

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0099
COMPANY NAME : Scicom (MSC) Berhad
FINANCIAL YEAR : June 30, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Board of Scicom (MSC) Berhad ("Scicom" or the "Company") assumes ultimate accountability and responsibility for the performance and affairs of the Company and its subsidiaries (collectively referred to as the "Group") and provides leadership for overall direction for the Group. The Board sets the strategic direction and monitoring the implementation of that strategy by the management team.</p> <p>The Board is responsible for delivering shareholders value over the long-term, through the Group's culture, strategy, values and governance.</p> <p>During the financial year ended 30 June 2023 ("FY 2023"), the Group's business plan, budget and management proposal were presented to the Board during Board meetings. The Board reviewed, discussed and approved Management's proposals and recommendations after thoughtful consideration of long-term value creation, and ethical business practices. This strategic process enables the Management to execute their tasks effectively and plan the utilisation of resources efficiently.</p> <p>The Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner.</p> <p>The Board, together with the Senior Management Team ("SMT"), strive to promote an engaging corporate culture within the Group. The Board, through thoughtful consideration, deliberated on the feasibility and practicality of adopting and implementing corporate governance best practices in the Company vis-à-vis the relevant regulatory requirements during the FY 2023.</p> |

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| | <p>In discharging its responsibilities, the Board had established an Audit and Risk Management Committee (“ARMC”) (separated into Audit Committee, and Risk and Sustainability Committee effective 26 September 2023) and a Nominating and Remuneration Committee (“NRC”) and delegated specific duties to the respective Board Committees according to their Terms of Reference to assist the Board to perform certain of its function and to provide recommendations and advice to the Board. The Board retains the ultimate responsibility for final decision on all matter lies with the Board.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter. The roles and responsibilities of the Board Committees in discharging their functions delegated by the Board are set out in their respective Terms of Reference. The Board Charter and the Terms of Reference of the Board Committees namely, ARMC and NRC are available on the Company’s website at www.scicom-intl.com.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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

Practice 1.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Scicom is led by Krishnan A/L C K Menon, an experienced Non-Independent Non-Executive Chairman.</p> <p>The roles and responsibilities of the Chairman of the Board, amongst others, include:</p> <ul style="list-style-type: none"> • leading the Board in oversight of management and become a conduit between Management and the Board; • ensuring all members are able to contribute and undertake their responsibility effectively; • set the board agenda and ensure that quality information to facilitate decision-making is delivered to Board members on a timely basis; • encourage active participation and allow dissenting views to be freely expressed; and • ensuring effective communication with stakeholders. <p>The roles and responsibilities of the Chairman of the Board are specified in the Board Charter.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
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Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board acknowledges the need to have a distinction of power and responsibilities between the Chairman of the Board and the CEO.</p> <p>The position of Board Chairman is currently held by Krishnan A/L C K Menon who is primarily responsible for ensuring the Board's effectiveness whilst the position of CEO is helmed by Dato' Sri Leo Suresh Ariyanayakam.</p> <p>The CEO is responsible for the overall management and the strategic direction of the Group. The CEO is assisted by the Chief Operating Officers ("COOs") who is responsible for the day-to-day operations and ensuring that the Group's policies and strategies as approved and adopted by the Board are implemented with the assistance of the SMT.</p> <p>The key roles and responsibilities of the Board Chairman and the CEO are clearly demarcated in the Board Charter.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | The Board Chairman, Krishnan A/L C K Menon, is not a member of the ARMC and NRC. The non-involvement of the Board Chairman in the Board Committees promotes check and balance, as well as objective review by the Board, when Board Committees put forward their recommendations. |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Scicom is supported by two (2) suitably qualified Company Secretaries from Tricor Corporate Services Sdn Bhd in discharging their functions. Both are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and fulfil the qualification requirements of a company secretary as enshrined in Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries attended relevant conferences and training programmes to keep themselves abreast with the regulatory changes and corporate governance development. They have also attended the relevant continuous professional development programmes as required by MAICSA and Companies Commission of Malaysia for practicing company secretaries.</p> <p>The Company Secretaries advise the Board and Board Committees in relation to the Company's Constitution, Board policies and procedures, and its compliance with the relevant regulatory requirements including codes, guidance and legislation.</p> <p>The Company Secretaries ensure all Board and Board Committees meetings are properly convened and all deliberations, proceedings and resolutions passed at Board and Board Committees meetings are accurately captured, minuted and documented.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries in carrying out their duties and responsibilities effectively.</p> |
| Explanation for departure | : | |

