Based on the results of the ABE 2025 evaluation, Dato’ Dr. Ahmad Fadzli was rated as “Above Average” by his peers, underscoring his exemplary leadership. This recognition reflects his ability to foster Board effectiveness, demonstrate unwavering commitment to governance and strategic direction, and exhibit outstanding interpersonal and communication skills. The Chairman’s specific roles and responsibilities are comprehensively detailed in Clause 3.5.1 of the Charter, accessible on the Company’s website at www.kps.com.my.

- **Demarcation of Duties between Chairman and MD/GCEO**

The responsibilities of the Chairman and the MD/GCEO are deliberately segregated and entrusted to separate individuals, as outlined in Clauses 3.5.1 and 3.5.2 of the Company’s Charter. This deliberate separation reinforces a strong governance structure by ensuring clear accountability and preventing excessive concentration of authority. By distributing leadership roles appropriately, the Company safeguards effective oversight and fosters objective, well-informed decision-making at the highest level.

Chairman	MD/GCEO
<p>The Chairman is responsible for effective leadership of the Board with a strong emphasis on governance and compliance. Key duties include:</p> <ul style="list-style-type: none"> • Providing overall leadership to ensure the Board fulfils its responsibilities efficiently • Guiding the adoption and implementation of sound corporate governance practices • Setting the Board agenda and ensuring members receive timely, accurate information • Facilitating productive discussions and ensuring Board meetings are conducted effectively • Encouraging open participation and the free expression of differing opinions • Promoting respectful relationships among Board members and managing interactions between the Board and Management • Ensuring effective communication with stakeholders and relaying their views to the Board • Devoting sufficient time to fulfil the responsibilities of the Chairman’s role 	<p>The MD/GCEO is responsible for the day-to-day management of the Company’s operations, acting within the authority delegated by the Board.</p> <p>Key responsibilities include the following:</p> <ul style="list-style-type: none"> • Strategy development and initiatives • Business development • Monitoring and tracking performance of the business • Risk management and development of internal processes • Human resource development and promoting a culture based on the Company’s vision and values • Stakeholder communication, engagement and management

- **Company Secretary**

Selfia binti Muhammad Effendi, who serves as the Company Secretary of KPS Berhad (“Company Secretary”), is a qualified Company Secretary under Section 235 of the CA2016. In her role, she provides the Board with comprehensive advisory support on its duties and responsibilities, corporate governance matters, and compliance with all relevant laws and regulatory obligations affecting the Group. Additionally, she ensures the effective administration of Board and BCs meetings, attends and accurately records the proceedings of Board, BCs, and general meetings, and facilitates clear and efficient communication amongst Board members.

The Company Secretary keeps the Board and Management informed of statutory and regulatory updates, particularly concerning directors’ responsibilities and disclosure obligations. Her role also involves communicating Board decisions and policies to the BCs and Management, overseeing Board induction, and facilitating directors’ professional development.

The Company Secretary is committed to continuous professional development and actively engages in training to stay up to date with regulatory changes and CG. Details of the training attended by Selfia are disclosed under Practice 1.5 of the 2025 CG Report.

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e) Board Administration

• Board Meeting & Attendance

The Board meets quarterly, with additional special meetings held as necessary to address specific matters between regular sessions, utilising virtual, hybrid, and physical platforms in accordance with Clause 120 of KPS Berhad’s Constitution.

The Chairman, in consultation with Management, determines the meeting agenda and ensures that adequate time is allocated for the comprehensive discussion of all matters submitted to the Board for its consideration. To facilitate effective and well-informed deliberations, a pre-Board session is convened to provide the Chairman with a detailed briefing on all agenda items scheduled for discussion.

The one-year schedule for Board, BCs, pre-Board, AGM and BRS meetings is finalised and communicated to the Board in November of the preceding year, allowing directors sufficient time to plan their attendance.

The Board, BCs, General meetings and Board Retreat calendar for 2025 are as follows:

Month	Number of Meetings Held	Number of Meetings Held							
JAN	2	Special Board	NRC						
FEB	4	Board	NRC	BAC	BIRC				
MAR	6	Special Board	Special NRC	Special BAC	BGRC	SBC	Special NRC		
APR	-								
MAY	5	Board	BAC	BGRC	BIRC	AGM			
JUN	-								
JUL	3	Special Board	Special BAC	EGM					
AUG	8	Special Board	BAC	NRC	BGRC	BIRC	SBC	Special BIRC	Board
SEP	1	Special Board							
OCT	-								
NOV	5	Board	BAC	BGRC	BIRC	SBC			
DEC	1	Board Retreat							

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Outlined below are the total counts of Board, BCs, and AGM/EGM meetings held, and the hours spent by the Board during FYE2025:

Type of meetings	Board	BAC	NRC	BGRC	BIRC	SBC	AGM	EGM
No. of meetings held	9	6	5	4	5	3	1	1
Total no. of hours spent on the meeting	18 hours 23 minutes	17 hours 5 minutes	9 hours	7 hours 21 minutes	8 hours 15 minutes	2 hours 35 minutes	4 hours 20 minutes	50 minutes

In 2025, all directors fulfilled the minimum attendance requirement of at least 50% of Board meetings, as mandated by Paragraph 15.05(3)(c) of the MMLR of Bursa Securities. The overall average attendance at Board meetings was high, with three (3) directors achieving 100% attendance and five (5) directors recording 89%. As for BCs, the average attendance stood at a commendable 100%.

Directors' attendance at Board, BCs, AGM, and EGM meetings held in 2025:

	Meeting Attendance for 2025							
	Board	BAC	NRC	BGRC	BIRC	SBC	AGM	EGM
Current Directors								
DAF*	4/5	89%						1/1
DSY+	8/9	89%		4/4	5/5	3/3	1/1	1/1
DIH#	8/9	89%	6/6	5/5	5/5	3/3	1/1	1/1
NK@	8/9	89%		5/5	4/4	3/3	1/1	0/1
DNA	9/9	100%	6/6		4/4	5/5	1/1	1/1
SS	9/9	100%	6/6	5/5	4/4	3/3	1/1	1/1
DSI	9/9	100%	6/6	5/5		5/5	1/1	1/1
MD/GCEO\$	8/9	89%					1/1	1/1
Former Director								
DH (resigned: 31.01.2025)	1/1	100%						

Abbreviation

DAF	- Dato' Dr. Ahmad Fadzli bin Ahmad Tajuddin (Appointed effective 26.05.2025)	SS	- Sharmila Sekarajasekaran ("Sharmila")
DSY	- Dato' Ts. Saipolyazan bin Yusop ("Dato' Ts. Saipolyazan")	DSI	- Datuk Syed Izuan bin Syed Kamarulbahrin ("Datuk Syed Izuan")
DIH	- Dato' Ikmal Hijaz bin Hashim ("Dato' Ikmal")	AFH	- Ahmad Fariz bin Hassan ("Ahmad Fariz")
NK	- Norliza binti Kamaruddin ("Norliza")	DH	- Dato' Setia Haris bin Kasim (Resigned effective 31.01.2025)
DNA	- Dato' Noorazman bin Abd Aziz ("Dato' Noorazman")		

Notes:

* DAF does not sit as a member of any BCs. This helps maintain a check and balance, allowing the Board to objectively review matters brought forward by the BCs, in line with Practice 1.4 of the MCCG.

On a separate note, DAF did not attend the Board meeting on 28 August 2025 due to other official engagements.

+ DSY did not attend the Board meeting on 28 February 2025 due to other official state engagements.

DIH did not attend the Board meeting on 21 January 2025 due to other work engagements that could not be rescheduled.

@ NK did not attend the Board meeting on 28 August 2025 and the EGM on 28 July 2025, respectively, due to prior work engagements which could not be rescheduled.

\$ MD/GCEO did not attend the Board meeting on 4 July 2025 due to another prior engagement which could not be rescheduled.

MD/GCEO serves as Executive Director and is not a member of any BCs. Nonetheless, he actively contributed to the BCs meetings as an invitee, offering updates and addressing inquiries raised by the BCs members.

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- **Decision at Board Meetings**

Pursuant to Clause 118(1) of the Company's Constitution, all decisions at Board meetings are made via majority vote of the directors present. In instances concerning related party transactions, only directors without a vested interest shall vote. During the financial year under review, the Board achieved unanimous agreement on all matters, underscoring its dedication to sound governance and shared accountability.

- **Board Committees**

The Board has established five (5) BCs, namely BAC, NRC, BGRC, BIRC, and SBC, each entrusted with delegated authority to oversee distinct areas in accordance with its respective TOR. Prior to every Board meeting, the Chairman of each BC submits a comprehensive report detailing the committee's discussions and recommendations. During the meeting, the Chairman formally presents this report and tables the BCs' recommendations for the Board's consideration and approval at KPS Berhad's Board meeting.

This rigorous and structured approach ensures that the Board remains fully apprised of committee deliberations, thereby facilitating informed decision-making and enabling the Board to provide constructive feedback on matters raised by the BCs.

- **Directors' Conflict of Interest**

In accordance with the Directors' Conflict of Interest Policy ("DCOI Policy") and in the interest of promoting transparency and robust management of potential conflicts of interest ("COI"), all Board members are required to disclose any relevant interests prior to each Board and BCs meetings, in addition to the mandatory annual disclosure at the beginning of the year. This proactive measure not only supplements the annual declaration process but also underscores the Board's strict compliance with KPS Berhad's DCOI Policy.

- **Access of Information & Supply of Meeting Papers**

In line with the Group's commitment to sustainability and its drive towards a paperless environment, all meeting materials are distributed to the Board and Management via the secure online platform, Convene. This method ensures that directors have timely electronic access to meeting documents, allowing for thorough preparation in advance of each meeting. Furthermore, this process enables directors to request additional information as required, thereby supporting well-informed and effective decision-making during meetings.

Directors have unrestricted access to Management and all necessary Group information, ensuring the Board can effectively carry out its duties. Additionally, directors may obtain independent professional advice at the Company's expense to further support their fiduciary responsibilities.

- **Minutes of Meetings**

All key deliberations and decisions made during Board and BCs meetings, including any dissenting views and instances where a director abstains from voting or deliberating due to a conflict of interest, are comprehensively documented in the meeting minutes. Draft minutes of the Board and BCs meetings are distributed via email to the relevant members for their review and feedback prior to being presented at subsequent meetings for confirmation and formal endorsement by the respective Chairpersons.

f) **Promoting Good Business Conduct**

- **Code of Conduct and Ethics**

The Board established the Code of Conduct for Directors ("the Code") in 2013, and has since undertaken regular updates, with the most recent amendment on 30 May 2024. The 2024 revision incorporated additional responsibilities for directors regarding Beneficial Ownership ("BO"), aligning with the amended CA2016 and the Company's BO Policy.

Additionally, the Board has established a Code of Conduct for staff, known as the 'Code for Staff', which reinforces principles of discipline, good business ethics, professionalism, loyalty, integrity, and cohesiveness. These principles are integral to the success and well-being of the Group. The Code for Staff is an integral component of the Group Scheme and Conditions of Service, binding all employees to its terms and conditions.

In 2022, the Board approved the establishment of the Code of Business Conduct and Ethics ("COBE") for the KPS Berhad Group, which provides guidance and sets common ethical standards to promote consistent behaviour across all employment levels. The COBE subsequently revised in May 2025, governs the actions and working relationships of Board members and Management with employees, as well as dealings with other stakeholders, and, where applicable, with counterparties and business partners. The Code and COBE are available on the Company's corporate website at www.kps.com.my.

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• Whistleblowing Policy and Guidelines

The Board established the Whistleblowing Policy and Guidelines (“WB Policy”) on 25 August 2011, with a subsequent revision on 26 March 2024 to maintain its continued relevance and effectiveness. Upon approval by the respective IC Boards, the WB Policy was formally communicated to all ICs in compliance with the SC GCD guidelines. The WB Policy establishes a comprehensive and structured framework that encourages responsible whistleblowing by both internal and external stakeholders, ensuring robust protection and providing a secure, impartial channel for reporting suspected misconduct. This framework ensures that all concerns are addressed independently and objectively.

The WB Policy specifies the designated reporting channels for stakeholders, as follows:

Chief Integrity and Governance Officer

integrity@kps.com.my
Hotline: +603-5524 8448

BGRC Chair

chairmanbgrc@kps.com.my

Notably, no concerns were raised during the year under review. The WB Policy is accessible on the Company’s corporate website at www.kps.com.my.

g) Upholding Integrity

• Anti-Bribery and Corruption Policy

The Board adopted the Anti-Bribery and Corruption Policy (“ABC Policy”) on 28 November 2019, with subsequent revisions on 25 February 2022 and 28 March 2025, ensuring its continued relevance and adherence to the triennial review requirement set out in the Internal Document Policy.

The ABC Policy is designed to prevent corrupt practices, establish robust safeguards, and minimise corporate liability under Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009. Its implementation aligns with amendments to MMLR of Bursa Securities and supports the National Anti-Corruption Strategy (“NACS”) 2024-2028. The policy applies across all subsidiary companies and is accessible on the Company’s website at www.kps.com.my.

• Integrity Governance Unit

To strengthen internal controls against corruption, abuse of power, and malpractice, the Board established the Integrity Governance Unit (“IGU”) on 27 November 2020. A Chief Integrity and Governance Officer and an Integrity Governance Officer (“IGO”) were appointed for the Group, effective 1 January 2021, in compliance with government requirements for all government-linked companies (“GLCs”). The IGU’s formation also complies with the Guidelines for Adequate Procedures under Section 17A(5) of the MACC Act 2009. In 2025, the IGU reported no corruption cases to the MACC.

• Organisation Anti-Corruption Plan 2023-2026

Aligned with the NACP, the Board introduced the Organisation Anti-Corruption Plan 2023-2026 (“OACP”) for KPS Berhad on 28 August 2023. The OACP demonstrates the Company’s commitment to integrity, transparency, and accountability by detailing specific initiatives to promote a corruption-free workplace and embed integrity as a core organisational value. In line with its ongoing commitment to integrity and good governance, the Company will, upon the Board’s advice and approval, initiate the renewal of the OACP for the 2027-2030 cycle at the appropriate time.

h) Governing Sustainability

• Company’s Sustainability Strategies, Priorities and Targets

As part of our commitment to responsible CG, KPS Berhad recognises sustainability as a key pillar in driving long-term value for our stakeholders. The Board oversees sustainability practices across the Group, ensuring that ESG considerations are embedded in the business strategy and operations. This commitment is guided by the Company’s SP, which establishes the framework for sustainability integration and sets clear accountability at both the Board and Management levels.

The Board, through its relevant committees, reviews sustainability risks, initiatives, and performance to ensure alignment with regulatory requirements and best practices. The Board ensure that sustainability strategies, priorities, and targets are clearly defined and aligned with its broader goals. In executing its responsibilities, the Board integrates sustainability considerations into the development and execution of the Group’s strategies, business plans, and risk management framework.

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The SBC, composed mainly of Board members, actively manages and oversees the implementation of the company's sustainability policies, strategies, and key priorities. The SBC regularly reviews initiatives and performance to ensure compliance with regulatory standards and alignment with best practices.

The SBC meets at least three (3) times a year, while ongoing informal consultations between Management and external stakeholders ensure continuous dialogue throughout the year. The Corporate Sustainability Champion ("CSC") Committee, which includes representatives from IRSC, HOS and EXCO, meets at least biannually to evaluate significant ESG risks and opportunities. The CSC proactively identifies and assesses these issues before presenting well-informed recommendations to the SBC. In turn, the SBC provides strategic guidance to Management, enabling the implementation of targeted initiatives and solutions, monitoring progress, and driving continuous improvement.

- **Communication of the Company's Sustainability Strategies, Priorities and Targets to Stakeholders**

The Board ensures that information on sustainability strategies, priorities, targets, and performance against KPIs is effectively communicated to both internal and external stakeholders through the annual publication of the Company's Sustainability Report, which is released alongside the 2025IAR. Internally, the Boards of operating subsidiary companies monitor and deliberate on sustainability issues quarterly to ensure the successful implementation and alignment of the materiality initiatives with KPS Berhad's strategic objectives.

- **Keeping Abreast of Sustainability Issues**

To proactively address emerging sustainability challenges, the Board is committed to continuously enhancing its expertise in areas such as climate-related risks, safety and health, human rights, and social investment initiatives. Board members participate in regular refresher courses and training sessions led by industry experts, thereby strengthening their capacity to provide strategic guidance on economic and ESG matters.

In 2025, Board members attended various sustainability-related training sessions, as detailed in the list of directors' training in this 2025IAR.

