

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : AYER 2305  
**COMPANY NAME** : AYER HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible, amongst others, for setting and communicating the strategic direction, enhancing corporate values of AYER Group ("Group") and supervising its affairs to ensure its success within a framework of acceptable risks. It also reviews the performance of the management team and ensures that the necessary resources are available to meet the Group's objectives.</p> <p>Apart from matters which are expressly required by law to be approved by the Board, the matters specifically reserved for the Board's approvals, amongst others, are as follows:</p> <ul style="list-style-type: none"><li>• Board Charter and the Terms of Reference for the various Board Committees;</li><li>• Material acquisitions and disposals of assets not in the ordinary course of business of the Group;</li><li>• Related party transactions;</li><li>• Authorisation limit and levels;</li><li>• Risk management policy;</li><li>• Recommendations of interim and final dividends;</li><li>• Strategic plans, annual operating and capital expenditure budgets;</li><li>• Financial statements;</li><li>• Material contracts;</li><li>• Appointment and removal of auditors; and</li><li>• Appointment and removal of Directors of the Group and Senior Management based on the recommendations of the Nomination and Remuneration Committee.</li></ul> <p>The Board had appointed the Group Chief Executive Officer of the Group ("GCEO"), Mr Chua Seng Yong on 1 August 2022 to closely coordinate and provide operational leadership for the Group.</p>

The Board also delegates specific responsibilities to the respective committees of the Board, namely the Audit Committee, Nomination and Remuneration Committee and Board Risk Committee, all of which operate within their defined Terms of Reference. Notwithstanding this, the Board remains responsible for its fiduciary duties. The Board had also established a Board Sustainability Committee on 30 November 2023 to oversee and guide the Group in integrating sustainable practices and promoting responsible corporate citizenship.

The Board assumes, amongst others, the following roles and responsibilities in discharging its fiduciary and leadership function:

**a) Reviewing and adopting the Group's strategic plans**

The Board has put in place a process where the Management will present their budget and business plan for the Board's review and approval. The Board will discuss and review the budget and business plan by providing their feedback to ensure that the Management has considered all relevant factors in developing such budget and business plan.

The Board oversees the implementation of strategies and policies of the Group that are determined by the Board. The Board also schedules frequent Board meetings in order to closely monitor the financial and operational performance of the Group's business and operations.

**b) Overseeing the conduct of the Company's business**

The Management is responsible for the day-to-day management of the business and operations of the Group. The Board will oversee the conduct of the Group's business by monitoring the performance of the Management under the leadership of the GCEO in delivering the approved targets in accordance with the annual operating budget and business plan.

The Group has put in place a management performance review system with identified Key Performance Indicators and targets set in line with the Group's strategy and budget. The Management Key Performance Indicators are cascaded down to all employees. Employees will then be rewarded based on the achievement of their respective Key Performance Indicators.

**c) Succession planning**

Executive functions are delegated to the Management led by the GCEO. The Group will continue to develop its talent pool for succession planning and to meet future challenges.

The Nomination and Remuneration Committee undertakes a yearly evaluation of the performance of key management personnel to ensure that experienced and capable individuals fill all such key positions.

