

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0108
COMPANY NAME : N2N Connect Berhad
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>N2N Connect Berhad (“N2N” or “Group”) is led and controlled by an effective Board of Directors (“Board”) consisting of professionals and competent individuals of calibre with diverse backgrounds, expertise and experience in various fields relevant to the Group’s activities and strategic development.</p> <p>The Board’s principal role is to effectively promote the best interests of the Group with a view towards enhancing shareholders’ and stakeholders’ values. In this regard, the Board oversees and evaluates the Group’s strategies, policies and performance to ensure the delivery of such values.</p> <p>The roles of the Board are also outlined in its Board Charter available on the Group’s website</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 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board Charter sets out principles for operation of the Board and has clear division of responsibilities and powers between the Chairman and the Managing Director. The Chairman is responsible to ensure that the Board functions properly with appropriate corporate governance practices and procedures.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The distinct and separate roles of the Chairman and the Managing Director are clearly stated in the Board Charter. The position of the Chairman is held by Mr Chua Hock Seng and the Managing Director position is held by Mr Tiang Boon Hwa.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Company Secretaries play an advisory role to the Board in relation to the Group's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.</p> <p>The Group is supported by two (2) qualified and competent company secretaries. Both Company Secretaries are qualified Chartered Secretaries pursuant to the Companies Act 2016 and are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Group's Company Secretaries are external company secretaries from Esprit Management Services Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>Each acts as an advisor to the Board, particularly with regard to the Constitution of the Group, board policies and procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Group's Company Secretaries ensure that discussions and deliberations at the Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management for appropriate actions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Annual meeting calendar with scheduled dates for meetings for the financial year ended 31 December 2023 was prepared and circulated in November 2022.</p> <p>The Directors are provided with all relevant information within sufficient time prior to the date of scheduled Board Meetings. Prior to each board meeting, the agenda and a set of board papers encompassing qualitative and quantitative information relevant to the business of the meeting are usually circulated to all Directors at least five (5) working days prior to the meeting dates.</p> <p>Deliberations and decisions at Board and Board Committees are documented in the minutes, and properly maintained and distributed by the Group's Company Secretary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter is published on the Group's website and it is subject to annual review.</p> <p>The last review was done in March 2024.</p> <p>The Board Charter clearly outlined the roles and responsibilities of the Board and Board Committee.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has a Code of Conduct published on its website.</p> <p>The Code of Conduct for Directors covers areas relating to Directors' duty to act, accountability, conflict of interest, confidentiality and honesty amongst others.</p> <p>The Code of Conduct for employees mainly sets out expected performance of the employees and the restrictions on improper conduct or prohibited activities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a Whistleblowing Policy and Procedures which provides an avenue for a person to report on irregularities, suspected fraud or criminal offences, improprieties, breach of confidentiality and failure to comply with legal or regulatory requirements.</p> <p>The reporting is to be directed to the Chairman of the Audit Committee or the Managing Director, who will review and follow through any reported allegations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied	
Explanation on application of the practice	:	Established in 2012 and lead by the Executive Director, all sustainability strategies, priorities and targets are performed through our LOVEPLAYCARE initiative. N2N recognizes the responsibility every business has to promote and practice sustainability. The Board alongside senior management have built a corporate sustainability approach founded on a long-term commitment to love the environment, play the role of the company well and care for the community.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	N2N regularly updates external stakeholders about its sustainability commitments through its website, Electronic Direct Mail and annual report. Internal stakeholders receive the same but with the addition of an internally-circulated quarterly N2N newsletter.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Led by the Executive Director, the Board, alongside members from the Human Resource department and Integrated Marketing department, regularly meet up to discuss about new sustainability practices it can implement and/or participate in.</p> <p>The Board and other involved departments ensure that existing sustainability practices remain relevant by regularly monitoring sustainability-related news, and by conducting research on ongoing sustainability trends around the world.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board currently does not have a framework in place to review the performance of the Board and senior management in addressing the company's material sustainability risks and opportunities.</p> <p>Most sustainability initiatives undertaken by N2N involve improving the emotional wellbeing of specific segments of greater society where outcome is not quantifiable.</p> <p>Examples of sustainability initiatives where the emotional outcome is not quantifiable are blood donations, fruit giving, stock challenges and donations.</p> <p>The Board will consider setting up a Sustainability Committee, and including sustainability strategies where the outcome can be numerically measured such as electricity usage, water usage, carbon emissions and material management.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	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 5.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee does an annual review of the tenure of each director and makes recommendations to the Board accordingly.</p> <p>The Nomination and Remuneration Committee is satisfied with the current composition of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board comprises of seven (7) Directors:</p> <ul style="list-style-type: none"> • Managing Director – 1 • Executive Director – 1 • Independent Non-Executive Directors - 4 • Non-Independent and Non-Executive Director - 1 <p>The assessment of independence of the Independent Non-Executive Directors are conducted on an annual basis via self and peer assessments and forms of declaration of independence.</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 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted the guidelines that Independent Non-Executive Director's tenure does not exceed a cumulative term limit of nine (9) years.</p> <p>If the Board intends to retain an Independent Director beyond nine (9) years, it shall seek the shareholders' approval at an AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (“NRC”) is tasked to review candidates for Board appointment. In conducting their review, the NRC will carry out processes in assessing the existing composition of the Board and its collective strength, the candidate’s skill sets, expertise, experience as well as the integrity, existing commitments and potential conflict of interests.</p> <p>The NRC has used these guided measures in recommending candidates for appointment 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 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (“NRC”) does an annual review of the composition of the Board and makes recommendations to the Board accordingly.</p> <p>The NRC is satisfied with the current size of the Board, and with the mix of qualifications, skills & experience of its Board members.</p> <p>The NRC is also open to referrals from external sources when Board vacancies arise.</p> <p>Selection of candidates based on recommendations made by existing directors, management or major shareholders are preferred because:</p> <ul style="list-style-type: none"> • Current directors, management and major shareholders are more well-informed about the Group and thus will be able to suggest candidates the right fit; • The NRC is able to source potential candidates at a more efficient pace due to familiarity, if necessary, and; • Candidates with a specialized skill set can be sourced within a shorter time frame due to existing networks of directors, management and major shareholders. 	
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	:	Details of the Directors standing for re-election are available in the Group's Annual Report.	
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	:	The Nomination & Remuneration Committee is chaired by an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently consists of three (3) female directors, which makes up 43% of the Board.</p> <p>The Board does not have any gender diversity policies and targets or any set measures to meet any targets. The Group is an equal opportunity employer and all appointments are based strictly on merits and are not driven by any racial or gender bias.</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 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not have any gender diversity policies and targets or any set measures to meet any targets. The Group is an equal opportunity employer and all appointments are based strictly on merits and are not driven by any racial or gender bias.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	: An assessment on the effectiveness of the Board, Board Committees, and each individual director is carried out annually. The objective is to improve the Board's effectiveness by identifying gaps, maximise strengths and address weaknesses. The Nomination and Remuneration Committee oversees the overall evaluation process. The results of the evaluation were presented to the Nomination and Remuneration Committee and the Board at their respective meetings.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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 Nomination and Remuneration Committee ("NRC") is tasked to review and recommend to the Board the remuneration package of the Executive Directors ("EDs") and Non-Executive Directors ("NEDs").</p> <p>The Board when deliberating the total remuneration package of the EDs will ensure that the level of remuneration is generally set to attract, retain and motivate EDs. The component of the remuneration is therefore structured to link the remuneration package with corporate and individual performance of the same industry.</p> <p>The NEDs are remunerated with fees in accordance with the experience, expertise, and level of responsibilities undertaken by the NEDs.</p> <p>The remuneration policy is periodically reviewed and available on the Group's website here</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 7.2