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

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| Measure : | | |
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Intended Outcome

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

Practice 1.6

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Directors are provided with the Board papers via a board meeting automation solution, at least five (5) working days prior to each Board meeting to enable the Directors to solicit further explanation and/or information, where necessary. Where a Director was unable to attend a meeting, he was able to discuss issues arising thereat directly with the Chairman of the Board and/or the CEO.</p> <p>The Board papers include, amongst others, periodical financial and strategic development, financial performance relating to business plan, operational matters, sustainability, financial and corporate issues as well as performance of the various business units. The minutes of meetings that record the decisions, including key deliberations and decisions, rationale for each decision as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters are circulated to all Board members within a reasonable timeframe after the meeting for review and approval. In the intervals between Board meetings, Board's decisions or approvals for matters that are urgent or administrative in nature will be sought via circular resolutions which are supported with relevant information and explanations and the same applies to the Board Committees.</p> <p>At each scheduled Board meeting, the CEO provides operational update whilst the Chief Financial Officer ("CFO") updates the Board on financials. Depending on the nature of the proposal to be considered, other SMT are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis of each proposal.</p> <p>From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the CEO, are entitled to seek independent professional advice at the expense of the Company, in furtherance of their duties and in the circumstances warrant the same. Board members are also accessible to SMT within the Group for information as and when required.</p> |

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| | In addition, the Board Committees' meetings are not combined with the main board meeting. | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
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Intended Outcome

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

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

Practice 2.1

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

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board Charter is in place and was last reviewed by the Board on 29 May 2023 to ensure it is reflective of the latest relevant regulations and practices. | |
| | | The Board Charter has incorporated the Group's governance system and documented policies that the Board has decided upon to meet, amongst others, its responsibilities, governance and leadership as a description tool of how the Board operates. It also sets out the delegation of authority by the Board to the Board Committees namely, ARMC and NRC. The Board Charter is available on the Company's website at www.scicom-intl.com . | |
| | | There is a formal schedule of matters reserved to the Board for consideration and decision which is set out in the Board Charter and Limits of Authority. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
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Intended Outcome

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has a Code of Business Conduct and Ethics ("Code") which applies to Directors and employees of the Group. The Code was last reviewed on 29 May 2023. It sets out the Group's core value and business principles to guide standards of behaviour and business conduct when Directors and employees and where applicable, counterparts and business partners, deal with third parties and these are integrated into company-wide management practices. The Code covers, amongst others, the following matters:-</p> <ul style="list-style-type: none"> • Conflicts of Interest • Confidential Information and Insider Trading • Anti-Corruption and Anti-Bribery • Compliance with the Law • Safety & Health • Environment • Equal Opportunities • Constant Respect • Harassment • Protecting Company's Assets • Proprietary Information <p>The compliance with the Code is mandatory for all Directors and employees of the Group and where applicable, counterparts and business partners.</p> <p>The Code is available on the Company's website at www.scicom-intl.com.</p> |
| Explanation for departure | : | |

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

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| Measure : | | |
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Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board had established a Whistleblowing Policy and it was last reviewed by the Board on 25 August 2023. The Whistleblowing Policy sets out the procedures for employees and members of the public to disclose any improper conduct or malpractice committed or about to be committed to/within Scicom Group, the protection accorded to persons making such disclosure along with the investigation and reporting procedures on disclosures received. The Whistleblowing Policy was communicated to the employees to create awareness among the employees.</p> <p>During the FY 2023, no whistleblowing report was received by the ARMC.</p> <p>The Whistleblowing Policy is available on Scicom’s website at www.scicom-intl.com.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of incorporating the environment, social and governance (“ESG”) aspects throughout the business operations and has embedded sustainability considerations into the services of the Group.</p> <p>In this respect, a Sustainability Committee (“SC”) has been set up comprising the CFO, the COO, the Chief Technology Officer (“CTO”) and chaired by the CEO. The SC reports to the Board who is responsible in overseeing and approving sustainability objectives, policies and strategies.</p> <p>The Board takes into account sustainability consideration when overseeing the setting and implementation of the Group’s strategies, goals and principles.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | Throughout the year, the Company communicates its sustainability strategies, priorities, and targets, as well as achievements to its internal and external stakeholders. In communicating sustainability matters, various types of stakeholder engagement are adopted. Depending on the target stakeholders, engagements adopted include regular consultations and meetings with regulators, customer survey/feedback exercises, analyst briefings and media releases etc. Details pertaining to the stakeholder engagement are available in the Corporate Sustainability Statement section in the Annual Report 2023. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.3