	<p>The Board regularly reviews the strategic direction of the Group and takes into account, amongst others, the governance aspects of the Group's businesses as part of its broader responsibility to purchasers, shareholders and the communities in which it operates, and to deliver long-term sustainable value to the shareholders of the Company.</p> <p>The Board promotes and practices good corporate governance throughout the Group with the objective of translating these practices into better corporate performance.</p> <p>The Company recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative work culture that will provide sustainability for the Company. The Group will continuously focus on ensuring the well-being of the employees is being looked after and to promote a merit-based culture in the Group.</p> <p>The Group will continue to contribute to the social and economic development of the communities in which the Group operates. At the same time, the Group will place emphasis on the environmental impact of its products and services and will continue to promote an environmentally sustainable and responsible culture across the organisation.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman is responsible for instilling leadership, effectiveness, conducts and governance practice of the Group.  Mr Lim Kee Choon, the current Chairman of the Board, provides strong leadership and is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. He also actively seeks opinions from the Board members and allows dissenting views to be freely expressed during Board Meetings.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is Mr Lim Kee Choon while the GCEO is Mr Chua Seng Yong.</p> <p>The Chairman is responsible in providing leadership to the Board and ensuring the effectiveness of the Board in the discharge of its functions and responsibilities, while the GCEO is responsible for managing the overall operations of the Group.</p> <p>The roles and the responsibilities of the Chairman and the GCEO are therefore clearly separated and distinct from each other to ensure that there is a balance of power and authority. The respective roles and responsibilities of the Chairman and the GCEO are clearly articulated in the Board Charter, which is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p> <p>The Board is chaired by the Non-Executive Chairman. The GCEO, who is not a member of the Board, is responsible for the day-to-day management of the Group's businesses with the authority delegated to him by the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	Mr Lim Kee Choon is the Chairman of the Board and is not a member of any of the Board Committees, including the Audit Committee and the Nomination and Remuneration Committee. He is also not invited to participate in any of the Board Committee's meetings.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by Ms Tai Yuen Ling (LS 0008513), Licensed Secretary and Ms Tai Yit Chan (MAICSA 7009143), Chartered Secretary and fellow member of the Malaysian Institute of Chartered Secretaries and Administrators, who are responsible for providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company as well as amongst others, the following matters:</p> <ul style="list-style-type: none"><li>• Preparing meeting agendas in consultation with the Chairman of the meeting and the Management;</li><li>• Organising and attending Board and Board Committee meetings and preparing the minutes thereof;</li><li>• Supporting the Board on adherence to Board Policies and Procedures;</li><li>• Advising the Board on corporate governance;</li><li>• Providing update to the Board on the developments in the Listing Requirements and Malaysian Code on Corporate Governance;</li><li>• Communicating with regulatory bodies and Bursa Malaysia Securities Berhad ("Bursa Securities");</li><li>• Attending to all statutory and other filings; and</li><li>• Facilitating the Board in conducting the annual assessment on the effectiveness of the Board and Board Committees.</li></ul> <p>All Directors have full access to the advice and services of the Company Secretaries and their appointment and removal are decided by the Board.</p>
<b>Explanation for departure</b>	:	



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

## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The meeting agendas are reviewed by the Chairman of the Board and circulated to the members of the Board for perusal before the issuance of the notice of the meeting. The Board receive meeting agendas and relevant board papers at least seven (7) days before the scheduled Board meeting for the Directors to have sufficient time to peruse, obtain additional information and/or to seek further clarification on matters intended to be deliberated.</p> <p>The Board papers are presented in a concise manner and contain both quantitative and qualitative information which includes, amongst others, minutes of Board Committees, and other related matters that require the Board's deliberation and due approval.</p> <p>The Management is invited to attend Board meetings to report and brief on matters relating to their areas of responsibility. Any issues being discussed and concluded during the Board deliberations, including any dissenting views and if any director had abstained from voting or deliberating on a particular matter, will be recorded in the minutes of Board meetings.</p> <p>The Directors shall be notified of any corporate announcement(s) released to Bursa Securities and the impending restriction(s) in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals. The Directors are also expected to observe insider trading laws at all times when dealing with securities within the permitted trading period.</p> <p>Any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Company's expense. Directors have access to all information and records of the Company, as well as the advice and services of the Company Secretaries.</p> <p>Meetings of all Board Committee are held separately from the main Board Meeting. The Chairman of the respective Board Committee will provide an update on the proceedings of the meetings of each Board Committee to the Board during the main Board Meeting.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board in discharging its functions and responsibilities is guided by the Board Charter and comprises, amongst others, the following pertinent matters:</p> <ul style="list-style-type: none"><li>• The role and key objectives of the Board;</li><li>• The composition of the Board;</li><li>• The role and responsibilities of the Board and those delegated to the Board Committees and Management; and</li><li>• Investor relations and relationship with other stakeholders.</li></ul> <p>The Board last reviewed the Board Charter on 26 August 2020 and the Board Charter is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Code of Conduct for its Directors to promote an ethical framework, policies and conduct throughout the Group. The Code of Conduct serves as guidance on the standard of behaviour expected of all Directors in the discharge of their duties and/or dealings with the Group to maintain high standards of business ethics and integrity. The Code of Conduct also provides strong anti-corruption and bribery commitment to prevent acts of offering, receiving and requesting for bribe.</p> <p>All employees have been provided with the Code of Conduct and Ethics. The Director’s Code of Conduct and the employee’s Code of Conduct and Ethics are available on the Company’s website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
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### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has a whistleblowing policy whereby all employees are encouraged to report genuine concerns or issues including but not limited to, fraudulent financial information, actual or suspected fraud, misappropriation of monies, misrepresentation, concealment of facts or information with the intention to mislead, violation of laws and regulations, endangerment of employees or public health and safety, violation of Company policies, taking or giving kickbacks, bribes, favours, privileges, criminal offences and blackmailing.</p> <p>Any employee who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Chairman of the Audit Committee in writing. The Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential. The whistleblowing policy is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board plays an active role in ensuring that the Group embeds sustainability goals as part of the business strategy to build business resilience, sustained outcomes, enhance value to our stakeholders and make a positive impact in society.</p> <p>The Senior Management will ensure that the Group is able to drive and keep the momentum, measure and monitor the progress of the sustainability goals.</p> <p>The Company had established a Sustainability Working Committee with the following core responsibilities:</p> <ul style="list-style-type: none"><li>(i) To implement the sustainability strategies approved by the Board;</li><li>(ii) Oversee stakeholder engagement, to ensure that all issues and suggestions raised are taken into consideration in managing sustainability;</li><li>(iii) Identify material sustainability matters for the Group, recommending strategies, setting policies, goals and targets;</li><li>(iv) Coordinate and monitor the implementation of sustainability initiatives; and</li><li>(v) Oversee the preparation of the Sustainability Statement</li></ul> <p>On 30 November 2023, a Board Sustainability Committee ("BSC"), which is responsible for setting the direction and approach on all strategic and policy matters in relation to sustainability, had been established. The responsibility of the BSC, among others, is to oversee the Sustainability Working Committee and the sufficiency of the resources of the Sustainability Working Committee for the Sustainability Working Committee to perform its function effectively. The BSC will be receiving regular reports and updates from the Sustainability Working Committee. The BSC will also review the Sustainability Statement before recommending it to the Board for approval.</p>