- **Integration of Sustainability into Performance Evaluation Criteria**

Given that both the Board and SM share accountability for managing sustainability risks and opportunities, their respective performance evaluation criteria have been enhanced to include clearly defined sustainability elements. In accordance with the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and IFRS S2 Climate-related Disclosures (IFRS S2), the Board requires that sustainability considerations, particularly those relating to ESG risks and opportunities, be systematically embedded in the formulation and execution of KPS Berhad's strategic initiatives.

Sustainability criteria have been embedded in SM's performance evaluation since 2019, spanning CKIs, KPIs, and 360-degree feedback for both SM and HOS. This ensures their actions promote long-term stakeholder value through sustainable practices. In 2025, ESG-related KPIs rose to 23% up from 9% in 2024, reflecting the Group's strengthened focus on managing ESG risks and opportunities to drive business success and regulatory compliance.

- **Designated Personnel Managing Sustainability**

A dedicated Sustainability Unit within IRSC has been established since 2017 to oversee sustainability initiatives throughout the Group. The Chief Sustainability Officer is entrusted with formulating and executing the Group's sustainability strategy, managing associated initiatives, and embedding sustainability considerations into the Group's operations, while ensuring strict adherence to statutory requirements.

This outstanding initiative underscores the Board's unwavering dedication to maintaining exemplary corporate governance standards across the Group and is fully aligned with MCCG Step-up Practice 4.5.

Corporate Governance Overview Statement

Board Composition

a) Board Composition

The NRC conducts an annual evaluation of the Board’s composition through the ABE exercise, ensuring that Board diversity remains strategically aligned with the Company’s overarching objectives, direction, and regulatory obligations. The Board is led by a NINEC and comprises seven (7) Non-Executive Directors (“NEDs”) in addition to the MD/GCEO. Of these members, five (5) serve as IDs, while three (3) are NIDs.

This composition not only surpasses the minimum requirements stipulated in Paragraph 15.02 of the MMLR of Bursa Securities, which stated at least one-third (1/3) of the Board must be IDs, including at least one (1) woman director, but also demonstrates KPS Berhad’s commitment to robust governance and diversity.

In addition, the Board’s composition is fully aligned with Practice 5.2 of the MCCG, which requires that at least half of the Board members are IDs. Currently, the Board’s composition comprise of 62.5% of IDs. The strong presence of IDs ensures rigorous checks and balances, further strengthening investor confidence in KPS Berhad and underscoring the Company’s dedication to maintaining the highest standards of CG.

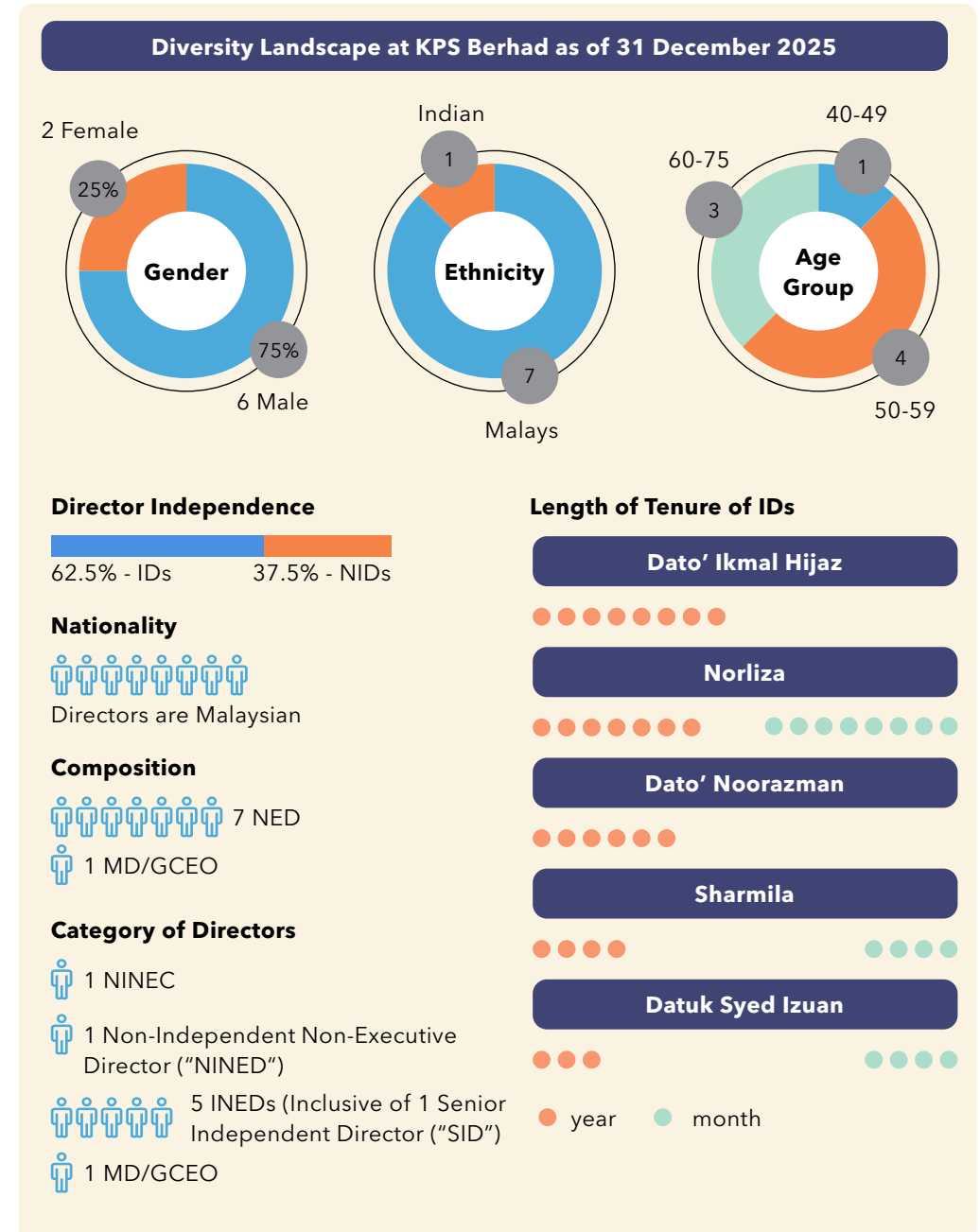
The Board’s current composition provides a balanced, diverse array of skills essential for robust governance. Collectively, the Directors possess expertise in strategic planning, governance, risk management, finance, legal and compliance, sustainability, and stakeholder relations. This breadth of experience enables effective oversight and guidance, supporting the Company’s strategic objectives and upholding high standards of accountability and operational performance.

b) Board Diversity

The Board places significant importance on cultivating diversity within its membership, considering a comprehensive range of attributes, including skills, competencies, experience, industry background, gender, age, ethnicity, and nationality. This diversity is considered fundamental to maintaining the Company’s competitive edge and facilitating well-informed, balanced decision-making.

Since 2015, the Board has adopted the Board Diversity Policy (“BD Policy”), which was subsequently enhanced on 30 May 2019 to encompass a broader range of diversity factors, including skills, expertise, experience, and independence, in addition to gender, age, and ethnicity. This comprehensive approach was implemented to further strengthen boardroom diversity and ensure KPS Berhad’s sustained competitive advantage. Further revisions to the BD Policy were approved by the Board on 26 August 2022 and 28 August 2025 to ensure they remain relevant.

For 2025, the landscape of KPS Berhad’s Board diversity is outlined as follows:



Corporate Governance Overview Statement

Furthermore, the SM Gender Diversity Policy (“SMGD Policy”), established in November 2021 and updated on 27 August 2024, serves as a strategic framework to guide Management in talent selection. The policy emphasises the importance of considering a balanced spectrum of skills, competencies, knowledge, and individual contributions to the Company’s success. Although the SMGD Policy does not mandate specific gender quotas for the SM team, its principles have contributed to a gender-diverse leadership, with women comprising 43% of the SM at KPS Berhad. This outcome reflects the Company’s commitment to merit-based advancement while fostering an inclusive and equitable workplace.

With the addition of Dato' Dr. Ahmad Fadzli to the Board in May 2025, the Board’s skill sets, expertise, and industry experience have been significantly expanded, further strengthening its effectiveness and strategic capability, as outlined below:

1) Skill Competencies of the Board

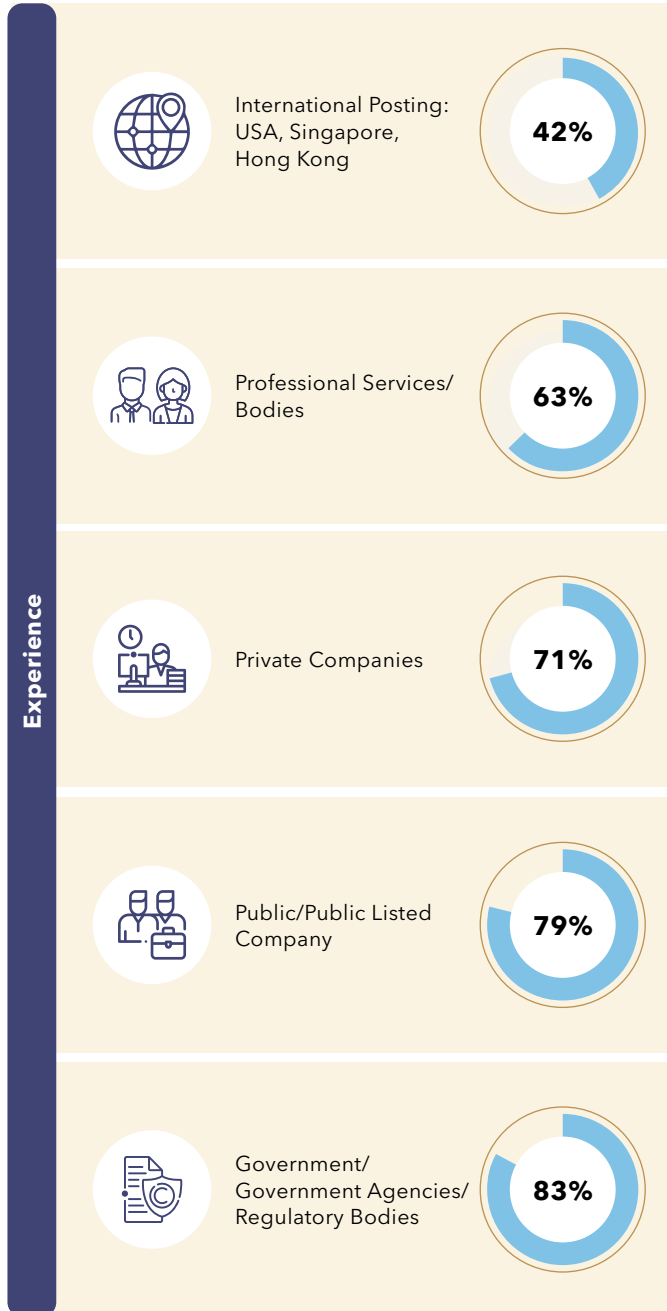
Skills Area	
Strategic Planning and Business Strategy	83%
Corporate Governance	83%
Human Capital, Culture & Succession	79%
Change & Transformation Management	71%
Risk Management and Internal Control	71%
Conflict & Dispute Resolution	63%
Investor Relations & Stakeholders Management	71%
Project Management	71%
Communication	67%
Sustainability (ESG) Management	58%
Corporate Finance	63%
Sales and Marketing	54%
Financial Reporting	63%
Investment Management	58%
International Business Relations	54%
Legal, Compliance & Regulatory Requirements	58%
Accounting	58%
Audit	54%
Information Technology	50%
Treasury Management	46%
Taxation	46%
Production and Quality Assurance	29%
Others - Reputation Management	13%
Others - Networking with Authorities & Relationship Building	13%
Others - Branding	13%

c) Board Skills Matrix

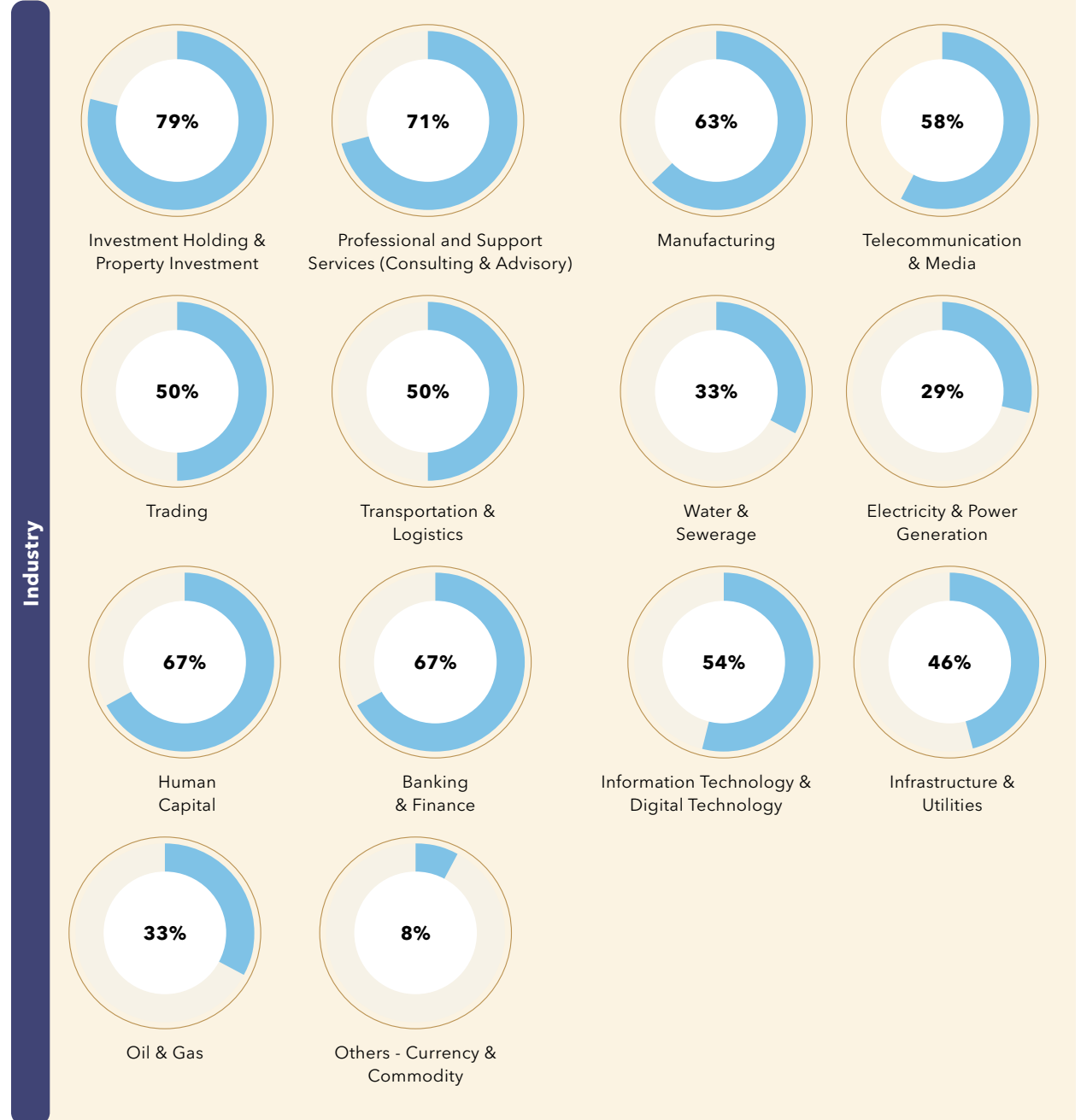
The Board Skills Matrix (“BSM”) developed since 2017, served as a strategic tool for systematically assessing the collective skills, knowledge, experience, capabilities, and industry backgrounds of current Board members. It guides the desired composition required to ensure the Board is suitably equipped to address both present and future challenges faced by the Group. Additionally, the BSM identifies the optimal blend of competencies, expertise, and experience necessary for the Board to respond effectively to evolving business needs and governance demands.