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board stays abreast with sustainability issues which are relevant to the Company and its business. The relevant sustainability issues such as compliance with law and regulation, cyber threats and data security are constantly brought up in the boardroom for discussion and awareness.</p> <p>The CEO also updates the Board on the progress of the Company’s initiatives in addressing its material sustainability matters at Board meetings on a regular basis.</p> | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 4.4

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

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The annual Board Assessment for FY 2023 includes the review of the Board’s performance in addressing the Company’s material sustainability risks and opportunities. The criteria pertaining to sustainability in the annual Board Assessment would be reviewed and enhanced from time to time to ensure its relevance. | |
| | | The sustainability-related key performance indicators (KPI) will be incorporated into the performance evaluation of the senior management for FY2024. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5- Step Up

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

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

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board has set up a SC chaired by the CEO. The CEO provides dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.</p> <p>The CEO is the key point of contact for the Board and external stakeholders with regard to the Company's sustainability initiatives. He also leads internal stakeholders by chairing the SC and setting the tone on environmental, social and corporate governance (ESG) culture and commitment.</p> |

Intended Outcome

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

Practice 5.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NRC is responsible for overseeing and reviewing the overall composition of the Board in terms of size, the required mix of skills, experience, and other qualities and core competencies for the directors of the Company. The NRC will review the tenure of each director periodically. The re-election of Directors is recommended by the NRC to the Board for shareholders' approval, after a satisfactory evaluation of the retiring Director's performance and contribution is performed.</p> <p>The NRC had assessed the proposed candidates or retiring Directors' quality and character as well as integrity, competency and commitment, and if they meet the fit and proper criteria set out in the Company's Fit and Proper Policy, adopted by the Board on 26 August 2022, before recommending their appointment or re-election to the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The current Board consists of eight (8) Board members, comprising one (1) Executive Director and seven (7) Non-Executive Directors of which six (6) are Independent Non-Executive Directors. The Independent Non-Executive Directors are of high calibre with diversified background and wide skills and in-depth experience in boardroom and leadership positions.</p> <p>The Independent Directors which make up of 75% of the composition of the Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”). Their presence allows Board’s deliberations and decisions to be made objectively in the best interest of the Company.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

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

Practice 5.3

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

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

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board does not consider length of tenure as a criterion affecting a director's independence as there are advantages to be gained from the long-serving directors who possess good insight and knowledge of the Group's businesses and affairs.</p> <p>Dato' Nicholas John Lough @ Sharif Lough bin Abdullah has served as an Independent Non-Executive Director ("INED") of the Company since 14 May 2014. The Board has, upon annual assessment on the Independent Directors' independence, concluded that Dato' Nicholas John Lough @ Sharif Lough bin Abdullah who has served as an INED for a cumulative term of more than 9 years has not been affected by his long tenure. He has demonstrated his ability to exercise independent judgement, provides objective views and acts in the best interest of the Company at all times. He also met the independence criteria set out in the MMLR.</p> <p>Hence, the Board is supportive of the recommendation of the NRC to seek shareholders' approval at the forthcoming AGM of the Company through a single-tier voting process.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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Intended Outcome

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

Practice 5.4 - Step Up

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

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

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| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 5.5