	<p>For the FY2023, the BSC's composition is as below:  <u>From 30 November 2023 to 14 December2023</u></p> <table border="1" data-bbox="568 297 1382 450"> <thead> <tr> <th></th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Independent Director</td> <td>1</td> <td>50</td> </tr> <tr> <td>Non-Independent Director</td> <td>1</td> <td>50</td> </tr> <tr> <td><b>Total</b></td> <td><b>2</b></td> <td><b>100</b></td> </tr> </tbody> </table> <p><u>From 15 December2023 to 31 December2023</u></p> <table border="1" data-bbox="568 557 1382 710"> <thead> <tr> <th></th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Independent Director</td> <td>2</td> <td>50</td> </tr> <tr> <td>Non-Independent Director</td> <td>2</td> <td>50</td> </tr> <tr> <td><b>Total</b></td> <td><b>4</b></td> <td><b>100</b></td> </tr> </tbody> </table>			No.	%	Independent Director	1	50	Non-Independent Director	1	50	<b>Total</b>	<b>2</b>	<b>100</b>		No.	%	Independent Director	2	50	Non-Independent Director	2	50	<b>Total</b>	<b>4</b>	<b>100</b>
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**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group actively identifies, analyses emerging risks and opportunities and fortifies a sustainability management framework to build resilience and ensure business continuity through challenging times.</p> <p>The Company had included a Sustainability Statement in its Annual Report which discloses the sustainability efforts undertaken by the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board and senior management actively participate in training programs as part of the learning and development activity to maintain relevance and gather knowledge on matters related to Environmental, Social, and Governance and its impact to the Group and its businesses.</p> <p>The Board receives report from the Sustainability Working Committee on quarterly basis and deliberate on significant sustainability related matters.</p> <p>The Company had engaged a subject matter expert to assist in the preparation of Sustainability Statement and to advise on sustainability related matters.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Performance evaluations of the Board and senior management is conducted on an annual basis. The evaluation includes evaluation of the sustainability risks and opportunities and in setting the Group’s sustainability strategies, priorities and targets.</p> <p>The performance evaluation allows the Board and senior management to understand the importance of identifying and managing sustainability issues that are relevant to the Group and its business as part of their duties.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The GCEO is the dedicated person within the Management to provide dedicated focus in managing sustainability from a strategic and operational perspective.

## Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination &amp; Remuneration Committee ("NRC") periodically reviews the composition of the board to ensure an appropriate mix of required skills, independence, experiences and diversity (including gender diversity) are present.</p> <p>The NRC also evaluates, on an annual basis:</p> <ul style="list-style-type: none"><li>• the performance of the Board and Board Committees on the areas of Board mix and composition, quality of information and decision making, Board's relationship with the Management, Boardroom activities, Board chairman's role and responsibilities, Environmental, Social and Governance issues and effectiveness of each Board Committees;</li><li>• the performance of each individual Directors based on their abilities and competencies, personality, technical knowledge, knowledge of listing requirements, level of participation and contribution to the business strategies of the Group; and</li><li>• the independence of the Independent Directors.</li></ul> <p>During FY2023, the NRC had reviewed the suitability and fit and properness of the candidates to be appointed as new Directors of the Company, namely Dato' Ng Tiong Lip and Mr Raymond Yeoh Cheng Seong, before recommending their appointment to the Board for approval. Dato' Ng Tiong Lip and Mr Raymond Yeoh Cheng Seong were appointed as new Independent Non-Executive Directors of the Company with effect from 1 July 2023 and 1 November 2023 respectively.</p> <p>The current Board comprises Directors with diverse knowledge, experience, requisite range of skills and competency to enable them to discharge their duties and responsibilities effectively, objectively and independently. The Independent Directors with diverse backgrounds also provide constructive debates, exchange of views on the Group and provide checks and balances which lead to better decision making.</p> <p><b>Re-election of Directors</b></p> <p>The Company's Constitution ("Constitution") provides at least one-third of the Directors are subject to retirement by rotation at each Annual</p>