Corporate Governance Overview Statement

2) Experience of the Board



3) Industry Exposure of the Board



Corporate Governance Overview Statement

d) Tenure of Independent Directors

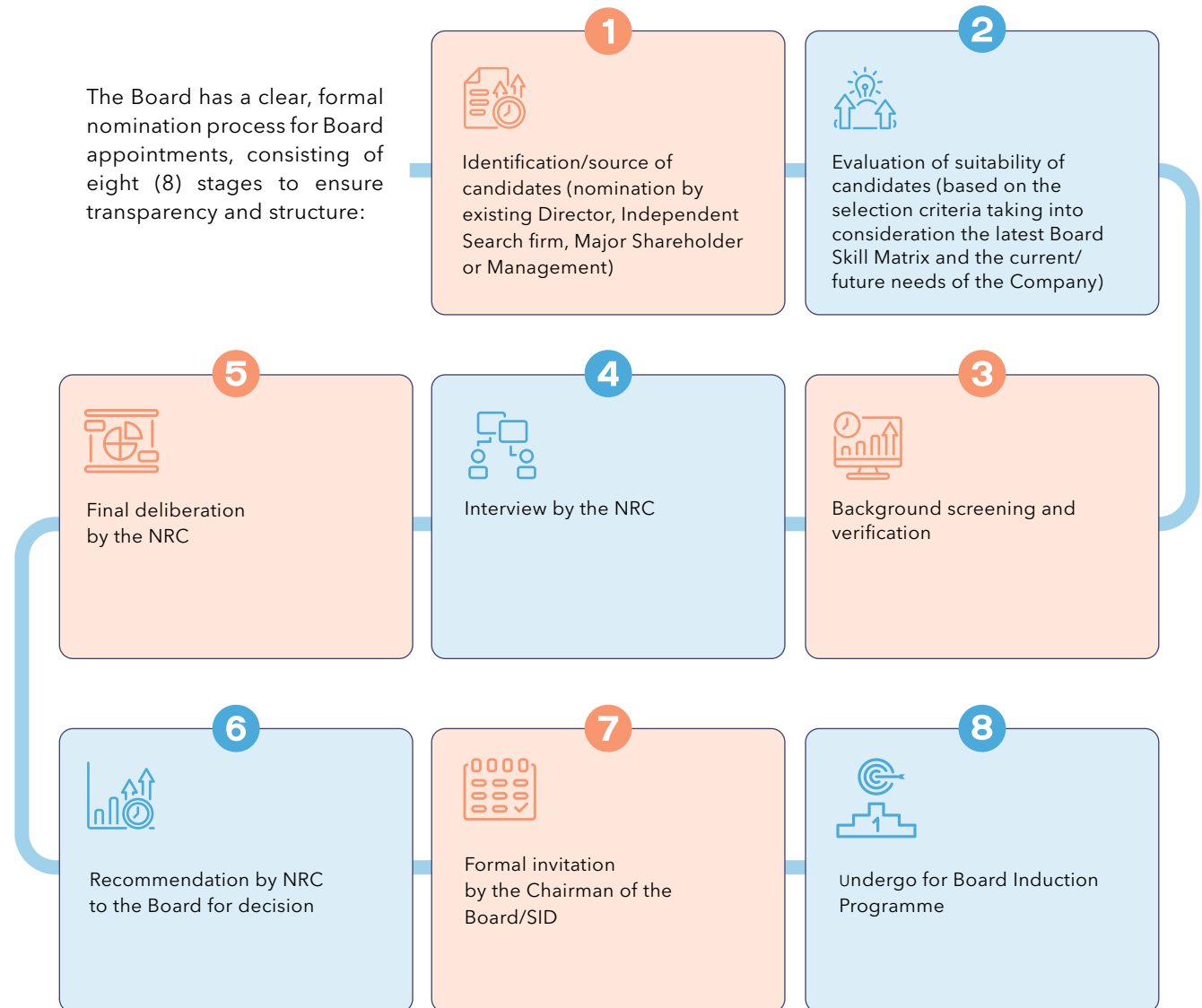
The Independent Director Tenure Policy (“IDT Policy”), established in 2018 and reviewed in 2021 and 2024, sets a maximum tenure of nine (9) years for ID to serve the Board in accordance with Step-Up Practice 5.4 of the MCCG. The NRC reviews each ID’s tenure annually as part of the ABE process to ensure ongoing compliance with the IDT Policy. In 2025, none of the IDs, namely Dato’ Ikmal, Norliza, Dato’ Noorazman, Sharmila and Datuk Syed Izuan, have surpassed the specified nine (9)-year limit set by the IDT Policy. Further details on the IDT Policy are available at www.kps.com.my.

Regarding the status of independence of the IDs, the NRC and the Board concurred that the IDs’ independence was affirmed based on the self-declarations of independence made by each ID, in accordance with the criteria for independence set out in the MMLR of Bursa Securities and satisfied the Fit and Proper Criteria set out in the Directors’ Fit and Proper Policy (“DFP Policy”).

e) Board Appointments & Sourcing of Candidates

The NRC is responsible for reviewing the composition of the Board, identifying and shortlisting qualified candidates for directorship, and providing recommendations to the Board. The NRC undertakes a rigorous evaluation process, guided by merit and objective criteria established by the Board, to ensure a formal, transparent selection process. The assessment encompasses a comprehensive review of the candidate’s skills, knowledge, experience, competencies, age, cultural background, gender, time commitment, including the number of other directorships held, as well as integrity and professionalism.

In identifying experienced, qualified and fit-for-purpose candidates for director positions, the Board adopts a comprehensive approach that extends beyond recommendations from existing directors, management, or major shareholders. The Board also considers candidates proposed by independent professional search firms such as Institute of Corporate Directors Malaysia (“ICDM”). Each candidate is assessed against established performance criteria and the latest BSM and mapped against the Company’s requirements.



Corporate Governance Overview Statement

f) Board Induction Programme

Established in 2022, the induction programme for newly appointed directors offers a comprehensive introduction to KPS Berhad's strategic objectives, operational environment, and principal challenges. This initiative consists of a dedicated half-day session with Management, incorporating in-depth business briefings and site visits to the Company's manufacturing facilities for practical, hands-on experience. In 2025, following his appointment on 26 May 2025, Dato' Dr. Ahmad Fadzli successfully completed the induction, which included visits to the CPI and MDS factories on 18 June 2025, and subsequent site visits to Toyoplas and CBB on 28 November 2025.

g) MD/GCEO and Head of Subsidiary Appointment

Regarding the appointment of the MD/GCEO and HOS, the NRC undertakes rigorous assessments guided by merit and objective criteria set forth by the NRC and the Board. The evaluation process encompasses a comprehensive review of various factors, such as professional skills, relevant experience, age, cultural background, gender, integrity, and professionalism.

For MD/GCEO contract renewals, the NRC additionally examines both current and historical performance, referencing CKIs, KPIs, and non-financial achievements. These in-depth evaluations form the basis for the NRC's recommendations to the Board for final approval.

h) Re-election of Director

Pursuant to Clause 76(3) of the Company's Constitution, one-third (1/3) of the directors are required to retire by rotation at the Company's AGM. All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. The NRC will undertake a thorough assessment of the directors eligible for re-election, considering their performance as evidenced by the latest individual evaluation outcomes (ABE Results), their contributions to Board effectiveness and engagement, their competencies and capabilities, their commitment of time, as well as their independence and objectivity.

In 2025, the Board concurred with the NRC's recommendation to consider the re-election of the directors retiring under Clause 76(3) of the Constitution, namely, Dato' Noorazman and Ahmad Fariz. Both directors abstained from all discussions and decisions regarding their own re-election during the relevant Board meeting, in line with the Company's DCOI Policy.

Meanwhile, at the forthcoming 49th AGM, scheduled on 19 May 2026, three (3) directors, namely Dato' Ikmal, Norliza and Datuk Syed Izuan, will stand for re-election by rotation pursuant to Clause 76(3), while Dato' Dr. Ahmad Fadzli will stand for re-election pursuant to Clause 78 of the Company's constitution. They have undergone a similar evaluation process by the NRC and the Board, prior to being presented to shareholders for approval at the AGM.

i) Board Succession Planning

The Board has tasked the NRC with reviewing succession planning for the Board and the MD/GCEO (C-Level) position, as well as the C-1 (SM) and HOS positions at the IC. Since 2018, the Board has implemented the Board Succession Planning Framework ("BSPF") to ensure systematic succession planning for KPS Berhad. The BSPF sets out clear guidelines for developing the Board Succession Plan ("BSP"), which was expanded in 2020 to cover the KPS Berhad BCs and BR at the ICs.

In 2024, the Board conducted a thorough review and approved an updated BSP for 2024, factoring in the upcoming retirement of two (2) directors due to tenure limits in December 2026 and April 2027. The Board has identified specific appointment criteria to ensure continuity of skills and experience, facilitate a seamless transition, maintain leadership stability, and protect the Company's long-term performance.

j) Directors' Fit and Proper Policy

In compliance with Paragraph 15.01A of the MMLR of Bursa Securities, the Board implemented the DFP Policy for KPS Berhad on 16 June 2022. This policy was subsequently extended to all subsidiary companies, ensuring that any individual appointed, elected, or re-elected as a director within the Group possesses the requisite qualities of character, integrity, competence, and time commitment to discharge their duties effectively.

During the financial year under review, all directors appointed to the Board as well as those subject to re-election under the 1/3 rotation rule were required to satisfy the fit and proper criteria set out in the DFP Policy. The DFP Policy is accessible on the Company's corporate website at www.kps.com.my.

Corporate Governance Overview Statement

Remuneration

The NRC is entrusted with formulating and periodically reviewing the remuneration policies and benefits for directors and SM to uphold principles of fairness and equity. This mandate is designed to attract, motivate, and retain high-calibre individuals capable of steering the Group towards sustained excellence. In fulfilling this responsibility, the NRC rigorously evaluates a range of critical factors, including fiduciary obligations, required time commitment, the complexity of the business environment, prevailing market conditions, the Company's overall performance, and the specialised skills and experience expected of directors and SM.

In alignment with the Company's commitment to robust governance and market competitiveness, the Directors' Remuneration Policy ("DR Policy") was formally established on 26 February 2018. To ensure continued relevance and effectiveness, the DR Policy underwent comprehensive reviews on 7 June 2022 and 27 May 2024. Similarly, the Senior Management Remuneration Policy ("SMR Policy"), instituted on 30 March 2018, was revised on 29 March 2022 and 28 August 2025 to ensure that remuneration benefits remain aligned with evolving market standards and the business's strategic direction.

Both policies support the Company's strategic aims and business goals by promoting a high-performance culture at the Board and Senior Management levels. Their robust application helps attract, motivate, and retain top talent, ensuring sustainable growth and long-term organisational success. Details of the DR Policy and SMR Policy are available on the Company's website at www.kps.com.my.

a) The remuneration structures for the NEDs of KPS Berhad are as follows:

i) NEDs Fees

	Fee Quantum per annum (RM)
Chairman	150,000
SID	132,000
Member	120,000

ii) NEDs Meeting Allowance

	Board	BAC	NRC, BGRC, BIRC and SBC
Chairman of the Board/Chairman of BCs	3,500	3,000	2,000
Member	2,500	2,000	1,500

The fees payable to NEDs shall be a fixed amount and shall not be linked to commissions, profit-sharing, or turnover percentages. All fees and benefits provided to NEDs are subject to annual approval by shareholders at the general meeting, in accordance with Section 230(1) of the CA2016.

Any proposed amendments to the directors' remuneration shall be thoroughly reviewed and recommended by the NRC, endorsed by the Board, and subsequently submitted to shareholders for approval at the general meeting. NEDs are not entitled to performance-based bonuses. The Company may, at its discretion, invite NEDs to participate in the Share Issuance Scheme or other short-term and/or long-term incentive plans, subject to compliance with the relevant provisions of the MMLR of Bursa Securities.

Detailed disclosure on a named basis for the remuneration of each director, encompassing fees, meeting allowances, and other benefit-in-kind (BIK), is provided under Practice 8.1 of the Company's 2025 CG Report.

b) The Remuneration Structure for MD/GCEO

The remuneration of the MD/GCEO is set out in the MD/GCEO's service contract. The MD/GCEO's remuneration package is designed to achieve an appropriate balance between fixed and performance-linked (variable) components. However, these packages shall expressly exclude commissions or remuneration based on a percentage of turnover. The distribution of fixed and variable remuneration for target performance depends on the level of responsibility, the complexity of the role, and typical market practices. The MD/GCEO's remuneration will be deliberated and recommended by the NRC and subsequently approved by the Board.

Corporate Governance Overview Statement (NRC Report)

Nomination and Remuneration Committee Report (Pursuant to Paragraph 15.08(A)(3) of the MMLR of Bursa Securities)

Background

Since the merger in 2018, the NRC has maintained its dual mandate over both nomination and remuneration matters, with the same members overseeing and integrating these critical functions. This unified approach is intended to streamline processes, improve operational efficiency, and ensure consistent decision-making across both areas.

Membership

Dato' Ikmal, serving as the SID, chairs the NRC and is supported by three (3) members, all of whom are IDs. In his capacity as Chairman, Dato' Ikmal provides strategic oversight of succession planning and talent management for both the Board and SM/HOS, and leads the appointment process for Board members and HOS. He also presides over the ABE, facilitating impartial assessments of directors' performance, remuneration competitiveness, and ongoing professional development.

The composition of the NRC fully adheres to the requirements of Paragraph 15.08A(1) of the MMLR of Bursa Securities and Practice 5.8 of the MCCG, as outlined below:

Name	Designation	Attendance at the Meeting
Dato' Ikmal, Chairman	SID	5/5
Norliza, Member	ID	5/5
Datuk Syed Izuan, Member	ID	5/5
Sharmila, Member	ID	5/5

Terms of Reference

The NRC operates under its own TOR, which is structured to comply with the MMLR of Bursa Securities and the relevant practices outlined in the MCCG. The TOR was last reviewed on 27 August 2024 to ensure alignment with the latest MCCG Practices and Guidance, as well as the Internal Document Policy, which stipulates a review at least once every three (3) years to maintain its relevance. The NRC's TOR is accessible on KPS Berhad's website at www.kps.com.my.

Key Objectives of NRC

Concerning the Nomination matters:

- To review and assess the size, composition and diversity of the Board and BCs of KPS Berhad, including the necessary mix of skills, knowledge, experience, and other qualities to ensure the Board functions effectively
- To identify, assess and recommend the appointment of the director to the Board and BCs of KPS Berhad, as well as the appointment of a BR of KPS Berhad in the Board of subsidiary companies and/or associates of KPS Berhad
- To identify, assess and recommend the appointment of a director with independent expertise and experience (Subject Matter Expert) as a BR in the subsidiary companies and/or associates of KPS Berhad
- To identify, assess and recommend the executive appointment of an MD/GCEO or CEO of KPS Berhad
- To review and assess the prospective candidates for the HOS position proposed by the Management of KPS Berhad and recommend the appointment of such HOS for the subsidiary's Board approval
- To ensure appropriate evaluation of the Board as a whole, BCs, and each individual director of KPS Berhad on an annual basis or in accordance with the prevailing regulations on Board evaluation
- To ensure orderly succession planning for the Board and SM at KPS Berhad Group

Concerning the Remuneration matters:

- To review and recommend to the Board the remuneration framework and packages for the NED, including the Non-Executive Chairman and the MD/GCEO or the CEO of KPS Berhad
- To ensure that the MD/GCEO or the CEO (where the CEO is not a director of the Company) of KPS Berhad is fairly rewarded for his/her performance as well as to encourage him/her to act in ways that enhance the Company's long-term profitability, sustainability and value
- To set the policy and/or guidelines on the remuneration framework, including reviewing and making recommendations to the Board on the remuneration of the directors, SM and employees of KPS Berhad
- To ensure that the remuneration benefits are determined based on the directors' and SM's merit, qualifications, and competence while considering the Company's operating results, individual performance, and comparable market statistics

NRC Meetings

Throughout 2025, five (5) NRC meetings were held, as listed below, and five (5) NRC Circular Resolutions ("CR") were passed for an urgent proposal:

- 15 January 2025
- 13 February 2025
- 14 March 2025
- 24 March 2025
- 18 August 2025

Corporate Governance Overview Statement (NRC Report)

The MD/GCEO and DCEOFCS attend NRC meetings, and other SM may be invited, when necessary, to contribute to in-depth discussions of proposals presented to the NRC. In 2025, the key matters reviewed and considered by the NRC were as follows:

- a) Assessment of 2024 CKIs/KPIs for the MD/GCEO of KPS Berhad
- b) Proposed 2025 CKIs/KPIs for the MD/GCEO of KPS Berhad
- c) Proposed Performance Bonus for the year ended 31 December 2024 and 2025 Performance Increment of KPS Berhad
- d) Proposed Performance Bonus for the year ended 31 December 2024 for the MD/GCEO of KPS Berhad
- e) Proposed Renewal of Contract of the MD/GCEO
- f) AGM Matters:
 - i) Proposed Re-election of Directors who were retiring under Clause 76(3) of the Company's Constitution
 - ii) Directors' Remuneration for 2024/2025
 - iii) Proposed Revision of the Directors' Fee Quantum for the Board Representative of KPS Berhad at KaiserCorp Corporation Sdn Bhd
 - iv) Notice of 48th AGM
- g) Proposed Renewal of Employment Contract for the Chief Executive Officer of Century Bond Berhad
- h) Proposed Mentoring Programme for KPS Berhad
- i) Report on the Outcome of the ABE of KPS Berhad for the financial year ended 31 December 2024
- j) Proposed Revisions of the following Policies:
 - i) Board Diversity Policy
 - ii) Directors' Fit and Proper Policy
 - iii) Performance Management System Policy
 - iv) SM Remuneration Policy
 - v) Head of Subsidiary Appointment Policy
- k) Results of the 2025 CKIs/KPIs of the MD/GCEO as of 30 June 2025
- l) Status Update on the 2025 Talent Management & Succession Planning for KPS Berhad Group

Annual Board Evaluation

Background

The Board engaged an independent external consultant in 2024 to undertake the ABE exercise for 2023 performance. This initiative, aligning with Practice 6.1 of the MCCG, reflects the Board's commitment to objectivity and transparency, even though KPS Berhad is not classified as a 'large company' under the MCCG definition.