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>With a view to achieve a sustainable and balanced development, the Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to the Board.</p> <p>The NRC is responsible for ensuring that suitable candidates are admitted to the Board. In recommending the appointment of Directors, the NRC will consider, among others, boardroom diversity including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and time commitment. An inclusive culture helps the Group to respond to increasingly diverse global customer base. All appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The candidates are required to confirm that their number of directorships in listed issuers does not exceed 5, in compliance with Paragraph 15.06 of the MMLR, prior to their appointment as Director of the Company. The Board upon the recommendation of the NRC, evaluates and decides on the appointment of the proposed candidate to the Board.</p> <p>In terms of senior management and employees' employment, the Company considers all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally when recruiting new staff. There will be no preference given to male applicants for a position and will ensure that any women with appropriate experience and qualifications are considered equally in the recruitment and selection process.</p> <p>The Board, alongside the NRC, undertakes periodic reviews of the composition of the Board to ensure that they remain diverse.</p> <p>Based on the Board annual assessment for FY 2023, the</p> |

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| | <p>Board concluded that the current Board composition consists of members that are of diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. The members of the Board contribute across industry knowledge, international experience perspectives and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long-term success of Scicom. The Board was also satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. As at the date of this report, none of the Directors of Scicom hold more than five directorships in listed issuer and no politician was appointed to the Board.</p> <p>The appointment of senior management falls under the purview of the CEO who is aware that a diverse workforce allows the Group to be competitive.</p> | |
| <p>Explanation for departure :</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure :</p> | | |
| <p>Timeframe :</p> | | |

Intended Outcome

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

Practice 5.6

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NRC is responsible for overseeing the selection and assessment for new appointments to the Board. The NRC identifies the set of skills and experience required and selects individuals to take Board positions on review of their individual merits, regardless of gender, race, religion and age.</p> <p>Besides the recommendation from the existing Board members, management and major shareholders, the Board also refer to the potential candidate from the industry taking into consideration the education, skills and experience background.</p> <p>During the FY 2023, Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal were appointed to the Board as Independent Non-Executive Directors. Even though their candidacy were sourced through recommendation of the business network of members of the Board, their appointments were accepted after considering their qualification, skills set, competency and experience. The Board and NRC strongly believes that based on their credentials, they will be able to contribute positively to the Board.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.7

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The profiles of the Directors, including their professional qualifications and work experiences are set out on pages 14 to 29 of the Annual Report for the shareholders' information.</p> <p>Dato' Sri Leo Suresh Ariyanayakam and Datuk Joseph Dominic Silva are retiring in accordance with Clause 76(3) of the Constitution of the Company while Mior Mokhtar Bin Mior Abu Bakar and Elakumari A/P Kantilal are retiring in accordance with Clause 78 of the Constitution of the Company. The aforesaid Directors have offered themselves for re-election at the forthcoming Annual General Meeting ("AGM"). The Board has indicated their support of the re-election of the retiring Directors, in the explanatory note to the agenda of Notice of 21st AGM of the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NRC is chaired by Mahani Binti Amat, an Independent Non-Executive Director. The NRC comprises exclusively three (3) Independent Non-Executive Directors, as follows:-</p> <ul style="list-style-type: none"> i) Mahani Binti Amat – Independent Non-Executive Director (Chairperson) ii) Fa'izah Binti Mohamed Amin – Independent Non-Executive Director (Member) iii) Datuk Joseph Dominic Silva – Independent Non-Executive Director (Member) <p>The Board recognises the need for Chairman of NRC to be independent to ensure objectivity and independent judgement during deliberations.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The Board comprises eight (8) Directors, out of which three (3) are women directors, representing 37.5% women representation on the Board. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.10

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has adopted a Diversity Policy, which was last reviewed on 25 August 2023, calls for women candidates to be given equal consideration in the selection and recruitment process of identifying suitable candidates to the Board and SMT. This was evident that the Board has achieved 37.5% women representation on the Board during the FY 2023.</p> <p>In respect of employees, the Company is committed to equipping its people with the right skills, knowledge and tools to perform their roles effectively. The Company advocates for a diverse workforce equipped with different skill sets and experiences. Diversity and equal opportunities in a workforce promote creativity and stronger relationships among employees.</p> <p>The Company promotes mutual respect for its employees and applicants alike. The Company hires and promotes based on merit and assesses all candidates fairly. Employees are evaluated based on behavioral and professional criteria for career progression. A diverse committee of senior management decides on promotions and monetary compensation. The Company adopts a stance of equal employment opportunity, and recruitment is conducted in a fair and just manner regardless of nationality, race, religion, gender, age, sexual orientation and disability.</p> <p>In pursuit of diverse and equal gender participation, over 52% (2022: 54%) of the workforce are women.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 6.1