	<p>General Meeting (“AGM”) and that all Directors shall retire at least once in every three (3) years. A retiring Director is eligible for re-election. The Constitution also provides that a Director who is appointed by the Board over the course of the year shall be subject to election at the next AGM to be held following his/her appointment.</p> <p>The Company does not have term limits for Directors. However, the NRC reviews the performance and the contribution of the Directors on an annual basis. The Company believes that valuable contribution can be obtained from Directors who have served the Company over a period of time since they have likely developed valuable insights into the Group and its businesses. Their continued contributions as Directors benefit the Board and the Group as a whole. Notwithstanding the aforesaid, the NRC takes into consideration relevant regulations that have set conditions or limitations on the tenure of the Directors before arriving at the NRC’s decision on its recommendation to the Board.</p> <p>The NRC will provide their recommendation to the Board for the Board’s recommendation to the shareholders for the re-election of a Director at the AGM.</p> <p>In determining whether to recommend a Director for re-election, the Director’s past attendance at meetings, participation and contribution to the functions of the Board and its committee and the fit and properness of the Director will be duly considered by the NRC.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For FY2023, the Board's composition of Independent and Non-Independent directors is as below:</p> <ul style="list-style-type: none"><li>• 1 January 2023 to 23 May 2023: The Board has six (6) members, three (3) of which are Non-Independent Directors and three (3) of which are Independent Directors (50% of the Board members are independent Directors).</li><li>• 24 May 2023 to 30 June 2023: Following the redesignation of Tan Sri Datuk Yong Poh Kon, who had served as an Independent Director for more than twelve (12) years, to Non-Independent and Non-Executive Director immediately after the conclusion of the 112<sup>th</sup> Annual General Meeting of the Company, the Board has six (6) members, four (4) of which are Non-Independent Directors and two (2) of which are Independent Directors (33% of the Board members are independent directors).</li><li>• 1 July 2023 to 31 October 2023: Following the appointment of Dato' Ng Tiong Lip on 1 July 2023, the Board has seven (7) members, four (4) of which are Non-Independent Directors and three (3) of which are Independent Directors (43% of the Board members are independent directors).</li><li>• 1 November 2023 to 30 December 2023: Following the appointment of Mr Raymond Yeoh Cheng Seong on 1 November 2023, the Board has eight (8) members, four (4) of which are Non-Independent Directors and four (4) of which are Independent Directors (50% of the Board members are independent directors)</li><li>• 31 December 2023: Following the retirement of Tan Sri Datuk Yong Poh Kon on 31 December 2023, the Board has seven (7) members, three (3) of which are Non-Independent Directors and four (4) of which are Independent Directors (57% of the Board members are independent directors).</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr Chin Yoong Kheong had served on the Board as an Independent Director for a cumulative term of more than nine (9) years. The Board, after considering the recommendation of the NRC, without the participation of Mr Chin Yoong Kheong, resolved to retain him as Independent Director as he brings a wealth of knowledge and experience to the Group. In addition, he provides effective checks and balances in Board proceedings and continues to exercise his independence and objective judgment in deliberations during Board and Board Committee meetings.</p> <p>The resolution to retain Mr Chin Yoong Kheong as Independent Non-Executive Directors of the Company was duly passed by way of poll voting at the 112<sup>th</sup> Annual General Meeting of the Company held on 24 May 2023 through a two-tier voting process.</p> <p>Tan Sri Datuk Yong Poh Kon, who had served on the Board as an Independent Director for a cumulative term of more than twelve (12) years, had been redesignated as Non-Independent Director immediately after the conclusion of the 112<sup>th</sup> Annual General Meeting of the Company held on 24 May 2023 to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Tan Sri Datuk Yong Poh Kon had retired as a Director of the Company on 31 December 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the NRC, has established the Directors appointment process. The NRC's terms of reference include reviewing and recommending policies on nomination and remuneration framework to the Board on all aspects of employment including but not limited to employment terms, benefits, remuneration and compensation for Non-Executive Directors, Executive Directors and key management positions under the employment of the Group. The final decision of the nomination and remuneration framework shall be the responsibility of the Board.</p> <p>The NRC is responsible for identifying and recommending suitable candidates for Board membership through a transparent and rigorous process. The NRC does have the liberty to rely on external opinions and services for such recommendations. The Board will have the ultimate responsibility and final decision on such appointment. The assessment and selection of the candidate should be based on the following criteria:</p> <ul style="list-style-type: none"><li>• skills, knowledge, expertise, qualification and experience;</li><li>• understanding of the Group's businesses;</li><li>• integrity and judgment;</li><li>• professionalism;</li><li>• time commitment;</li><li>• ability to form independent judgement;</li><li>• the fit and properness of the candidate; and</li><li>• any other criteria deemed fit.</li></ul> <p>Notwithstanding the above, the NRC also takes into consideration the following factors for the purposes of the appointment: -</p> <ul style="list-style-type: none"><li>• other factors that promote diversity in age, gender, ethnicity and experience; and</li><li>• in the case of candidates for the position of Independent Non-Executive Director, whether such candidate has met the requirements for independence as defined in Listing Requirements of Bursa Securities.</li></ul>