During the financial year under review, the 2025 ABE exercise was conducted internally and coordinated by the Company Secretary's office. The ABE was conducted based on the enhanced ABE Framework, reviewed by an external consultant, and formally endorsed by both NRC and the Board in November 2024. The enhanced ABE Framework also considered the Bursa CG Guide and the MCCG, ensuring adherence to prevailing best practices in CG.

Objectives

Overall, the enhanced ABE aims to:

- Deliver meaningful insights to the Board, BCs, and individual directors, establishing a robust foundation for the Board's ongoing advancement towards high performance
- Evaluate the Board's effectiveness based on nine (9) key Board Performance Criteria, ensuring alignment with the business of KPS Berhad and all relevant regulatory requirements and guidelines applicable to KPS Berhad
- Identify opportunities for enhancement and provide well-considered recommendations and strategies to strengthen the Board's performance and facilitate the achievement of its objectives
- Assess the effectiveness of individual directors, highlighting areas for further development and enhancement

The Scopes

The scope of the ABE covers the following, aiming to elevate the overall performance of the Board:

- i) The Board as a whole
- ii) Board Committees (BAC, NRC, BGRC, BIRC and SBC)
- iii) Board Chairman
- iv) Individual directors
- v) Independent director's Assessment of independence

Performance Criteria

The key performance criteria used for the evaluation of the Board are as follows:

- i) Board Fundamental Roles & Responsibilities
- ii) Board Mix & Composition
- iii) Board Dynamics
- iv) Board Meeting Procedures
- v) Board Portfolio Management
- vi) Board Sustainability & ESG
- vii) Board and Management Relationship
- viii) Board Business Continuity Management
- ix) Board Stakeholder Management

Corporate Governance Overview Statement
(NRC Report)

ABE Exercise 2025

The ABE Report for 2025 was presented to the NRC and the Board by the Company Secretary in March 2026. The Board acknowledged the overall findings and concurred on the recommendations made to further enhance the performance of the Board, as summarised below:

- i) Collectively, the Board’s overall performance for 2025 across all evaluation scopes reflects notable advancements in effectiveness compared to 2024. The Board demonstrates exemplary leadership and governance, consistently discharging its responsibilities with unwavering integrity. It delivers strategic oversight of the utmost calibre, underpinned by effective engagement and collaboration among its members. These attributes collectively ensure well-structured and highly efficient decision-making processes.
- ii) Based on the 2025 ABE Results, the Board consistently operates at a level that exceeds expectations, aligning with the standards of a high-performing organisation. The evaluation revealed no significant concerns regarding its effectiveness. The Board’s core strengths are distinctly demonstrated in the following areas:

Board Stakeholder Management
Board Management Relationship
Board Sustainability & ESG
Board Fundamental Roles & Responsibilities

As evidenced by the 2025 ABE results, the Board’s primary priorities for 2026 will centre on strengthening Business Continuity Management and driving strategic alignment between the Board and Senior Management on Sustainability and ESG initiatives. Furthermore, the Board will place significant importance on elevating its industry and business expertise, with a targeted commitment to advancing capabilities in emerging digital, IT, and artificial intelligence (“AI”) domains.

- iii) In relation to the BC’s performance (excluding BAC), the BC delivered exemplary results, demonstrating excellence in member selection, leadership, and robust governance in risk management. The BC consistently exercises strategic oversight and decisive leadership, significantly advancing the Board’s objectives and contributing substantially to the Company’s overall success.
- iv) Regarding the BAC’s performance, the Committee demonstrated exemplary oversight, internal controls, and comprehensive risk management in strict adherence to leading governance standards. The BAC’s commitment to financial integrity, regulatory compliance, and achieving strategic objectives was consistently evident. Members of the BAC displayed advanced expertise and proficiency, delivering effective financial oversight, fostering transparency, and making significant contributions to strategic governance and decision-making.
- v) As for individual directors’ performance, the NRC/ Board were satisfied with each individual director’s performance, where all Directors performed strongly, aligning well with evaluations from the Board and BC. All directors scored above average rating highlighting consistent leadership and dedication to the Company’s strategic goals and governance.
- vi) In accordance with the Directors’ Training and Development Framework approved by the Board on 28 November 2024, the NRC has undertaken a comprehensive review of the individual director performance evaluation outcomes and identified specific areas for further development. The NRC has accordingly recommended and approved by the Board, the relevant professional development programmes and targeted training initiatives to enhance each director’s competencies and to support ongoing performance excellence.

The results of individual director evaluations shall also form part of the justification for the NRC’s recommendations to the Board for the re-election of directors at the AGM.

**Directors’ Continuous Education Programme
(Paragraph 15.08 of the MMLR of Bursa Securities)**

In accordance with Paragraph 15.08 of the MMLR of Bursa Securities, KPS Berhad’s directors prioritise ongoing professional development to stay current with industry trends and evolving statutory and regulatory requirements. All Directors have completed the MAP I and MAP II programmes. The Company Secretary ensures directors are promptly informed of regulatory changes, while the SD supports their continuous learning by organising internal training sessions.

Throughout 2025, the SD organised two (2) internal training series for the Board and SM of KPS Berhad on the following topics:

- i) Technology Update on Artificial Intelligence
- ii) Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity

Corporate Governance Overview Statement

Details of training programmes attended by the Board members were as follows:

Directors	Course/Training Attended	Date	Organiser
Dato' Dr. Ahmad Fadzi	Mandatory Accreditation Programme ("MAP") - Part I	22 - 23 July 2025	ICDM
	MAP Part II - Leading for Impact	16 - 17 March 2026	ICDM
Dato' Ts. Saipolyazan	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad
Dato' Ikmal Hijaz	The Shift in Boardroom Dynamic: Enhancing Governance and Strategic Leadership	25 April 2025	MAICSA
	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	26 June 2025	ICDM
	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
	Leading for Longevity: The Board's Role in Driving Innovation	10 July 2025	ICDM
	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad
	MyMahir Workforce Strategies Workshop	22 September 2025	Bursa Malaysia
	Economic Indicators and Monetary Policy: A Guide for Business Leaders	6 October 2025	Asia School of Business
Norliza	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad
Sharmila	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad

Corporate Governance Overview Statement

Directors	Course/Training Attended	Date	Organiser
Dato' Noorazman	Hijrah27 - Comprehensive Overview of the Hijrah Plan	19 February 2025	Malaysian Takaful Association
	MAP Part II: Leading for Impact	25 - 26 February 2025	ICDM
	Engagement with Chairpersons and CEOs of Insurers and Takaful Operators & Associations	25 March 2025	Bank Negara Malaysia
	Shariah Unplugged: Islamic Law by Datuk Prof. Dr. Mohd Akram Laidin	8 April 2025	International Centre for Education in Islamic Finance ("ID@INCEIF")
	Maqasid Al Shariah: Methodology Issued by Prof. Dr. Jasser Auda, ISTAC-IIUM	16 April 2025	ID@INCEIF
	The Shift in Boardroom Dynamic: Enhancing Governance and Strategic Leadership	25 April 2025	MAICSA
	E-Invoice Overview and MyInvoice Portal Guidance	27 May 2025	Ernst & Young
	FIDE Forum - The Influence of Board Culture on Corporate Performance	5 June 2025	Financial Institutions Directors' Education ("FIDE")
	Dialogue Session: Reshaping the Future - Islamic Economics for a Humane and Sustainable World	10 June 2025	INCEIF
	ICDM Advocacy: E-invoicing for Directors - MyInvois & MyTax Portal Walkthrough with EY Malaysia	26 June 2025	ICDM
	SLM Board Cybersecurity Landscape Briefing	4 July 2025	Sun Life Malaysia
	Climate Risk Management: What Bank Directors Need to Know	7 July 2025	Asian Institute of Chartered Bankers (AICB)
	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad	

Corporate Governance Overview Statement

Directors	Course/Training Attended	Date	Organiser
Dato' Noorazman	Annual Integrity, Governance and Anti-Corruption Training for Investment Panel (IP)	25 July 2025	Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")
	KWAP Board and Investment Panel Training on Board Dynamics: Building Effective, Ethical and High-Performing Boards	7 August 2025	KWAP
	AI and the Future of Business Education: Adapt Wisely or Become Obsolete	20 August 2025	ID@INCEIF
	Leadership Risk and Compliance Awareness 2025 <ul style="list-style-type: none"> • Insider Trading • Anti Money Laundering 	23 September 2025	KWAP
	Quarterly Islamic Banking Webinar Series with Dubai Islamic Bank: Sustainable Finance & Responsible Investment Framework	23 October 2025	INCEIF University & Dubai Islamic Bank ("DIB")
	KWAP Investment Workshop: Investment Opportunities, Voices from Investors and Industry	29 October 2025	KWAP
	Directors Training on Sustainability	31 October 2025	KPMG
	ASEAN Capital Markets Forum (ACMF) International Conference	6 November 2025	Securities Commission Malaysia
	FIDE Forum x ASB Governance Programme	10 November 2025	Asia School of Business

Corporate Governance Overview Statement

Directors	Course/Training Attended	Date	Organiser
Dato' Syed Izuan	AMLA 2001: Risk, Challenges & Vulnerabilities Towards Risk-Based Approach for Directors	15 January 2025	Hong Leong Assurance Holdings Berhad ("HLAH")
	HLFG Group In-House Directors' Training - Moving from the recommendations of the Task Force on Climate-related Financial Disclosures to International Financial Reporting Standards ("IFRS") S1 and IFRS S2	5 March 2025	Hong Leong Financial Group Berhad ("HLFG")
	Technisights Series: AI Monitor - Exploring Trends, Innovations, and AI Challenges	25 June 2025	Association of Chartered Certified Accountants ("ACCA")
	In-House Training: Technology Update on Artificial Intelligence	8 July 2025	KPS Berhad
	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad
	How to Measure Sustainability Performance Optimally	17 July 2025	ACCA
	Managing Teams for High Performance	21 July 2025	ACCA
	2025 Economic Power Play: Resilience, Trade & Global Foresight	22 July 2025	ACCA
	Training: AI-Powered Personal Branding & Presentations with Canva	30 September 2025	ACCA
	Navigating Succession and Workplace Dynamics in Family-Run Businesses	18 November 2025	ACCA
	Media Training	27 November 2025	Sapura Industrial Berhad ("SIB")
AI-Powered Leadership Conference Training	2 December 2025	SIB	
Ahmad Fariz	In-House Training: Understanding Carbon Tax, Implications, Readiness & Strategic Response for Malaysian Corporates & Strengthening Corporate Integrity	17 July 2025	KPS Berhad

Corporate Governance Overview Statement

Principle B

Effective Audit and Risk Management

- Audit Committee
- Risk Management and Internal Control Framework



Board Audit Committee

The BAC plays a pivotal role in supporting the Board to effectively discharge its fiduciary responsibilities, particularly in relation to financial reporting and the establishment of sound internal controls across the Group. Throughout the year, the BAC proactively addressed matters related to financial reporting, evaluated external and internal audit findings, reviewed related-party transactions, and scrutinised internal controls, all in strict accordance with its mandate as set forth in its TOR. This diligent approach underscores the BAC's commitment to upholding the highest standards of governance and integrity within the Group.

Throughout the financial year under review, the BAC demonstrated strong leadership by providing the Board with comprehensive, well-considered recommendations, thereby facilitating informed and effective decision-making. These contributions were instrumental in the Board's high-level deliberations on the financial reporting process and the review of financial statements.

In fulfilling its oversight responsibilities, the BAC rigorously monitored and assessed the accuracy and integrity of both annual and quarterly financial statements and supported the Board in evaluating the suitability and consistency of the Group's accounting policies and any amendments thereto. This diligent approach ensured the continued reliability and transparency of the Group's financial reporting.

a) Composition

The composition of the BAC was reviewed in 2024 to ensure full alignment with Step-Up Practice 9.4, which mandates that the BAC be comprised exclusively of IDs. This composition not only meets, but surpasses, the requirements set forth in Paragraph 15.09(1)(b) of the MMLR of Bursa Securities, which stipulates that all BAC members must be NEDs, with a majority being IDs.

The BAC is chaired by Datuk Syed Izuan, who serves as an ID and is distinct from the Chairman of the Board. This separation of roles fosters objective, transparent deliberation by the Board on matters escalated by the BAC, thereby strengthening governance and oversight. Datuk Syed Izuan brings a wealth of expertise to the BAC, being a member of the Malaysian Institute of Accountants ("MIA"), a fellow of the Association of Chartered Certified Accountants ("ACCA"), UK, a member of the ICDM and the Malaysian Institute of Certified Public Accountants ("MICPA").

b) External Auditors Assessment & Cooling-off Period

The BAC assesses the suitability, objectivity, and independence of external auditors, in accordance with the Company's Appointment and Assessment of External Auditors Policy ("AAEA Policy"). The AAEA was formed in November 2025 following the consolidation of two (2) existing policies, namely, the External Auditor Assessment Policy ("EAA Policy"), first established on 29 March 2017 and subsequently updated on 27 November 2020 and 28 August 2023, and the Non-Audit Related Services by External Auditors Policy ("NARS Policy").

Prior to the merger, the NARS Policy, introduced on 29 August 2018 and revised on 27 May 2021 and 26 February 2024, set clear parameters governing the engagement of the external auditors for non-audit services. The policy stipulated, among others, that total fees for non-audit services must not exceed 30% of total annual audit fees, unless Board's approval is obtained. In November 2025, the NARS Policy was updated to incorporate the pre-concurrence requirement under the International Ethics Standards Board for Accountants ("IESBA") Code and to clarify the scope of permitted services, after which it was merged with the EAA Policy to form the AAEA Policy.

Under the AAEA Policy, the BAC ensures that all audit and non-audit engagement undertaken by the external auditors throughout the financial year do not compromise their independence, integrity, or professional judgment. A transparent reporting mechanism is in place for Management to update the BAC on all non-audit engagements, enabling the BAC to monitor compliance with the AAEA Policy.

In addition, the BAC's TOR prescribe a mandatory three-year cooling-off period for any former key audit partners of the Company's external audit firm before such an individual may be appointed as a member of the BAC, in line with Section 540.5 of the MIA By-Laws. This measure is intended to maintain the objectivity, independence, and effectiveness of the external auditors. For the financial year under review, none of the BAC members previously served as a key audit partner of the Company's external auditors. The BAC's TOR can be viewed on the Company's corporate website at www.kps.com.my.

Corporate Governance Overview Statement

c) Continuous Development of BAC Members

Recognising the increasing responsibilities placed on BAC members, the BAC values continuous training and professional development. This ensures that members stay informed about relevant changes in accounting and auditing standards, practices, and rules, enabling them to fulfil their roles effectively and contribute positively to the BAC. Detailed information on the training programmes attended by BAC members in 2025 is available under Practice 9.5 of the Company's 2025 CG Report.

d) BAC Performance Evaluation

In compliance with Paragraph 15.20 of the MMLR of Bursa Securities, the NRC and the Board annually evaluate the term of office and the performance of the BAC and its members. The assessment aims to determine the financial literacy of BAC members, their ability to ask probing questions, their competence in handling complex issues, and their skills and knowledge to fulfil their duties under the TOR.

With respect to the financial literacy of the BAC members, the Board acknowledge that each member possesses the necessary financial acumen and expertise. All members are proficient in reading, analysing, and interpreting the Company's financial statements, including the statements of financial position, comprehensive income, changes in equity, and cash flows, as well as the accompanying notes, cost accounting records, budgets, and management discussion and analysis. The duties and responsibilities of BAC members are clearly defined and governed by the BAC's TOR, in accordance with the MMLR of Bursa Securities and Principle B of the MCCG. Further details regarding the BAC's performance in discharging its responsibilities in 2025 can be found in the BAC Report within this 2025IAR.

e) Financial Report

The Board is responsible for ensuring that the annual Audited Financial Statements and interim financial results are prepared in accordance with the CA2016 and all applicable financial reporting standards in Malaysia. This responsibility includes taking all necessary actions to ensure the consistent application of relevant accounting policies, supported by reasonable and prudent judgments and estimates.