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

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

| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | | | | | | | | | |
|--|---|---------------------|---------------------|-------------------|--|------------------------------|---|--------------------------|---|
| Application : | Applied | | | | | | | | |
| Explanation on application of the practice : | <p>The Company has a Directors' Assessment Policy, which was last revised on 25 August 2023, to set out the approved criteria and principles established by the NRC for the performance assessment of Directors and the CEO of the Company.</p> <p>The Board, via NRC, undertook a formal and comprehensive annual evaluation of its own performance, the Board as a whole and the Board Committees in respect of the FY 2023.</p> <p>The following assessment was conducted and facilitated by the Company Secretary of the Company:-</p> <table border="1"> <thead> <tr> <th>Types of assessment</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Annual assessment</td> <td>Board composition, structure, integrity, competency, responsibilities, performance and skill matrix.</td> </tr> <tr> <td>Board committees' assessment</td> <td>Understanding of the Committee's role and responsibilities, effectiveness and quality, composition and committee process.</td> </tr> <tr> <td>Self and Peer Assessment</td> <td>Understanding roles and responsibilities, competency, expertise and contribution.</td> </tr> </tbody> </table> | Types of assessment | Assessment Criteria | Annual assessment | Board composition, structure, integrity, competency, responsibilities, performance and skill matrix. | Board committees' assessment | Understanding of the Committee's role and responsibilities, effectiveness and quality, composition and committee process. | Self and Peer Assessment | Understanding roles and responsibilities, competency, expertise and contribution. |
| Types of assessment | Assessment Criteria | | | | | | | | |
| Annual assessment | Board composition, structure, integrity, competency, responsibilities, performance and skill matrix. | | | | | | | | |
| Board committees' assessment | Understanding of the Committee's role and responsibilities, effectiveness and quality, composition and committee process. | | | | | | | | |
| Self and Peer Assessment | Understanding roles and responsibilities, competency, expertise and contribution. | | | | | | | | |