	<p>Upon deciding on their selection(s), the NRC will contact those identified candidates to determine and further enquire on the candidate's interest in serving the Company. This communication will ensure that prospective Board member(s) have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectation of time commitment and other criteria as required.</p> <p>The recruitment process concludes with an induction programme for a newly appointed director. The purpose of the induction programme is to, amongst others, allow the newly appointed director to understand the Company's vision and mission, the nature of the business, the corporate strategy and business plan.</p> <p>The NRC also takes into consideration the existing board positions held by a candidate, including on boards of non-listed companies, to ensure that Directors who are appointed are able to devote the required time to serve the Company effectively. Any appointment that may cast doubt on the integrity and governance of the Company is avoided. For candidate who hold directorship in company classified as Red industries, the NRC would consider if efforts had been taken by the company to address the sustainability concerns arising from their business activities when evaluating the suitability of the candidate. There is also no active politician on the Board.</p> <p>For senior management, the NRC will evaluate and select the candidate who best fit the needs of the Group and is able to address the gaps of the Group while taking into account the need for the Group to have a diversified and qualified management team.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC, which is responsible for identifying and recommending suitable candidates for Board membership, does have the liberty to rely on external opinions and services in its assessment and recommendation process.</p> <p>The Company had utilized independent sources which include recommendation from the Company Secretary to identify qualified candidates in addition to the recommendation from the Directors, Management or Shareholders of the Company for its assessment before recommending to the Board based on criteria set.</p> <p>For FY2023, the Board had decided to appoint two (2) additional Independent Directors to the Board. After assessing all candidates, the NRC invited Mr Raymond Yeoh Cheng Seong and Dato' Ng Tiong Lip, candidates who were recommended by members of the Board for an interview session. Upon the conclusion of the interview session, the NRC concluded that Mr Raymond Yeoh Cheng Seong and Dato' Ng Tiong Lip were suitable candidates and would fulfil the criteria set by the Company due to their respective experience in the banking and property industry.</p> <p>The Company has also created a depository of potential directors for future appointment and profiles of potential candidates could be deposited into the depository. The access to the depository is limited to the members of the NRC and should a vacancy in the Board arise in future or if the Board decides to appoint additional Director, the candidates in the depository may be considered.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 5.7