Risk Management & Internal Control Framework

a) Establish an Effective Risk Management and Internal Control Framework

The Board remains steadfast in its commitment to upholding a robust and effective risk management and internal control framework and procedures covering financial, operational, regulatory, compliance, governance, and sustainability. This commitment aims to safeguard shareholders' investments, protect the Group's assets, and ensure the reliability of financial statements.

Given the above, the Group established an ERM framework in 2013, which was revised in 2018 and further strengthened in August 2020 to align with the latest ISO 31000:2018 International Standards of Risk Management - Principles and Guidelines. The ERM framework was recently enhanced to incorporate processes for identifying, assessing, and managing climate-related risks, in line with the establishment of the TCFD framework for climate-related financial disclosure within the KPS Berhad Group on 28 August 2023.

The rationale for the enhancement was to proactively identify, assess, and manage key risks at an optimal level, while accounting for evolving risk profiles influenced by changes in business strategies, the external environment, and/or the regulatory landscape. Aligned with the Group's commitment to delivering sustainable value, the ERM framework provides a comprehensive, organised approach to risk management across the entire entity.

As part of the ERM framework, the Group has also prioritised Corruption Risk Management Framework to strengthen ethical business practices and ensure compliance with anti-corruption laws, including the MACC Act 2009. This includes implementing corruption risk assessments, monitoring controls, and training programmes to mitigate bribery and fraud risks.

Additionally, Cybersecurity Risk has been integrated into the risk management process, recognising the increasing threats of data breaches, cyberattacks, and regulatory obligations under the Cyber Security Act 2024. The Group continues to enhance its cybersecurity governance, incident response capabilities, and IT risk assessments to safeguard digital assets and business operations.

The Group has instituted and adopted a structured Internal Control Framework ("KPS Berhad-ICF") to enhance the Group's governance process and internal control design. On 28 May 2020, the Board approved the adoption of the KPS Berhad-ICF across the KPS Berhad Group, establishing a uniform internal control structure to align with the Group's strategic objectives. The KPS Berhad-ICF was further enhanced on 27 November 2023 to incorporate the latest COSO framework updates in line with COSO's interpretive report released on 30 March 2023.

Detailed information on the key features, adequacy, and effectiveness of the ERM framework is available under Practice 10.2 of the 2025 CG Report.

Corporate Governance Overview Statement

b) Board Governance & Risk Committee

The Board Risk and Management Committee (BRMC), initially established in 2011, has undergone a series of strategic enhancements to reflect its evolving scope and responsibilities. On 29 August 2019, it was re-designated as the Board Risk and Compliance Committee (BRCC). Subsequently, on 1 January 2021, the Committee was renamed the BGRC to coincide with the formation of the Integrity and Governance Unit at KPS Berhad. These changes underscore the BGRC's broadened mandate, which now encompasses oversight of integrity and governance matters in addition to its established responsibilities for regulatory compliance, internal controls, risk management, and governance frameworks. Further, on 27 February 2023, the BGRC's TOR were expanded to include cybersecurity oversight, in line with Guidance 10.2 of the MCCG.

The BGRC is supported by the Risk and Governance Working Committee ("RGWC") at the management level, chaired by the MD/GCEO or, in his absence, the DCEO/CS. The RGWC meets quarterly to ensure consistent enforcement of the ERM, Compliance, Integrity, Governance and Cybersecurity matters/ policies. It also reviews and recommends risk parameters, risk appetite, risk profiles, risk action plans, and compliance key risks, status, and action plans to the BGRC.

c) Internal Audit

During the financial year under review, the Internal Audit ("IA") Department ("IAD") was headed by Khairul Ridzwan bin Azizan ("Khairul"), and assisted by one (1) Manager, three (3) Internal Auditors, and three (3) Assurance Officers at subsidiary companies. Khairul is an ACCA member with over 17 years of experience in internal auditing across international conglomerates and Malaysian public-listed companies.

The IA conducts independent assessments to evaluate the adequacy, efficiency, and effectiveness of the Group's risk management, internal control, and governance processes, while also monitoring compliance with policies and procedures established by Management. Furthermore, the IA provides the BAC with reasonable assurance that no material issues or significant deficiencies have been identified that would pose a high risk to the overall internal control system under review. The annual risk-based IA plan, which outlines audit coverage, scope of work, and the IA's KPI results, is submitted to the BAC for review and approval.

d) IA Activities

The BAC conducts periodic reviews of the activities and performance of the IA to ensure its adequacy and independence in fulfilling its role. The reviews align with the guidelines of the Institute of Internal Auditors ("IIA"), specifically the International Professional Practice Framework ("IPPF") on Internal Auditing and relevant regulations. To ensure the complete discharge of the IA's responsibilities, the BAC assesses:

- The appointment and removal of the Director of Internal Audit ("DIA")
- The adequacy of the IA's scope, competency, experience, and resources of the IA function
- Annual review of the IA Charter
- Review of the BAC TOR once every three (3) years
- Review the IA Annual Plan
- Setting of CKIs/KPIs for the IA
- Review and monitor the Status of Implementation of the Audit recommendations
- Assess the IA and DIA functions, which are responsible for regularly reviewing the effectiveness of the Group's risk management, control, and governance processes

On a quarterly basis, the IA provides the BAC with reports detailing significant internal audit findings and recommendations. It is the duty of the relevant management to ensure the proper implementation of corrective actions for reported weaknesses. Monthly monitoring of the deadlines set by the relevant management for corrective actions takes place, and any unjustified delays must be presented to the BAC for approval.

To stay abreast of professional advances, industry developments, and regulations, IA personnel regularly attend conferences, training sessions, and knowledge-sharing initiatives within the Group.

e) Independence of Internal Audit

To enhance independence, the DIA and IA personnel have declared in their signed forms to the Company that there is no conflict of interest or potential conflict of interest arising from any external employment, business, or private interest.

The IAD operates under an IA Charter approved by the Board, which defines its responsibilities, authority, and scope within the Group. Although the DIA oversees both IA and Risk Management, he prioritises IA interests when acting as Head of IA, ensuring clear segregation of duties, roles, and activities between the two (2) functions.

Governance mechanisms introduced in 2021 and incorporated into the IA Charter safeguard the independence of IA, with objective communication to the BAC and separate reporting to the BGRC. These measures ensure that IA activities and resources remain distinct from Risk Management and, in cases of potential conflicts of interest, the BAC may seek external validation to maintain IA's independence.

During the year, the BAC satisfied that the IA function adhered to the IIA's professional standards and Code of Ethics, as well as the IPPF and the MCCG guidelines set by the SC.

Corporate Governance Overview Statement

Principle C

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

- Engagement with Stakeholders
- Conduct of General Meetings



Engagement With Stakeholders

a) Effective, Transparent and Regular Communication

KPS Berhad is committed to fostering strong, transparent, and constructive relationships with our internal and external stakeholders, including shareholders, employees, customers, regulators, business partners, and the communities in which we operate. Our stakeholder engagement practices are guided by a comprehensive Communication Policy that ensures consistency, integrity, and accountability across all our interactions.

The Group's Communication Policy sets clear guidelines for timely, accurate, and accessible information-sharing while upholding confidentiality and regulatory compliance. It outlines the channels through which we engage stakeholders, including investor briefings, employee engagement initiatives, customer feedback platforms, regulatory discussions, and sustainability dialogues.

Through a structured and policy-driven approach to stakeholder engagement, we reinforce trust, enhance corporate resilience, and uphold our commitment to governance excellence and sustainable growth.

When dealing with the investment community, the Company is committed to fostering transparent, timely and consistent communications, recognising the importance of accountability and the avoidance of selective dissemination when disclosing information on the Group's business activities and prospects to its stakeholders. To facilitate effective communication with this audience, the Company has an Investor Relations Policy ("IR Policy") in place, outlining principles and various communication platforms for disseminating information. This ensures that the Board and Management can consistently communicate effectively with shareholders and other stakeholders via the following multiple channels of communication:

- The IAR, SR and relevant circulars were dispatched to shareholders and published on the Company's website
- Issuance of various disclosures and announcements, inclusive of the quarterly financial results of the Group to Bursa Securities
- A series of engagements through investor relations ("IR") programmes, such as analyst and investor briefings
- The AGM/EGM

Furthermore, the Company consistently refreshes its corporate website at www.kps.com.my, ensuring convenient access to corporate information and providing a platform for collecting stakeholder feedback. In addition, the Company has established an integrated IR portal on the corporate website through which shareholders can remain updated on the latest information about the Group, such as corporate announcements, quarterly financial results, stock charts, dividend payments and interactive IAR, to enable them to make informed investment decisions. It is also a channel for shareholder feedback and a platform to ensure their concerns are understood and questions answered.

Guided by the IR Policy, the Company has an IR Strategy that drives effective two-way engagement between KPS Berhad, the investment community, and other stakeholders. The strategy is based on a comprehensive approach to providing factual, adequate disclosure of KPS Berhad's business prospects through various communication channels, enabling shareholders and investors to make informed investment decisions.

The Board has mandated the Management to roll out various IR programmes, amongst others:

- Briefing sessions and presentations to the investment community comprising analysts, investment managers (including one-on-one), strategic shareholders, and minority shareholders at general meetings
- Participation in non-deal roadshows organised by research houses
- Plant visits to subsidiary companies, targeting participants from analysts and fund managers
- Engagement with the media via centralised strategic communication channels

Corporate Governance Overview Statement

Conduct of General Meeting

a) Notice of AGM

The AGM serves as the primary platform for shareholder engagement, enabling the Company to present its business progress and address questions from shareholders, proxies, and corporate representatives. In line with Practice 13.1 of the MCCG and the requirements set out in the Company's Constitution, MMLR of Bursa Securities, and CA2016, the 2025IAR and the Notice of the 48th AGM in 2025 were issued 28 days prior to the meeting. Similarly, the notice for the upcoming 49th AGM, scheduled for 19 May 2026, will be released 28 days in advance.

This notice will include explanatory notes for all proposed resolutions, providing shareholders with detailed insights into their significance and impact in accordance with Guidance 13.1 of the MCCG. Additionally, the notice will be published in the local newspaper, The Star, and made available on the KPS Berhad website at www.kps.com.my and Bursa Securities' website.

b) General Meetings

The Company conducted its 48th AGM on 20 May 2025 and the EGM on 28 July 2025 in a physical format, in line with Paragraph 8.27A of the MMLR. While remote shareholders' participation was not implemented, the Company enabled pre-meeting electronic questions and answers ("Q&A") for shareholders, and conducted on-site electronic polling, with an independent scrutineer appointed to verify the results.

All eight (8) Directors, the Company Secretary, SM, and the external auditors were present at the 48th AGM held on 20 May 2025. In contrast, at the unscheduled EGM held on 28 July 2025, seven (7) Directors were physically present, while one (1) Director was unable to attend due to prior official commitments.

c) Leveraging on Technologies for General Meetings

To promote active shareholder participation at both the AGM and EGM, KPS Berhad remains steadfast in its commitment to harnessing cutting-edge information technology. For instance, shareholders may ask questions electronically before the meeting via the message box on the share registrar's platform. All questions received from shareholders before the meetings will be published and answered by management during the question-and-answer sessions at the AGM/EGM.

In addition, in compliance with Paragraph 8.29A of the MMLR of Bursa Securities, and to ensure the efficient conduct of polling proceedings, all resolutions presented at the AGM and EGM were duly determined by poll voting. Prior to the commencement of polling, a comprehensive video guide outlining the voting procedures was shown at each meeting, ensuring shareholders were well-informed and facilitating a seamless polling experience.

To uphold the highest standards of transparency and integrity, Boardroom Share Registrars Sdn Bhd ("Boardroom") was appointed as poll administrator while Sky Corporate Services Sdn Bhd served as independent scrutineer to verify the poll results. The Chairman formally declared the poll outcomes at the conclusion of each meeting.

All decisions on resolutions tabled at the AGM/EGM were announced to Bursa Securities and published on the corporate website on the same day as the AGM/EGM guaranteeing equitable communication to all shareholders. The voting results were disclosed, including the number of votes for and against for all resolutions.

d) Meaningful Engagement with Shareholders

The Company is committed to fostering robust, meaningful engagement between the Board, SM, and shareholders at its general meetings, as consistently demonstrated by the Chairman's strong advocacy of active dialogue. At the 48th AGM, the MD/GCEO delivered a comprehensive presentation on the Company's Business Review and Prospects, outlining long-term strategic initiatives and key performance highlights across financial and non-financial achievements. Furthermore, the MD/GCEO and SM engaged directly with shareholders in informal settings before, during, and after the meeting to solicit their perspectives and address their concerns, thereby reinforcing a culture of openness and transparency.

At the 48th AGM and EGM of the Company, all shareholder queries were comprehensively addressed and documented in the official meeting minutes. For questions that could not be answered during the live session due to time constraints, written responses were subsequently published on the KPS Berhad website, ensuring full transparency and accessibility for shareholders.

Demonstrating a strong commitment to meaningful shareholder engagement, KPS Berhad has also established an integrated IR portal on the KPS Berhad corporate website. This platform enables shareholders to submit questions and provide feedback beyond the AGM and EGM, thereby fostering ongoing, open communication with the Company.

Corporate Governance Overview Statement

e) Minutes of General Meetings

The minutes of the 48th AGM held on 20 May 2025 and the EGM held on 28 July 2025 were published on the KPS Berhad website on 7 July 2025 (26 business days after the AGM) and 12 August 2025 (9 business days), i.e., not later than 30 business days after the meeting, as outlined under Practice 13.6 of the MCCG.

Focus Areas

The Board and management reaffirm their unwavering commitment to elevating governance standards across the Group. This dedication is demonstrated through ongoing enhancements to CG practices and the systematic implementation of a robust CG Framework across the organisation. Presented below are the three (3) key focus areas of CG that were prioritised during the financial year under review:

a) Consistently Elevating Corporate Governance Standards

Throughout the financial year under review, Management proactively implemented a range of strategic initiatives, including the development and enhancement of CG policies and frameworks, to ensure the Company's continued adherence to evolving regulatory requirements and the adoption of industry-leading CG practices. These measures were meticulously aligned with the provisions of the MMLR of Bursa Securities, the MCCG issued by the SC, and other applicable laws and regulations, as well as the Company's overarching strategic objectives. This steadfast approach underscores our commitment to maintaining exemplary governance standards and fostering sustainable business growth.

b) Strategic Adoption of the Task Force on Climate-related Financial Disclosure Framework

Robust climate-related financial disclosures are essential for empowering stakeholders to accurately evaluate the financial impact of climate-related risks and opportunities on KPS Berhad. By providing comprehensive and decision-useful information, these disclosures enable investors, lenders, customers, regulators, and other key stakeholders to make informed assessments of the Company's financial resilience and capacity to generate long-term value. This commitment to transparent reporting underscores KPS Berhad's dedication to upholding financial stability and sustaining stakeholder trust.

Accordingly, the Board of KPS Berhad formally adopted the TCFD Framework on 28 August 2023 to enhance the Group's ability to identify, assess, and manage climate-related risks and opportunities. Integrating the TCFD framework into governance and decision-making processes strengthens organisational resilience and supports the Group's commitment to long-term value creation and sustainable growth.

The adoption of the TCFD framework aligns the Company with international best practices, enabling the integration of climate-related considerations into strategic planning, risk management, and financial reporting. The framework structures disclosures around four key pillars: governance, strategy, risk management, and metrics & targets. This approach ensures stakeholders receive clear, relevant, and actionable insights into the Company's climate-related financial risks and the mitigation strategies in place.

To ensure consistent and comparable reporting, the Company aligns its TCFD disclosures with IFRS and IFRS S2 Sustainability Disclosure Standards. This approach enhances transparency and regulatory compliance, providing stakeholders with clear information on the Company's management of climate-related risks and opportunities.