| | | |
|---|---|---|
| | Assessment of the Chairman of the Board | Determining the Company's strategies and policies, Company's best interest, effective communication with stakeholders, ensure general meetings support meaningful engagement between the Board, Senior Management and shareholders. |
| | Fit and proper | Probity, personal integrity, reputation, and financial integrity. |
| | Assessment of the Independent Directors | Assess if they meet the Independent Director's criteria listed in Paragraph 1.01 of the MMLR. |
| <p>Based on the recent assessment, the NRC concluded that the Board and its Committees have the right balance, size and composition in terms of mix of skills, knowledge, experience and professional background and the Directors (individually and collectively) have discharged their respective roles and responsibilities effectively, which includes the performance in addressing sustainability risks and opportunities.</p> <p>The self and peer-assessment helped the individual Directors to understand and determine their upskilling or development needs.</p> | | |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has a Remuneration Policy and Procedure for Directors and Senior Management, which was last reviewed on 27 February 2023, that aims to attract and retain high-calibre individuals.</p> <p>The Board, as a whole, determines the level of remuneration package of Non-Executive Directors, Executive Directors and Senior Management with the interested Directors abstaining from any deliberations or voting on their own remuneration.</p> <p>The remuneration package for Non-Executive Directors commensurate with their expertise and responsibilities, as well as the Company's performance in managing material sustainability risks and opportunities, benchmarked against the market rate within similar industry. The remuneration package for Executive Director and Senior Management further takes into consideration individual and other corporate performance.</p> <p>The fees payable to the Non-Executive Directors, which had been reviewed by the NRC, are recommended by the Board to the shareholders for approval at the AGM.</p> <p>The Remuneration Policy and Procedure for Directors and Senior Management is available on the Company's website at www.scicomintl.com.</p> |
| Explanation for departure | : | |
| | | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 7.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a NRC which comprises wholly of Independent Non-Executive Directors. The Terms of Reference of the NRC sets out the roles and responsibilities of the NRC, which includes the review and recommendation of the Board and SMT's remuneration.</p> <p>A Remuneration Policy and Procedures for Directors and Senior Management has also been adopted and last reviewed on 27 February 2023.</p> <p>The Terms of Reference of the NRC and the Remuneration Policy and Procedures for Directors and Senior Management, are available on the Company's website.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 8.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | The Directors did not receive any remuneration from its subsidiaries except for the Company. The breakdown of the Directors' remuneration paid in the financial year under review is as follows: |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|---|--|----------------|-----------|--------|-------|------------------|------------------|-------|--------------|-----------|--------|-------|------------------|------------------|-------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Dato' Sri Leo Suresh Ariyanayakam | Executive Director | - | 180 | 1,215 | - | 7 | 217 | 1,619 | - | 180 | 1,215 | - | 7 | 217 | 1,619 |
| 2 | Krishnan A/L C K Menon | Non-Executive Non-Independent Director | 120 | - | - | - | - | - | 120 | 120 | - | - | - | - | - | 120 |
| 3 | Dato' Mohd Salleh Bin Hj. Harun (Retired on 21 Nov 2022) | Non-Executive Non-Independent Director | 36 | - | - | - | - | - | 36 | 36 | - | - | - | - | - | 36 |
| 4 | Karen Judith Goonting (Retired on 21 Nov 2022) | Independent Director | 36 | - | - | - | - | - | 36 | 36 | - | - | - | - | - | 36 |
| 5 | Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah | Independent Director | 92 | - | - | - | - | - | 92 | 92 | - | - | - | - | - | 92 |
| 6 | Mahani Binti Amat | Independent Director | 96 | - | - | - | - | - | 96 | 96 | - | - | - | - | - | 96 |
| 8 | Datuk Joseph Dominic Silva | Independent Director | 91 | - | - | - | - | - | 91 | 91 | - | - | - | - | - | 91 |
| 9 | Fa'izah Binti Mohamed Amin | Independent Director | 78 | - | - | - | - | - | 78 | 78 | - | - | - | - | - | 78 |
| 10 | Mior Mokhtar Bin Mior Abu Bakar (Appointed on 1 January 2023) | Independent Director | 43 | - | - | - | - | - | 43 | 43 | - | - | - | - | - | 43 |
| 11 | Elakumari A/P Kantilal (Appointed on 1 January 2023) | Independent Director | 38 | - | - | - | - | - | 38 | 38 | - | - | - | - | - | 38 |

Intended Outcome

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

Practice 8.2

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Board is of the view that it is not in the interest of the Company to disclose the detailed remuneration of SMT on a named basis given the highly competitive market for similar talents in the industry. | |
| | | The Board ensures that the remuneration of the SMT commensurate with their individual performance and level of responsibility as well as the demand, complexities and performance of the Company, with due consideration to attract, retain and motivating the SMT. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