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

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



**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For FY2023, the Chairman of the NRC is set out as below: <ul style="list-style-type: none"> <li>• 1 January 2023 to 6 August 2023: The NRC is chaired by Tan Sri Datuk Yong Poh Kon, who is an Independent Director until his resignation as Non-Independent Director on 24 May 2023.</li> <li>• 7 August 2023 to 31 December 2023: The NRC is chaired by Mr Chin Yoong Kheong, who is an Independent Director.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board recognises the benefit for having gender diversity and values the different perspectives from women Director during discussions or meetings. Nevertheless, the Board acknowledges that appointment of Director should always prioritise merit and with due regard to the candidate's background, experience, and competency so that an appointment would add value to the Board and the Company.</p> <p>For the FY2023, the Board's composition of women directors is set out as below:</p> <ul style="list-style-type: none"><li>• 1 January 2023 to 30 June 2023: The Board has six (6) members, two (2) of which are women directors and four (4) of which are men directors (33% women directors).</li><li>• 1 July 2023 to 31 October 2023: Following the appointment of Dato' Ng Tiong Lip on 1 July 2023, the Board has seven (7) members, two (2) of which are women directors and five (5) of which are men directors (29% women directors).</li><li>• 1 November 2023 to 30 December 2023: Following the appointment of Mr Raymond Yeoh Cheng Seong on 1 November 2023, the Board has eight (8) members, two (2) of which are women directors and six (6) of which are men directors (25% women directors).</li><li>• 31 December 2023: Following the retirement of Tan Sri Datuk Yong Poh Kon on 31 December 2023, the Board has seven (7) members, two (2) of which are women directors and five (5) of which are men directors (29% women directors).</li></ul> <p>Among the senior management, two (2) out of five (5) senior management, namely the Group Chief Operating Officer and Group Chief Financial Officer, are women.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises gender diversity at the boardroom and in its senior management as an essential component of good corporate governance. The Board has a policy of strictly adhering to the practice of non-discrimination in any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board Diversity Policy is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p> <p>The disclosure on gender diversity of the Group is set out in the Sustainability Statement of the Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: During the financial year, the NRC has carried out the performance evaluation of the Board, its committees and each of the Directors with the assistance of the Company Secretary. The assessment of the Board and its committees is based on the following main areas: - <ul style="list-style-type: none"><li>• Board mix and composition;</li><li>• Quality of Information and decision making;</li><li>• Board's relationship with the Management;</li><li>• Boardroom activities;</li><li>• Board chairman's role and responsibilities;</li><li>• Environmental, Social and Governance issues' and</li><li>• Effectiveness of each Board Committees.</li></ul> <p>The assessment involves the individual Directors and Board Committee members completing separate evaluation questionnaires regarding the procedures implemented by the Board and the Board Committees and whether any improvement needs to be considered to enhance the effectiveness of such procedures. The assessment is facilitated by the Company Secretary.</p> <p>The Directors also undertake self and peer reviews in which they assessed themselves and their fellow Directors' character, experience, integrity, competence and time commitment when serving as Directors of the Company.</p> <p>The results of the assessments were compiled and analysed by the Company Secretary. The results were then presented and discussed at the NRC's meeting and subsequently at the Board Meeting.</p>
<b>Explanation for departure</b>	:

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

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC and the Board ensures that the Company's remuneration policy is in line with the Company's corporate objectives and the interest of the shareholders of the Company and that the remuneration packages of Directors and the Senior Management team are sufficiently attractive to attract and retain persons of high calibre.</p> <p>The following are the salient elements of the Directors' remuneration policy:</p> <ul style="list-style-type: none"><li>• Non-Executive Directors</li></ul> <p>All Non-Executive Directors are paid a fixed annual director fee as members of the Board and Board committees. The amount of fees is based on the experience and level of responsibilities undertaken by the individual Non-Executive Directors as well as the industry and market practices in determining the level of remuneration to be recommended to shareholders for approval.</p> <ul style="list-style-type: none"><li>• Senior Management team</li></ul> <p>The Senior Management team's remuneration and rewards are linked to corporate and individual performance. The performance is measured against the key performance indicators set in accordance with the Company's annual budget and business plan.</p> <p>The Remuneration Policy and Procedures which sets out the remuneration policy and procedure for the Directors and Senior Management is available in the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an NRC to implement its policies and procedures on remuneration of Directors and/or Senior Management.</p> <p>The NRC reviews and recommends the remuneration of the Directors of the Company for the Board's approval pursuant to the Terms of Reference of the NRC.</p> <p>The Directors' fees and benefits payable to Directors have also been reviewed and recommended by the NRC to the Board to seek Shareholders' approval at the Company's Annual General Meeting pursuant to the Constitution of the Company.</p> <p>The Terms of Reference for the NRC is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p> <p>The Remuneration Policy and Procedures which sets out the remuneration policy and procedure for the Directors and Senior Management is available in the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