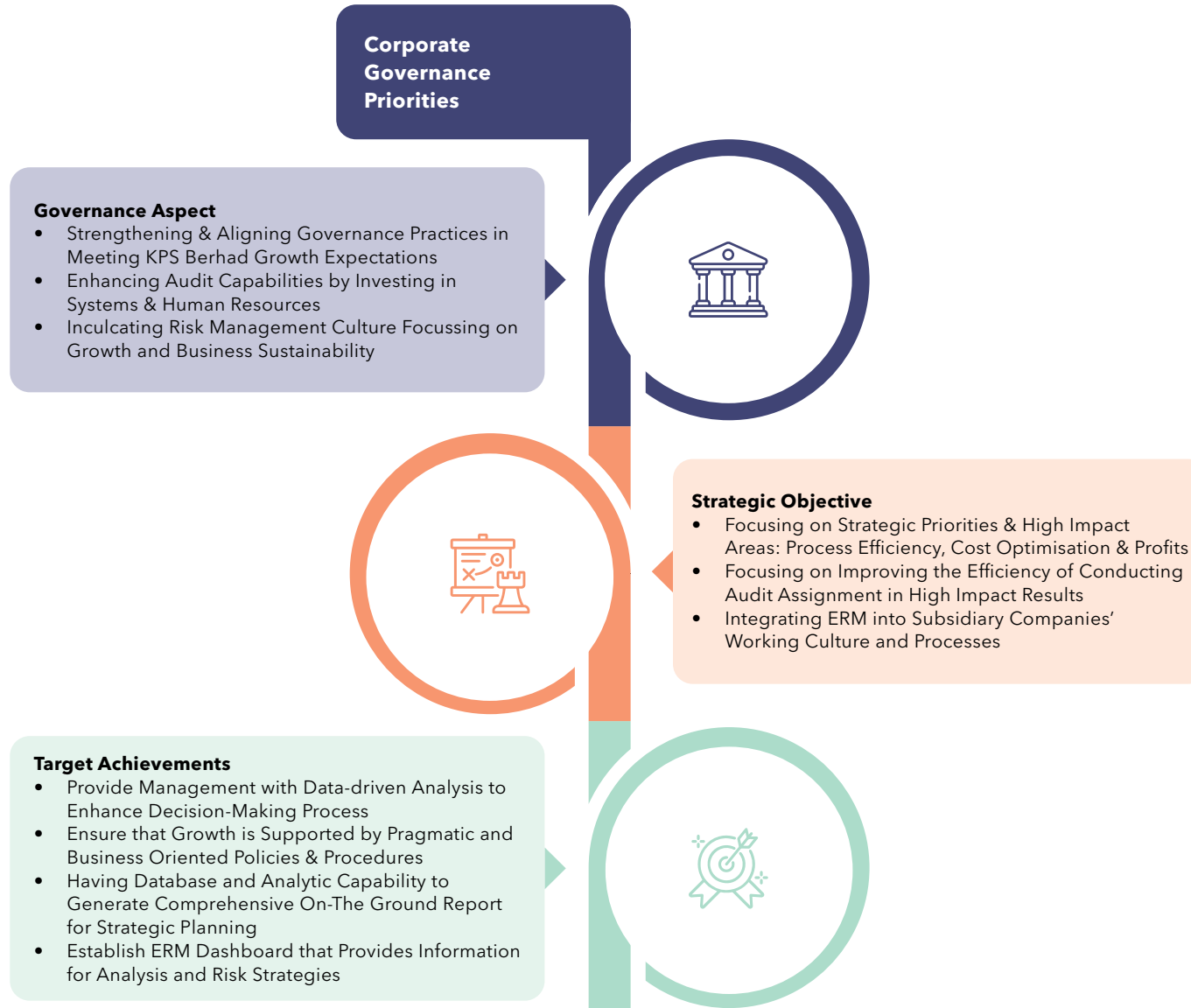
c) Proactively Addressing Stakeholder Expectations

In response to growing expectations from investors and the business community, the Board is dedicated to surpassing CG standards through robust practices and transparent financial reporting. The Company not only ensures compliance but also provides stakeholders with clear insights into its performance. In addition, the Company actively engages stakeholders via established feedback channels, demonstrating its commitment to incorporating stakeholder perspectives into decision-making.

Corporate Governance Overview Statement

Corporate Governance Priorities

Outlined below are the Company's strategic short-term and long-term initiatives to further strengthen and elevate governance practices and processes:



Compliance Statement by the Board of Directors on Corporate Governance Overview Statement

The Board has carefully reviewed and approved the CGOS in accordance with Paragraph 15.25 of the MMLR of Bursa Securities. The Board confirms that, to the best of its knowledge, the Company has complied with all relevant laws and regulations throughout 2025. The CGOS was approved by the Board on 31 March 2026.





Board Audit Committee Report

The Board of Directors (“the Board” or “Director”) is pleased to present the Board Audit Committee (“BAC”) Report which provides insights into the manner in which the BAC discharged its functions for Kumpulan Perangsang Selangor Berhad (“the Company”) and its subsidiary companies (“the Group”) for financial year ended 31 December 2025.

The BAC (as a sub-committee of the Board) plays a substantial role in providing assistance to the Board in fulfilling its oversight responsibilities through review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group’s internal controls from an independent perspective. This is to ensure the Group’s alignment with best practices and that it operates efficiently in a dynamic market environment.

1. Members of BAC and attendance

The composition of the BAC fulfils the MMLR of Bursa Securities Berhad (“Bursa Securities”) as follows:

Committee	Designation	Appointment	Attendance
Datuk Syed Izuan bin Syed Kamarulbahrin (Chairman)	Independent Non-Executive Director	15/08/2022	 6/6
Dato’ Noorazman bin Abdul Aziz (Member)	Independent Non-Executive Director	27/08/2020	 6/6
Sharmila Sekarajasekaran (Member)	Independent Non-Executive Director	1/09/2021	 6/6
Dato’ Ikmal Hijaz bin Hashim (Member)	Senior Independent Non-Executive Director	26/03/2024	 6/6

- Comprised no fewer than three (3) members
- All four (4) members are Non-Executive Directors, the majority of whom, including the BAC Chairman are independent and none of whom are alternate Directors
- Having at least one (1) qualified accountant member in fulfilling the requirements of paragraph 15.09(1)(c) of the MMLR

The BAC Chairman, Datuk Syed Izuan bin Syed Kamarulbahrin, is a fellow member of the ACCA, UK, a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants.

2. Meetings

The BAC met on six (6) occasions during the financial year with meetings conducted in accordance with the requisite quorum as stipulated in the BAC’s Terms of Reference (“TOR”). Detailed TOR for the BAC is available online under the Investor Relations-Corporate Governance section of the Company’s website at www.kps.com.my.

3. Summary of activities

The BAC deliberates various agendas in its meetings such as in relation to the quarterly unaudited financial statements, accounting policies and reporting matters, internal control matters as well as other topics that are relevant to the Group’s business and investments. The BAC invites the MD/GCEO, DCEOFCs and the Internal Audit Director to attend BAC meetings. Upon request by the BAC, other members from the Management will attend certain BAC meetings.

During the financial year, the BAC also held separate meetings with External Auditors without the presence of the Management to discuss any matters of concern.

In conducting its roles and responsibilities, the BAC is guided by its TOR, which was approved by the Board and aligned to the provisions of the MMLR and other best practices. During the financial year under review, the BAC in the discharge of its functions and duties carried out the following:

3.1 Financial Reporting

- On 21 February 2025 and 20 March 2025, the BAC reviewed the financial results for the fourth quarter ended 31 December 2024 and the audited financial statements for the financial year ended 31 December 2024, respectively, and recommended the same to the Board for approval.
- The BAC reviewed the quarterly Management’s impairment assessment on the non-current and current assets in the Group as part of the quarterly financial results review for the fourth quarter of 2024, and the first, second and third quarter of 2025 on 21 February 2025, 19 May 2025, 20 August 2025, and 21 November 2025, respectively.
- During the quarterly financial results for the first, second and third quarter of 2025 on 19 May 2025, 20 August 2025, and 21 November 2025, respectively, the BAC also reviewed and recommended the same to the Board for approval.
- On 23 February 2026 and 8 April 2026, the BAC reviewed the financial results for the fourth quarter ended 31 December 2025 and the audited financial results for the year ended 31 December 2025, respectively, and presented the same to the Board for approval.

Board Audit Committee Report

- e) During the reviews, the BAC sought from the Management additional details, and explanation of material line items as well as line items that had significant movement. The material line items include related party transactions (“RPT”) entered by the Company and the Group and the potential impairment of assets.
- f) On 22 January 2026, the BAC deliberated on significant matters requiring its attention and decision and sought further clarification and information from Management to support informed deliberation and resolution. On 21 February 2025, BAC reviewed the proposed Inventory Management Policy and recommended the policy for the Board’s approval.

3.2 External Audit

- a) On 21 February 2025, the BAC was updated by External Auditors BDO PLT (“BDO”) on Areas of Audit Emphasis by External Auditors for the year ended 31 December 2024 and reviewed the issuance of Letters of Financial Support to subsidiary companies for the financial year ended 31 December 2024.
- b) On 20 March 2025, the BAC was updated by BDO on finalised Areas of Audit Emphasis by External Auditors for the year ended 31 December 2024. The BAC reviewed the External Auditors Assessment for financial year ended 2024 and proposed change of Auditors for Financial Year Ending 31 December 2025 and recommended the same to the Board for approval. The proposed change of Auditors from BDO to Ernst & Young PLT (“EY”), as part of sound business practice to benefit from a fresh perspective, was subsequently approved by the shareholders at the 48th Annual General Meeting (“AGM”) held on 20 May 2025.
- c) On 20 August 2025, the BAC reviewed and discussed with the Management, together with the new External Auditors, EY, the 2025 Audit Planning Memorandum presented by the latter, prior to commencement of the audit. The following items were deliberated during the review and discussion:
 - Business Insights and Risks
 - EY engagement team members
 - EY audit approach with detail on audit timeline, materiality and others
 - Audit quality and independence
 - Audit fees
- d) On 21 November 2025, the BAC received and discussed updates from EY on Interim Audit Status and First Impression Report for the financial year 2025.

- e) On 21 February 2026, the BAC reviewed the issuance of Letters of Financial Support to subsidiary companies for the financial year 31 December 2025 and recommended the same to the Board for approval. The BAC also received and discussed updates from the External Auditors on the status of the 2025 annual audit as well as discussion on key issues within their duties and responsibilities.
- f) On 27 March 2026, the BAC reviewed and recommended to the Board for approval on the External Auditors Assessment for the financial year ended 31 December 2025 and recommended for the re-appointment of EY as the External Auditors of the Company to be tabled at the upcoming 49th AGM and thereafter to authorise the Board to fix their remuneration.

Subsequently on 8 April 2026, the BAC reviewed and recommended to the Board for approval the final draft of Audited Financial Statements for the financial year ended 31 December 2025.

- g) The BAC held without the Management’s presence, three (3) private sessions on 21 February 2025, 21 November 2025 and 27 March 2026, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the financial statements that require special attention of the BAC other than those areas of audit emphasis highlighted. The BAC also enquired whether the External Auditors received cooperation from the Management during their course of auditing.

3.3 Internal Audit

- a) Reviewed and approved the result of 2024 Internal Audit Department (“IAD”) Key Performance Indicators (“KPI”) and 2025 KPI and Budget on 21 February 2025. The BAC approved the revised 2025 KPI after they were tabled for review on 20 March 2025. On 20 March 2025, BAC Report and Statement on Risk Management and Internal Control (“SORMIC”) were deliberated for inclusion in the 2024 Integrated Annual Report.
- b) Reviewed and discussed the 2025 internal audit reports and progress during the series of BAC meetings and sought the Management’s explanation on issues highlighted in the internal audit reports.
- c) Reviewed on a quarterly basis, the status of implementation of the internal audit recommendations by the Management and sought its explanation on long overdue action items.
- d) Pre-BAC meetings were held between the BAC Chairman, Internal Audit Director to discuss key internal controls and internal audit related matters.
- e) Reviewed, deliberated and approved the 2026 Internal Audit Plan for the Company and the Group on 21 November 2025.

Board Audit Committee Report

- f) Reviewed and approved the results of IAD 2025 KPIs and 2026 KPIs Planning and Budget on 23 February 2026.
- g) On 27 March 2026, deliberated on the BAC Report and SORMIC for inclusion in the 2025 Integrated Annual Report.

3.4 Other Matters

- a) On 19 May 2025, the BAC reviewed and notified on the Non-Audited Services performed by EY.
- b) The BAC reviewed and recommended to the Board the proposed single-tier final dividend for FY2024 and proposed renewal of the existing Shareholders' mandate for Recurrent Related Party Transactions ("RRPT") on 20 March 2025 to be tabled at the 48th AGM for Shareholders' approval.
- c) On 1 July 2025, the BAC reviewed and recommended to the Board the proposed renewal of the existing Shareholders' mandate for RRPT to be tabled at the Extraordinary General Meeting for Shareholders' approval.
- d) On 20 August 2025, the BAC reviewed the revision of BAC Term of Reference, revision of Treasury Policy and Dividend Policy and recommended it to the Board for Approval.
- e) On 21 November 2025, the proposed single-tier interim dividend for FY2025 and proposed intercompany settlement between the Company and its subsidiary companies via capital redemption and capital reduction were reviewed and recommended to the Board for approval.
- f) The BAC reviewed and recommended to the Board for approval on 21 November 2025, the revised Appointment of External Auditors Policy that merged with the External Auditors' Assessment Policy as one policy to be known as Appointment and Assessment of External Auditors Policy.
- g) The BAC reviewed and recommended to the Board for proposed single-tier final dividend for FY2025 and proposed renewal of existing shareholders' mandate for RRPT on 27 March 2026 to be tabled at 49th AGM for Shareholders' approval.

The BAC Chairman at each Board meeting updated the Board on principal matters deliberated at each BAC meeting. Minutes of the BAC meetings were tabled for confirmation at the following BAC meeting and the BAC is of the view that matters reported by it to the Board for the financial year were satisfactorily highlighted and/or resolved.

4. Conflict of Interest

The BAC members and the Management are required to disclose any conflicts of interest that may arise based on the agenda items tabled for the meeting. The requirements for declaration concerning any conflict of interest or potential conflict of interest that may arise is included in the notice of meeting and minutes of the meeting. Should there be any conflict of interest, the affected person must observe the Company's Conflict of Interest Policy, i.e. not to participate in any discussion while the subject matters are being considered and shall not vote on the relevant resolution thereof.

5. Others

Throughout the financial year, the BAC members attended various seminars, training programmes and conferences to keep abreast of changes in the industry, business environment and regulatory requirements. Details are set out in the Corporate Governance Report under Practice 9.5.

The Internal Audit Function

- a) The internal audit function of the Company is performed in-house by the IAD. The IAD undertakes a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes within KPS Berhad Group.
- b) During the financial year, the IAD was headed by an Internal Audit Director, who is independent and report directly to the Chairman of Board Audit Committee. The Internal Audit Director is assisted by one (1) Manager, one (1) Assistant Manager, one (1) executive internal audit and three (3) assurance officers at subsidiary companies namely at Century Bond Bhd, Toyoplas Manufacturing (Malaysia) Sdn Bhd and CPI (Penang) Sdn Bhd. The Internal Audit Director is a member of the Association of Chartered Certified Accountants ("ACCA") and the Institute of Internal Auditors with more than 21 years of internal auditing experience.
- c) IAD provides independent and objective assurance on the areas of operations reviewed and makes recommendations to improve the operations of the Company and its subsidiary companies.
- d) The IAD is guided by its Internal Audit Charter ("the Charter"). The Charter sets out the purpose, scope and responsibilities of the IAD and how it maintains its independence from the Management.

Board Audit Committee Report

e) The mission of IAD is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight on the effectiveness of governance, risk management and internal controls processes in relation to the following:

- Achievement of the organisation's goals and strategic objectives
- Reliability and integrity of financial and operating information
- Effectiveness and efficiency of operations and programmes
- Safeguarding assets
- Compliance with laws, regulations, policies, procedures and contracts

f) The IAD's performance and conduct in evaluating the effectiveness of the governance, risk management and internal control processes is guided by the International Professional Practices Framework ("IPPF") which is a conceptual framework that organises authoritative guidance issued by The Institute of Internal Auditors ("IIA"). The IIA is a trusted, global, guidance-setting body which provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Securities.

g) During the financial year, the IAD assisted the BAC in discharging its duties and responsibilities by executing the independent review on the adequacy and effectiveness of the governance, risk management and internal control processes implemented by the Management. IAD also supported and conducted a review upon request by the Management or Board Audit Committee.

The summary of works that were carried out by the IAD during the financial year encompassed the following:

- i. Prepared a risk-based Annual Internal Audit Plan for deliberation and approval by the BAC to determine the priorities of the internal audit works, consistent with the organisation's goals. Main factors taken into consideration when preparing the audit plan were the strategic and operational objectives, audit history and risk profiles of each auditable area.
- ii. Performed audits that covered business units (subsidiary companies) and support functions as per the approved Annual Internal Audit Plan. Areas reviewed under the respective audits include:

- **Business Units (subsidiary companies)**

Review of processes in relation to the establishment of business plan and strategies, effectiveness and efficiency of operations, adequacy of risk management practices, control and monitoring activities, ensuring plans were accomplished and that assets were safeguarded, reliability and integrity of financial information as well as compliance with relevant policies, procedures and regulations.

- **Company Support**

Review of processes in relation to adequacy of risk management, control activities and monitoring activities within the Support Functions in ensuring that operations were effective in achieving their established objectives.