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

Intended Outcome

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

Practice 8.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Chairman of the ARMC is Datuk Joseph Dominic Silva, while the Chairman of the Board is Krishnan A/L C K Menon, who is not a member of the ARMC.</p> <p>Having the positions of the Chairman of the ARMC and of the Board assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations with unfettered objectivity and uphold the overall effectiveness and independence of the ARMC.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Terms of Reference of the ARMC which was last reviewed on 21 November 2022, and the External Auditors' Assessment Policy which was last revised on 25 August 2023, specifically set out the requirement for a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC in order to safeguard the integrity and independence of the audit process.</p> <p>To date, none of the ARMC members are former key audit partner of external audit firm servicing the Company or the Group.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has established an External Auditors' Assessment Policy, which was last revised on 25 August 2023, primarily outlines the policies and procedures in assessing the suitability, objectivity and independence of External Auditors and also to govern the provision of non-audit services by External Auditors.</p> <p>The ARMC on an annual basis, assesses the performance, suitability and independence of External Auditors before recommending their re-appointment as the Company's External Auditors.</p> <p>The ARMC had on 25 August 2023 assessed and was satisfied with the competencies, audit quality, resource capacity of the External Auditors, PricewaterhouseCoopers PLT in relation to the audit services provided for FY 2023. From the assessment, the ARMC was also satisfied that there was no threat to the objectivity and independence of the audit arising from the provision of non-audit services of the External Auditors and the total fee incurred for non-audit services was not significant. In addition, the ARMC received written confirmation from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC has received the Transparency Report 2022 from PricewaterhouseCoopers PLT and based on the assessment results, the ARMC has recommended to the Board for the shareholders' approval to be sought on the re-appointment of PricewaterhouseCoopers PLT as the Company's External Auditors for the ensuing year at the forthcoming 21st AGM.</p> |
| Explanation for departure | : | |
| | | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The ARMC currently comprises solely of Independent Non-Executive Directors, as below:-</p> <ol style="list-style-type: none">1. Datuk Joseph Dominic Silva - Chairman (Independent Non-Executive Director)2. Dato' Nicholas John Lough @ Sharif Lough Bin Abdullah - Member (Independent Non-Executive Director)3. Puan Mahani Binti Amat - Member (Independent Non-Executive Director)4. Encik Mior Mokhtar Bin Mior Abu Bakar - Member (Independent Non-Executive Director) |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The current members of the ARMC, collectively, possess a wide range of skills, knowledge and industry practice and the requisite financial literacy to discharge its duties effectively. The qualification and experience of the individual ARMC members are disclosed in the Annual Report.</p> <p>The members of the ARMC continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the ARMC meeting.</p> <p>All members of the Board, including members of the ARMC are encouraged to undertake continuous professional development by attending trainings, workshops, seminars or briefings at the Company's expense to keep abreast with relevant industry developments including accounting and auditing standards, business practices and rules, as well as statutory and regulatory requirements. Details of the trainings are disclosed in the section of "Training and Development of Directors" in the Corporate Governance Overview Statement. In addition, the ARMC receives updates on new accounting standards from the Company's External Auditors.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 10.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a framework to formulate and review risk management policies and internal control framework. Further details is presented in the:-</p> <ul style="list-style-type: none"> • Statement on Risk Management and Internal Control; and • ARMC Report. <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and risk appetite to ensure they continue to be resilient and reliable.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a framework to review and manage significant risks to the Group.</p> <p>The Board, assisted by the ARMC, reviews risk management and internal control issues identified by the Internal and External Auditors. The ARMC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investment and the Group's assets.</p> <p>Further information on the Group's risk management and internal control framework is presented in the Statement on Risk Management and Internal Control of the Annual Report 2023.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.3 - Step Up

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

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 11.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The ARMC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's internal audit function.</p> <p>The Group's internal audit function is carried out by an independent professional service firm who reports directly to the ARMC. The Internal Auditors undertake independent audits on the internal control of the Group on a quarterly basis and provide independent assurance to the ARMC in relation to the adequacy and effectiveness of the Company's governance, risk and control processes in realising corporate objectives. Details of the internal audit function are set out in the Statement on Risk Management and Internal Control and ARMC Report.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 11.2

The board should disclose–

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function is outsourced to Tricor Axcelasia Sdn Bhd. The engagement Executive Director is Mr. Chang Ming Chew (“Mr. Chang”), who has over 20 years of experience in providing statutory audit, transaction reporting for Initial Public Offering (“IPO”), share registration & IPO processing, internal audit, risk management, IT/cybersecurity advisory, operational risk and control review, financial due diligence, management consulting and corporate governance advisory. Mr. Chang is a Certified Internal Auditor and Certification in Risk Management Assurance from the IIA; and a Certified Information Systems Auditor and Certified in the Governance of Enterprise IT from the ISACA. He is also a Fellow Member of the Association of Chartered Certified Accountants (UK), the Malaysian Institute of Accountants and the Institute of Internal Auditors of Malaysia.</p> <p>The number of staff deployed for the internal audit review is ranging from three (3) to four (4) staff per visit including the engagement Manager. The staff involved in the internal audit possess professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit is conducted using a risk-based approach and guided by the International Professional Practice Framework.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 12.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and through various disclosures via the Group's website as well as the official website of Bursa Malaysia Securities Berhad.</p> <p>The Board also believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. Whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.</p> <p>The AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group. The Company's Authorised Spokespersons are the CEO and Chairman of the Board, who have regular dialogue with institutional investors and deliver presentations to analysts periodically.</p> <p>Scicom's website www.scicom-intl.com provides a channel for its shareholders and the public to access corporate information, financial statements, news and events related to the Group on a timely basis.</p> <p>Shareholders and investors can also forward their enquiries about the Company via email: business@scicom.com.my any time throughout the year.</p> <p>The Company has Corporate Disclosure Policy and Procedures and Investor Relations Policy in place which were last reviewed on 26 August 2022, to provide guidance on disclosures and communication with stakeholders.</p> |