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

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

**Practice 8.1**

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

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

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mr. Lim Kee Choon	Non-Executive Non-Independent Director	204	14	-	-	36	-	254	204	14	-	-	36	-	254
2	Mr. Lim Ke Hun	Non-Executive Non-Independent Director	146	19	-	-	33	-	198	146	19	-	-	33	-	198
3	Ms. Lim Wan Yee	Non-Executive Non-Independent Director	148	19	-	-	35	-	202	148	19	-	-	35	-	202
4	Tan Sri Datuk Yong Poh Kon (retired on 31 December 2023)	Non-Executive Non-Independent Director	75	13	-	-	30	-	118	75	13	-	-	30	-	118
5	Mr Chin Yoong Kheong	Independent Director	215	33	-	-	36	-	284	215	33	-	-	36	-	284
6	Tan Sri Arpah Binti Abdul Razak	Independent Director	185	30	-	-	30	-	245	185	30	-	-	30	-	245
7	Dato' Ng Tiong Lip (appointed on 1 July 2023)	Independent Director	101	16	-	-	15	-	132	101	16	-	-	15	-	132
8	Mr Raymond Yeoh Cheng Seong (appointed on 1 November 2023)	Independent Director	24	4	-	-	5	-	33	24	4	-	-	5	-	33
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company does not apply this practice due to the sensitivity associated with the disclosure of the senior management's remuneration in bands of RM50,000. The Company is of the view that it is important to preserve confidentiality of such information in order to avoid any negative impact on the recruitment and talent retention of the Company arising from such disclosure.</p> <p>The Company views the disclosure of information other than as disclosed in the Annual Report 2023 is detrimental to the Company's management of its human resources due to the competitive environment for resources within the industries the Company and its subsidiaries operate in. While the Company has set policies and procedures in setting the remuneration of key personnel, such disclosure may also be misconstrued so as to hinder its recruitment and retention of personnel.</p> <p>The Company also believes that the non-disclosure of the information on key personnel and their remuneration will not affect the interest of its shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is Mr Lim Kee Choon.</p> <p>For FY2023, the Chairman of the Audit Committee is set out as below:</p> <ul style="list-style-type: none"> <li>• From 1 January 2023 to 14 December 2023: The Chairman of the Audit Committee is Mr Chin Yoong Kheong.</li> <li>• From 15 December 2023 to 31 December 2023: The Chairman of the Audit Committee is Mr Raymond Yeoh Cheng Seong.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The duties of the Audit Committee to assess the External Auditors are included in its Term of Reference which is available on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a></p> <p>The Audit Committee duties, amongst others, include: -</p> <ol style="list-style-type: none"><li>1. recommendation of the nomination of a person and persons as External Auditors and to review the re-appointment and/or resignation of the External Auditors, the scope and general extent of the External Auditors' audit examination and ensure co-ordination between the Internal and External Auditors. The External Auditors' fees (both audit and non-audit fee) are reviewed and approved by the Audit Committee. The Audit Committee will also ensure that the non-audit fee is not more than 50% of the audit fee;</li><li>2. review the following and report the same to the Board: -<ul style="list-style-type: none"><li>• the audit plan, the evaluation of the internal control systems and the audit report with the External Auditors; and</li><li>• the assistance given by the employees of the Group to the External Auditors.</li></ul></li></ol> <p>The Audit Committee's assessment on the External Auditors during the financial year are described in detail in the Audit Committee Report of the Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As at 31 December 2023, the Audit Committee comprises of three (3) members and all members are Independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee members undertakes self and peer evaluation and financial literacy test during the financial year ended 31 December 2023 to evaluate the member's understanding and areas of improvement. The NRC had also carried out an evaluation on the Audit Committee and after reviewing the results of questionnaire, agreed that the Audit Committee members are financially literate and able to understand all financial matters relating to the Group.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied													
<b>Explanation on application of the practice</b>	:	<p>The Board has established a framework to formulate and review risk management policies and risk strategies. The Board Risk Committee is responsible for setting the direction and approach on all strategic and policy matters in relation to risk management.</p> <p>The Board Risk Committee’s composition is as below:</p> <table border="1"> <thead> <tr> <th></th> <th>No.</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Independent Director</td> <td>2</td> <td>50</td> </tr> <tr> <td>Non-Independent Director</td> <td>2</td> <td>50</td> </tr> <tr> <td><b>Total</b></td> <td><b>4</b></td> <td><b>100</b></td> </tr> </tbody> </table> <p>The Risk Management Working Committee, which comprised senior management of the Group, i.e. the GCEO, GCOO, GCFO, COO – Property and CFO, will report to the Board Risk Committee in identifying, monitoring and managing the risks.</p>			No.	%	Independent Director	2	50	Non-Independent Director	2	50	<b>Total</b>	<b>4</b>	<b>100</b>
	No.	%													
Independent Director	2	50													
Non-Independent Director	2	50													
<b>Total</b>	<b>4</b>	<b>100</b>													
<b>Explanation for departure</b>	:														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
<b>Measure</b>	:														
<b>Timeframe</b>	:														