- iii. Discussed and addressed internal audit findings and recommendations with auditees.
 - iv. Presented internal audit reports that contain improvement opportunities, internal audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the BAC at least at quarterly intervals.
 - v. Conducted and reported quarterly follow-up reviews to determine and verify the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2025 Internal Audit reports and External Audit reports for FY2024 with progress updates provided to the BAC.
 - vi. Subsequently, these internal audit reports and quarterly follow-up are presented to the boards of the relevant subsidiary companies for their notation and management actions.
 - vii. Conducted quarterly reviews on the impairment of assets and related party transactions/recurrent related party transactions.
 - viii. Presented to the BAC on a quarterly basis, the IAD's progress relative to the Annual Internal Audit Plan.
- h) For the year ended 31 December 2025, the total cost incurred by the IAD during the year was RM1.1 million (FY2024: RM1.6 million), excluding the cost borne by the assurance officers. IAD has undertaken eight (8) audits out of eight (8) (100%) including two (2) ad hoc reviews as per the request of the BAC and Management.
 - i) All internal auditors and assurance officers possess tertiary qualifications, four (4) of whom have either relevant internal audit and/ or accounting professional qualifications and are committed to continuously enhancing their competencies and proficiencies through relevant professional courses, on-the-job training and relevant functional trainings.
 - j) In maintaining independence and objectivity, the IAD ensures that the internal auditors are free from any relationship or conflict of interest when performing their duties.

Statement on Risk Management and Internal Control

1. Introduction

The Board of Directors (“Board” or “Director”) of Kumpulan Perangsang Selangor Berhad (“KPS Berhad” or “the Company”) is pleased to present this Statement on Risk Management and Internal Control (“SORMIC” or “this Statement”) for the financial year ended 31 December 2025. This Statement outlines the Company and its subsidiary companies (“the Group”)’s risk management and internal control framework, ensuring alignment with the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” issued by Bursa Securities Malaysia Berhad (“Bursa Securities”) and compliance with paragraph 15.26(b) of the MMLR of Bursa Securities.

The Board is committed to upholding a robust system of risk management and internal control. These frameworks are seamlessly integrated into the Group’s business activities, ensuring effective governance and safeguarding stakeholder interests. This Statement excludes associate companies over which the Group does not have management control.

2. Roles And Responsibilities

The Board

The Board affirms its commitment to ensuring effective governance and robust risk management throughout the Group. Its key responsibilities include:

- **Setting the Group’s Risk Appetite:** Defining acceptable tolerance levels to guide decision-making and strategic planning
- **Overseeing the Risk Management Framework and Internal Control Systems:** Ensuring these frameworks are designed to manage risks effectively and align with the Group’s strategic objectives
- **Providing Periodic Reviews:** Regularly evaluating the effectiveness and adequacy of the frameworks by identifying, assessing, and monitoring key risks
- **Ensuring Compliance and Business Continuity:** Maintaining adherence to regulatory requirements and maintaining business resilience through continuity planning.
- **Facilitating Stakeholder Communication:** Supporting transparent and timely communication of risk-related information to stakeholders

The Board delegates specific responsibilities to the BGRC, BAC and SBC. These committees, alongside the Board, convene quarterly to deliberate on risk management and internal control matters. Through this structure, the Board safeguards shareholder investments and protects the Group’s assets.

Board Governance and Risk Committee

The BGRC oversees risk management, compliance, integrity, and governance across the Group. Its responsibilities include:

- Establishing and maintaining an effective framework for identifying, evaluating, and managing risks
- Overseeing regulatory compliance, governance practices, and risk frameworks, including those related to cybersecurity and sustainability
- Promoting a strong culture of ethics and integrity throughout the Group by embedding these principles into governance practices and decision-making

Board Audit Committee

The BAC assists the Board in fulfilling its fiduciary responsibilities by upholding corporate governance standards, ensuring accurate financial reporting, and maintaining effective internal control systems. It plays a critical role in reviewing financial and risk-related matters, evaluating audit findings, and aligning internal controls with the Group’s strategic goals.

Sustainability Board Committee

The SBC assists the Board in providing oversight and direction on the Group’s sustainability framework, ensuring that policies, roadmaps and ESG targets. It is responsible for reviewing materiality matters and sustainability budgets while monitoring the integration of initiatives to enhance performance as corporate citizens. The Committee also oversees stakeholder engagement and ensures compliance with global and local reporting standards, including IFRS S1 and S2.

The primary duties of the Board, BGRC, BAC and SBC concerning risk management and internal controls are incorporated in the Board Charter and respective TOR of BGRC, BAC and SBC accessible on the Company’s official website at www.kps.com.my.

Statement on Risk Management and Internal Control

Management

The BGRC, BAC and SBC are supported by the KPS Berhad Management team and Heads of Department who regularly review and discuss key risk issues, regulatory compliance matters, sustainability and operational concerns, including effectiveness of internal control systems across all subsidiary companies. These discussions take place during quarterly Executive Committees (“EXCO”) meetings, Risk and Governance Working Committee (“RGWC”) meetings, Corporate Sustainability Champions (“CSC”) meeting and subsidiary Board meetings.

The RGWC which chaired by the MD/GCEO or DCEOFCs assists the BGRC in providing the oversight, direction and counsel on the overall risk management process. It is also responsible for establishing and reviewing the risk management framework, processes and responsibilities; and providing reasonable assurance that the risks are managed within tolerable ranges.

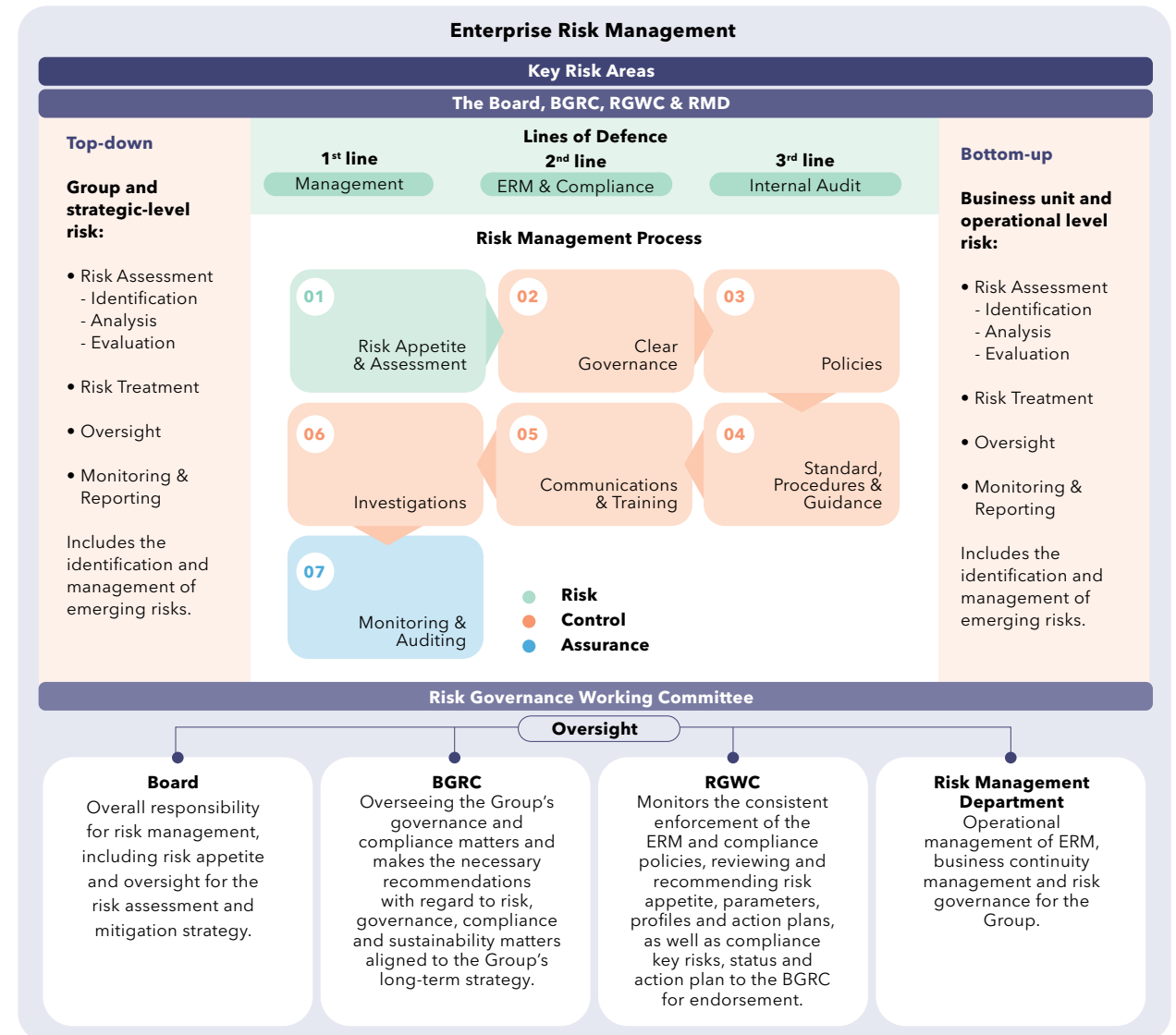
The EXCO is responsible to monitor the implementation of all decisions and policies made by the subsidiary company board and to ensure that the business and operations of the subsidiary is carried out in accordance with the business plan approved by the subsidiary’s board.

The CSC coordinates the Group’s sustainability agenda by ensuring initiatives progress in line with agreed plans, timelines and priorities. It identifies and evaluates material sustainability-related risks and opportunities, and recommends relevant ESG KPIs, targets and performance indicators aligned with the Group’s strategy. The CSC also provides direction to guide sustainability efforts across the Group and promotes consistent sustainability practices across business units and subsidiary companies.

3. Enterprise Risk Management

3.1 Risk Management Framework

KPS Berhad adopts MS ISO 31000 Risk Management Standard as a guideline for identifying, evaluating, managing and monitoring significant risks by the Group to align its risk management process with the industry’s best practices. The following diagram illustrates the risk management governance, context and framework.



Statement on Risk Management and Internal Control

KPS Berhad’s ERM structure encompasses all levels of the organisation, from the Board to its subsidiary companies. This integrated framework ensures that material risks identified at the subsidiary level are consolidated during EXCO meetings, reviewed by the RGWC, and subsequently escalated to the BGRC and the Board for final oversight.

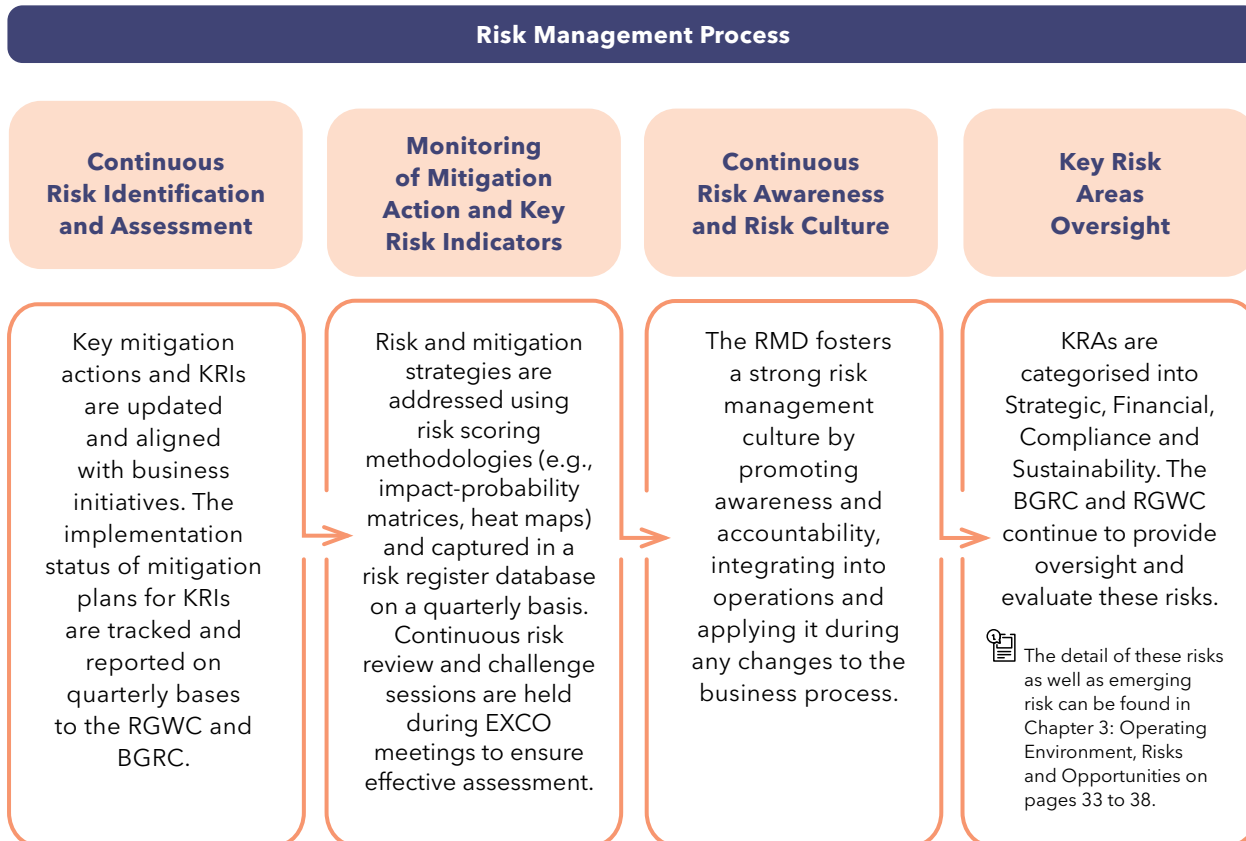
3.2 Risk Management Process

The Company has established a risk management process to systematically identify, assess, mitigate and monitor risks that may impact business objectives. Risk assessments are conducted continuously using structured methodologies, with Key Risk Indicators (“KRI”) tracked to ensure alignment with strategic goals.

The Risk Management Department (“RMD”) plays a key role in embedding a strong risk-awareness culture across the organisation. Oversight and governance are provided by the BGRC and the RGWC, ensuring that Strategic, Financial, Compliance and Sustainability risks are effectively managed. This structured approach enhances resilience, accountability and sustainability business growth.

3.3 Emerging Risks

As part of our commitment to maintaining a proactive and resilient risk management posture, the Group consistently scans the emerging risk landscape to identify potential threats that may impact our long-term strategic objectives. On a quarterly basis, the BGRC reviews these emerging risks, ranging from technological shifts to evolving sustainability regulations, to ensure that our risk profiles remain current and that preemptive mitigation strategies are integrated into our operational planning. This structured, ongoing evaluation allows the Group to remain agile and well-prepared for foreseeable future events in an increasingly dynamic business environment.



Statement on Risk Management and Internal Control

4. Business Continuity Management

The Business Continuity Management (“BCM”) framework aligns with ISO22301:2019, ensuring continuity of critical functions during disruptions. This policy enhances the relevance and integration of the BCM Systems Manual, ensuring uniform alignment of processes and procedures for managing business disruptions across the Group. Proper BCM enhances the Group’s resilience and preparedness for disasters, encompassing crisis management, crisis communication, disaster recovery and simulations, as detailed below:

During the year under review, the Group achieved several key milestones in strengthening its BCM posture across its subsidiary companies:

- **Full-scale BCM exercise:** A comprehensive BCM exercise was successfully conducted for CPI, encompassing a Business Impact Analysis (“BIA”) to identify Critical Business Function (“CBF”) and the development of tailored Business Continuity Plan (“Plan”). Awareness sessions were conducted for relevant staff to instill a culture of preparedness
- **Crisis Management Simulation:** Dedicated Crisis Management Desktop Simulation were conducted for Aqua-Flo, CPI, MDS Advance. These exercises were designed to test the readiness of the respective management teams in responding to localised threats and to validate the robustness of their crisis management protocols
- **Integrated Group-Level Coordination:** The simulations for Aqua-Flo, CPI and MDS were conducted in alignment with the KPS Berhad Crisis Management Team. This ensures crisis communications and response strategies are fully integrated and streamlined between the subsidiary companies and the Group level, maintaining a unified command structure to minimise damage and ensure business continuity during a crisis

Crisis Management Plan (“CMP”)

The CMP serves as a guide to the Crisis Management Team (“CMT”) in responding to business disruptions, resuming essential operations and minimising damage costs. It outlines the roles and responsibilities during emergencies, including resource deployment and use of life safety features to protect assets, IT infrastructure, people and business dependencies. The CMP has been communicated and adopted by key subsidiary companies, each forming their CMT to ensure preparedness and response to crises.