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

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 20th AGM of the Company was held on 21 November 2022. The Annual Report 2022 and the notice of the 20th AGM were issued to the shareholders and made available on the Company's website on 21 October 2022, which was more than 28 days before the AGM.</p> <p>The 21st AGM is to be held on 21 November 2022 and the Notice convening the AGM is sent to shareholders on 21 October 2022, which is more than 28 days prior to the AGM.</p> <p>A copy of the notice of AGM is made available at the Company's website at www.scicom-intl.com and advertised in a nationally circulated English daily newspaper.</p> <p>Under the Companies Act 2016 and the MMLR, an AGM should be called by giving at least 21 days' notice of the meeting. Nevertheless, the Board will provide 28 days' notice for its AGM as the Board believes that it is beneficial for the shareholders as they will get sufficient time to make an informed decision regarding the AGM business agenda of the Company.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board recognises its obligations to engage shareholders and provide meaningful responses to the questions raised during the general meetings.</p> <p>All the Directors attended the last AGM held on 21 November 2022 and meaningful responses were provided to questions raised by shareholders before and during the virtual meeting.</p> <p>The responses to the questions raised by the shareholders during the AGM, had been recorded in the minutes of the said AGM, which is uploaded to the Company's website.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | After 2 years of having virtual AGMs due to the Covid-19 pandemic, with the country having transitioned into the endemic phase of Covid-19, the Board has opted to revert to a physical platform for better engagement with shareholders, as it allows better flow of two-way communication at the general meetings. The 20th AGM of the Company was conducted in the conventional mode with the physical presence of shareholders at Sime Darby Convention Centre, Kuala Lumpur on 21 November 2022. The Company did not adopt any technology to facilitate the voting in absentia and remote shareholders' participation at the 2022 AGM. Although the Company has not adopted the technology to facilitate the voting in absentia and remote shareholders' participation at the general meetings, the voting of the shareholders who physically attended the Company's AGM was conducted electronically. |
| | | The Board has taken necessary steps to provide maximum opportunity for shareholders to participate at the general meetings by convening its meetings at Klang Valley which is easily accessible by shareholders. As all resolutions put to general meetings are to be voted by poll in accordance with Paragraph 8.29A of the MMLR, shareholders who were unable to attend the general meetings may appoint any person(s) or the Chairman of the meeting as their proxies to attend, participate, speak and vote on their behalf at the general meetings. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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Intended Outcome

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

Practice 13.4

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

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | <p>The 20th AGM was held on 21 November 2022. The key proceedings of the 20th AGM were as follows:</p> <ul style="list-style-type: none">• Introduction of all Board members, CEO, CFO, Company Secretary and External Auditors.• The CEO's presentation of the FY 2022 financial and sustainability performance, as well as the Group's strategy and focus on the years ahead.• Presentation of Audited Financial Statements for the FY 2022• Tabling of Ordinary Resolutions 1 to 12 and a Special Resolution• Question and Answers ("Q&A") session• Voting• Verification of poll results by the scrutineer, Coopers Professional Scrutineers Sdn Bhd. <p>During the Q&A session, the Chairman ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Group by allocating ample of time to the session. All questions raised by shareholders during the 20th AGM had been clarified and responded by the Chairman of the Board and CEO succinctly.</p> <p>Minutes of the 20th AGM which covers the Q&A session are also made available on the Company's website within 30 business days of the AGM.</p> |
| Explanation for departure : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 13.5

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

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

Intended Outcome

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

Practice 13.6

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

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | | |
| Application | : | Applied |
| Explanation on application of the practice | : | The minutes of the 20th AGM held on 21 November 2022 which covers the Q&As session presented at the AGM were made available on the Company's website on 27 December 2022. |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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