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a risk management framework that prescribes a structured and integrated approach in managing the key business risks with the aim of safeguarding shareholders' interests and the Group's assets. The key aspects of the risk management framework are:</p> <ul style="list-style-type: none"><li>• Generally, the Board is accountable for the Group's overall risk profile and has delegated the oversight of the risk management function to the Board Risk Committee ("BRC"). The BRC is led by an Independent Non-Executive Director. The BRC is responsible for setting the direction on all strategic and policy matters in relation to risk management within the Group. In addition, the BRC shall also provide guidance on the development of appropriate and effective risk response and mitigation strategies and contingency plans as well as monitoring the overall risk profile and risk tolerance within the Group. The BRC also ensures the adequacy and effectiveness of the risk management and internal controls system to safeguard and enhance the value of the organisation.</li><li>• A Risk Management Working Committee ("RMWC") is established and it is led by the GCEO. Other RMWC members comprise the GCOO, GCFO, COO – Property and CFO. The RMWC is responsible for identifying, monitoring and managing any potential and existing risks faced by the Group in achieving its objectives and strategies. Head of Departments and other employees are involved in identifying, evaluating, monitoring and managing significant risks that the Group faces in its business and operations.</li><li>• The likelihood of occurrence and magnitude of the impact of such risks are determined based on an established risk matrix table.</li><li>• The risk management assessment reviews are performed periodically to identify, assess and manage the risks faced by the Group. The reviews are carried out to address the risks that the Group is facing. All record of information about identified risks is captured in a risk register.</li></ul>
<b>Explanation for departure</b>	:	



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

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group internal audit function was managed by both the outsourced Internal Auditors, Crowe Governance Sdn. Bhd. and the in-house internal audit function handled by its in-house Internal Audit (“collectively known as Internal Auditors”). The Internal Auditors report directly to the Audit Committee periodically on its assessment of reviews covering the financial, operational and compliance controls as well as risk management process. The Audit Committee will review the Internal Audit Plan which covers the scope of work of the Internal Auditors for the next financial year(s).</p> <p>The Internal Auditors have access to all relevant records, personnel and properties within the Group to carry out their duties. The Internal Auditors independently review the risk identification procedures and control processes implemented by the Management, conducts audit that encompass review of critical areas being identified and reports to the Audit Committee as necessary on its findings, management’s responses and recommendations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The outsourced Internal Auditors, Crowe Governance Sdn. Bhd. is a professional internal audit services firm. On 2 May 2023, the Group hired a Senior Manager, Internal Audit, Mr Chuah Lai Meng, who is a Certified Internal Auditor (“CIA”) and possesses Certification in Risk Management Assurance (“CRMA”) and Certification in Control Self-Assessment (“CCSA”).</p> <p>Both the outsourced and in-house Internal Auditors (“collectively known as Internal Auditors”) report directly to the Audit Committee and their roles are to independently review the internal control system established by the management, its adequacy and effectiveness vis-à-vis the objectives set and to make appropriate recommendations for further improvement. The Internal Auditors will present the yearly Internal Audit Plan, which includes the scope and functions of the internal audit for consideration and approval by the Audit Committee. The Internal Auditors adopt risk-based internal audit methodology and are guided by The Institute of Internal Auditors’ International Professional Practices Framework.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to provide shareholders and investors with accurate, useful and timely information about the Group's businesses and activities.</p> <p>Shareholders will receive regular communication from the Company through the release of quarterly reports to Bursa Securities and Annual Reports.</p> <p>In addition, the Company will communicate other information to the shareholders by way of press releases or announcement to Bursa Securities as and when necessary.</p> <p>The Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a> has an Investor Relations section to ensure shareholders and investors are provided with sufficient information on a timely basis to make informed investment decisions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 112<sup>th</sup> Annual General Meeting (“AGM”) was circulated at least twenty eight (28) days before the date of the meeting to provide shareholders sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Notice for forthcoming AGMs will continue to be given at least 28 days prior to the meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

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



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The number of registered shareholders physically attending the General Meetings of the Company is considered small and manageable by the Company. In view thereof, electronic voting and participation which would incur higher cost is not deemed practicable.	
	:	Currently, shareholders who are unable to attend and vote at the Annual General Meeting of the Company are encouraged to submit the proxy form of the Company to the Share Registrar. Hence, this allows them to vote in absentia.	
	:	The Company's Annual General Meetings has always been held at a venue which is easily accessible. The forthcoming Annual General Meeting will be held at a subsidiary's sales gallery at Bandar Bukit Puchong, Selangor.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Chairman views the engagements among the Board, senior management and shareholders in earnest. Shareholders are eligible to pose questions including but not limited to financial and non-financial performances, and long-term strategies of the Group.  The Company received 5 questions from the shareholders/proxy holders during the 112 <sup>th</sup> AGM and the Board had provided meaningful response to every question. The questions raised by the shareholders/proxy holders and responded by the Board were minuted and the minutes of the 112 <sup>th</sup> AGM is available online on the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.5**

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

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

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the AGM was made available at the Company's website at <a href="http://www.ayer.com.my">www.ayer.com.my</a> no later than 30 business days after the completion of the 112 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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