Crisis Communication Plan (“CCP”)

The CCP follows a one-voice policy, outlining the roles and responsibilities of departments to communicate with stakeholders and the media during a crisis to mitigate reputational damage. It includes procedures for coordinating internal and external communications, ensuring all involved are familiar with mobilisation, escalation procedures and their roles.

Disaster Recovery Plan (“DRP”)

The DRP ensures the continuity of basic business functions during disasters by preventing loss of resources, minimising IT downtime and sustaining operations. Key systems are hosted on cloud services with daily backups and disaster recovery measures. An annual disaster recovery drill is conducted with the hosting provider and key subsidiary companies to validate data backup efficacy.

Simulations Exercise and Testing

Simulation exercises and test scenarios are essential components to the BCM programme activities in verifying the effectiveness of emergency preparedness. KPS Berhad aims to sustain a high level of competency and readiness among its key stakeholders in managing and responding to crises or disasters.

Statement on Risk Management and Internal Control

5. Control Structure And Environment

The Group has established an internal control structure. It is committed to continuously evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations as well as to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibility and delegated authority to assist the Board in maintaining proper control.

5.1 Board Committees Have Clearly Defined Roles and Terms of Reference

Each Board Committee within the Group has a distinct role and TORs outlining specific functions, authority, and responsibilities. The management of subsidiary companies is delegated to their CEO, with their roles clearly defined in their respective job descriptions. Authority limits for these executives are established by their respective boards, and major decisions undergo thorough analysis before final approval by the relevant board within the Group. Details of the Board Charter are available on the Company's website at www.kps.com.my.

5.2 Independence of the Board Audit Committee

Members of the BAC comprising exclusively Non-Executive Directors of the Board are leaders of high calibre and integrity; they collectively possess vast experience, knowledge and expertise across many industries. The BAC plays a significant role in helping the Board to fulfil its oversight responsibilities through the review of financial information and to provide an unbiased review of the effectiveness and efficiency of the Group's internal controls from an independent perspective.

The BAC has explicit authority to review and investigate any matters within its TOR and has:

- The required resources to perform their duties
- Full and unrestricted access to any information pertaining to the Company and Group including the support and cooperation from Management
- Direct communication channels with both the External and Internal Auditors to obtain independent professional advice
- The right to convene meetings with the External Auditors, the Internal Auditors, or both without the presence of other Executive Directors and employees of the Company, whenever deemed necessary

In addition, the BAC also ensures the objectivity, effectiveness and independence of the Internal Audit Function ("IAF") of the Management. The direct accountability of IAF to the BAC enables the internal audit activity to be independent and the Internal Auditors to be objective in performing the internal audit activities. The details of the BAC TOR can be found on the Company's website at www.kps.com.my.

5.3 Internal Audit

The IAD, an integral part of the Group's internal control systems, reports directly to the BAC. The IAD's primary role is to provide independent and objective assurance designed to add value and improve the efficiency of operations within the Group. It assists the Group in achieving its objectives by bringing systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The annual internal audit plan, established on a risk-based approach, is reviewed and approved by the BAC annually. The IAD's performance and conduct are guided by the International Standards for the Professional Practice of Internal Auditing ("the IIA Standards") and the International Professional Practices Framework ("IPPF"). IPPF is the conceptual framework that organises authoritative guidance issued by the Institute of Internal Auditors ("IIA"). The IAD is also guided by the MCCG established by Bursa Securities.

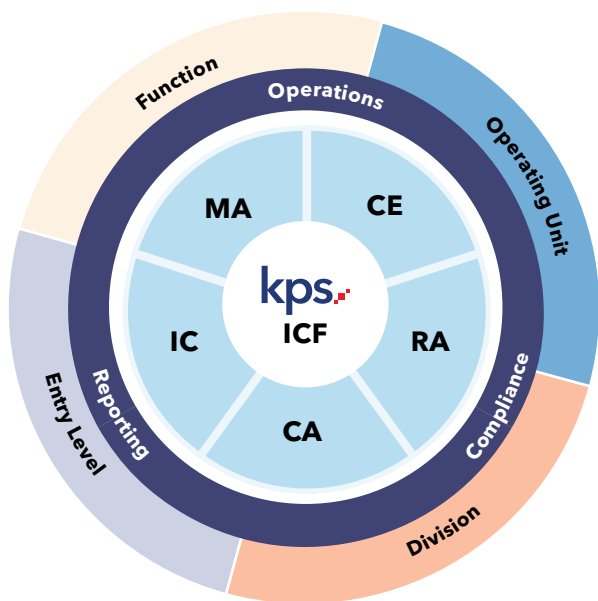
The IAD TOR has been reviewed and amended to reflect mechanisms ensuring that internal audit remains independent even if the Head of Internal Audit also oversees risk management. This includes establishing clear segregation of duties, roles and activities between the internal audit and risk management functions.

5.4 KPS Berhad Internal Control Framework

An effective internal control system aligns with the Company's mission, strategies, and business objectives. To support this, KPS Berhad established the Internal Control Framework ("KPS-ICF"), which was approved by the Board on 28 May 2020. The framework strengthens governance and standardises internal controls across the Group to achieve strategic objectives.

Statement on Risk Management and Internal Control

The KPS-ICF is based on the globally recognised the Committee of Sponsoring Organisation (“COSO”) Internal Control-Integrated Framework. Its circular design illustrates the Group’s approach to internal controls, incorporating five core components: control environment, risk assessment, control activities, information and communication, and monitoring. These components align with the framework’s primary objectives while reflecting the organisational structure.



The Board has also approved the adoption of KPS-ICF across all subsidiary companies, ensuring consistency in internal control structures and supporting the Group’s strategic goals.

5.5 Documented Internal Policies And Procedures

The Group periodically reviews, updates and establishes the internal policies and standard operating procedures for improvement and to reflect changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

Financial Management	
Delegation of Authority (“DOA”) and Limit of Authority/ Financial Authority Limit (“LOA/FAL”)	The DOA defines decision-making powers within KPS Berhad, while the LOA/FAL establishes financial thresholds for approving expenditures or transactions, promoting effective decision-making, streamlining processes, enhancing accountability and ensuring financial control within the Group.
Foreign Exchange (“FX”) Policy and Guidelines	The FX policy is designed to support international business operations, as the Group faces FX risks that could impact revenue, cost competitiveness and profitability. The primary goal of the FX Policy is to prudently manage and mitigate all FX exposures to minimise the adverse effects of exchange rate fluctuations.
Related Party Transaction (“RPT”) Policy	The guidelines ensure that all related party transactions within KPS Berhad and its subsidiary companies are reviewed by the BAC and approved by the Board, conducted on an arm’s length basis with proper disclosure of conflict of interest, and comply with relevant disclosure requirements.
Dividend Policy	<p>The Board approved Dividend Policy outlines the Company’s intention to pay at least 30% of its audited consolidated normalised annual PATAMI, subject to affordability and the availability of distributable reserves. This policy ensures that dividend declarations align with the Company’s financial position, operating performance and future investment needs, supporting equitable and sustainable shareholder returns.</p> <p>This Policy also provides guidelines to ensure that dividend declarations reflects the subsidiary companies’ financial and cash flow positions, operating performance and future investment needs, supporting sustainable returns to shareholders.</p>

Statement on Risk Management and Internal Control

Governance	
Personal Data Protection (“PDP”) Policy	The Personal Data Protection Act 2010 (“PDPA 2010”) regulates the processing of personal data in commercial transactions. In compliance with this Act, KPS Berhad has implemented a PDP Policy. This policy outlines the guidelines and standards for the Group to manage the collection, processing, usage, retention and disclosure of personal data, ensuring adherence to the PDPA 2010.
Compliance Policy	The Legal and Compliance Department (“LCD”) oversees compliance risk assessment activities to identify, assess, mitigate and educate KPS Berhad employees about non-compliance risks. These efforts aim to provide reasonable assurance that the Group’s operations and activities align with key regulatory requirements. Additionally, the LCD reports on the Group’s compliance status through quarterly updates to the relevant boards.
Strategy, Business Planning and Investment SOPs	The Group has established procedures for business planning, investment evaluation and monitoring which include business planning process and approval, investment mandate and criteria, tracking mechanism and establishment of the Investment Evaluation Committee (“IEC”) and BIRC, whose TOR are reviewed periodically.
Investor Relations (“IR”) Policy	The IR Policy ensures compliance with Bursa Malaysia securities legislation and other relevant laws regarding the disclosure of material information. It aims to manage investor expectations by providing all required disclosures in a clear, timely and consistent manner. The IR Policy guides the Board, Management and employees in effectively communicating with shareholders, investors, stakeholders and the public. It also facilitates feedback for future business decisions.
Sustainability Policy	This Policy serves as a key component of the Group’s ERM by integrating sustainability principles into core investment activities. This approach enables the proactive identification, assessment and mitigation of a broader range of risks, including environmental, social and governance factors. By embedding sustainability criteria into risk assessment, the Group gains deeper insights into emerging risks such as climate change, resource management, social inequality and regulatory changes.
IFRS S2 Framework	KPS Berhad’s adoption of the IFRS S2 framework enhances our management of climate-related risks and opportunities. By integrating climate considerations into strategic planning and risk management, we aim to ensure long-term business resilience and sustainability. The IFRS S2 framework helps us identify and mitigate potential climate impacts, maintain operational continuity and promote transparency through clear reporting, enabling informed decision-making and accurate assessment of our climate risk exposure.

Statement on Risk Management and Internal Control

Integrity	
Whistleblowing Policy and Guidelines ("WB Policy")	The WB Policy enables employees and the public to raise concerns about wrongdoing within the Group. The policy aims to encourage early and appropriate reporting of concerns, provide avenues for raising concerns and receiving feedback, and protect complainants from reprisal. The IGU manages the WB Policy, escalating complaints to the Chairman of the BGRC. Further details and contact information for the whistleblowing officer and lodging a concern are available on the Company's website.
Code of Business Conduct and Ethics ("COBE")	KPS Berhad has established a COBE that applies to all directors, employees, subsidiary companies and third parties performing services for the Group. COBE focuses on promoting ethical business conduct, providing guidance on recognising and addressing ethical issues and offering mechanisms to report unethical conduct.
Supplier Integrity Pledge	To ensure that all appointed suppliers and vendors of KPS Berhad and its subsidiary companies understand and are fully committed to the COBE, the Company requires them to execute the Supplier Integrity Pledge upon commencing business or registering as suppliers. This reinforces the Company's commitment to conducting business with integrity and ethical standards.
Anti-Bribery and Corruption ("ABC") Policy	The ABC Policy, established in November 2019 and adopted by all subsidiary companies in March 2020, ensures the Group's compliance with Section 17A of the MACC Act 2018. The policy applies to the Group, its controlled organisation, business associates, the board and all employees to cultivate a corruption free business environment.
Corruption Risk Management ("CRM") Framework	KPS Berhad has developed a CRM framework, adopted by all subsidiary companies, to profile and manage corruption risks through a structured risk assessment approach. The CRM aligns with ISO 37001:2016 - Anti Bribery Management System, focusing on root cause analysis and corruption risk assessment periodically and report bi-annually to the MACC. This ensures compliance with Section 17A of the MACC Act 2018.
Declaration of Conflict of Interest ("COI") by Employee and Board of Directors	In addition to the established policies promoting an integrity culture, KPS Berhad ensures transparency and proper declaration of potential conflicts of interest by requiring all employees, including those in subsidiary companies, to submit an annual COI Form to the HRD. Employees are also obligated to promptly disclose any potential conflicts of interest to business dealings, employment or pricing services. This commitment extends to the Board level.

Statement on Risk Management and Internal Control

People Management

Anti-Harassment Policy ("AHP")	KPS Berhad has established the AHP to ensure a safe, conducive and harassment-free environment for all employees, in line with the 2023 amendments to the Employment Act 1995. The AHP outlines the procedures for lodging harassment complaints and ensures that all records and findings are treated confidentially. Investigations are conducted to implement corrective actions as required by law.
Human Resource Policies	These Policies provide transparent guidelines to ensure impartial and consistent HR practices, supporting efficient business operations and workforce management. Aligned with good corporate governance and employment regulation, these policies covering areas such as talent management, performance, COI, remuneration, leadership appointments, gender diversity, and ethics are implemented and monitored by the HRD. HRD also drives transformation programmes to foster a high - performance culture, enhance governance and promote operational excellence. These policies comply with relevant Malaysian laws, including the Employment Act 1955, Industrial Relations Act 1967 and MACC Act 2009.
Quality, Safety, Health and Environment ("QSHE") Policy	The Board has approved the QSHE Policy to continuously improve the quality of work, services and the safety, health and environmental performance of employees to ensure all work activities are conducted safely, preventing potential non-conformities, workplace injuries and environmental issues.

Technology Management

Cybersecurity Framework	The Cybersecurity Framework has been established to align cybersecurity governance with the Group's business objectives. This framework aims to protect the systems and information of KPS Berhad and its subsidiary companies from cyber threats, enhancing the Group's overall cybersecurity capabilities.
Data Protection Framework	The Data Protection Framework provides a structured approach to ensure legal compliance, safeguard data privacy, manage risks and build stakeholder trust. Its objectives are to align data protection with cybersecurity initiatives and business goals, establish data governance, and implement principles, policy and procedure to protect data privacy, confidentiality, integrity and availability.
Information Technology Policy	The IT Policy aims to promote, standardise and implement IT activities across the Group, ensuring the protection of IT resources, alignment of security measures with business needs and maintenance of data integrity and security. The policy is periodically reviewed and updated with enhanced cybersecurity controls based on COBIT5, in line with KPS Berhad Cybersecurity Framework.

Statement on Risk Management and Internal Control

6. Monitoring and Review

The processes adopted to monitor and review the effectiveness of the internal control system are as follows:

- i) All subsidiary companies are required to submit monthly Management Reports to their respective EXCO and Finance Departments. These reports include comparisons of actual performance against the previous year and the budget, with significant variances explained and corrective actions implemented to address gaps.
- ii) The Board Investment Review Committee ("BIRC") reviews investment and divestment proposals, as well as investee performance reports, on a quarterly basis. The Chairman of the BIRC reports the outcomes of these deliberations to the Board to ensure informed decision-making.
- iii) Quarterly reports on risk, compliance, integrity, and IT are tabled for discussion at the RGWC and BGRC meetings. These reports are then submitted to the Board for deliberation and action.
- iv) The SBC convenes three times a year supported by Investor Relation, Sustainability and Corporate Communication ("IRSC") department, as well as KPS Berhad management and subsidiary management to review materiality matters. These reports are subsequently recommended to Board for approval.
- v) The BAC reviews quarterly financial performance reports submitted by the Management of KPS Berhad and its subsidiary companies. These reports are subsequently recommended to the Board for approval.
- vi) The BAC meets quarterly to review internal audit findings and ensure that highlighted weaknesses in internal controls are appropriately addressed by the Management. The BAC is supported by the IAD in terms of the following:

- Internal Audit findings are discussed with auditees and respective EXCO members, with recommendations provided to address the issues
- Submissions of reports to the BAC at quarterly intervals containing improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies and subsequently presented to subsidiary companies management for action
- Monthly follow-up reviews via the Internal Audit Findings Register ("IAFR") to determine the adequacy, effectiveness and timeliness of Management's actions on audit recommendations highlighted in the 2024 internal audit reports with progress updates provided to the BAC on a quarterly basis
- Review of the BAC TOR to reflect updates to the current business environment, including Malaysia Institute of Accountant ("MIA") by-law requirements

During the financial year, the Group identified areas for enhancement within its internal control environment, particularly in relation to segregation of duties, financial closing processes, and Information Technology General Controls ("ITGC"). These observations were reviewed by the Board through the BAC, which emphasised the importance of strengthening control consistency across the Group. The Management has initiated improvement measures to address the gaps. The adequacy and effectiveness of these remediation actions are being actively monitored and assessed periodically by the BAC.

7. Conclusion

For the financial year ended 31 December 2025, the Board has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework, which includes processes for identifying,

evaluating and managing significant risks faced by the Group. This is an ongoing process that includes enhancement of the relevant key internal controls when there are changes in the business environment.

The Board has received assurance from the MD/GCEO and DCEOFCS that the Group's risk management framework and internal control structure is operating adequately and effectively in all material aspects, based on the current risk management and internal control system of the Group. Where weaknesses are identified, rectification steps have been put in place.

Based on the assurances provided and with the implementation of the ERM framework as well as the adoption of Internal Control Framework, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective in safeguarding shareholders' investments and all stakeholders' interests.

8. Review of the Statement by External Auditors

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the External Auditors have reported to the Board that nothing has come to their attention to cause them to believe that this statement is not prepared, in all material respects in accordance with the disclosures required by the guidelines.