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 Nomination and Remuneration Committee ("NRC") comprises wholly of Non-Executive Directors. The Terms of Reference of the NRC is available at the Company's website.</p> <p>The Board is satisfied that the NRC has discharged its roles and responsibilities with respect to its functions, which include the review of remuneration package for the Board and Board Committees.</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 Group has made disclosures of the Directors' Remuneration on a named basis in the Annual Report 2023.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tiang Boon Hwa	Managing Director	134,925	0	91,476	70,192	0	371	296,964	134,925	0	3,097,434	2,142,860	0	28,650	5,403,869
2	Lai Su Ping	Executive Director	134,925	0	112,417	42,952	0	19,877	310,171	134,925	0	733,859	279,414	0	19,877	1,168,075
3	Elaine Foong Sooi Jade	Independent Director	134,925	3,000	0	0	0	0	137,925	134,925	3,000	0	0	0	0	137,925
4	Chua Hock Seng	Independent Director	134,925	3,000	0	0	0	0	137,925	134,925	3,000	0	0	0	0	137,925
5	Goh Ching Chee	Independent Director	134,925	3,000	0	0	0	0	137,925	134,925	3,000	0	0	0	0	137,925
6	Dato' Sim Kia Ju	Independent Director	134,925	3,000	0	0	0	0	137,925	134,925	3,000	0	0	0	0	137,925
7	Lin, Lin	Non Executive Non Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	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
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

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 Group discloses the top five senior management's remuneration components in band widths of RM50,000 but not on a named basis due to confidentiality and sensitivity of each remuneration package.	
		The Group disclosed the names of the senior management on the Group's website and Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Audit Committee ("AC") comprises three (3) members who are all Independent Non-Executive Directors.</p> <p>The AC Chairperson, Ms. Elaine Foong Sooi Jade is a fellow member of The Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.</p> <p>She is not the Chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	None of the members of the Board are former key audit partners of the external audit firm of N2N.	
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 Audit Committee’s (“AC”) assessment of the suitability, objectivity and independence of the External Auditors (“EA”), HLB Ler Lum Chew PLT (“HLB”) is done on a yearly basis.</p> <p>As part of the EA assessment, the AC will consider the Audit Plan of the EA, including the engagement team, audit timeline, areas of audit emphasis and key audit matters.</p> <p>The EA has provided with written assurance that they had been independent throughout the audit engagement in respect of the Audited Financial Statement (“AFS”) of the Group for the financial year ended 31 December 2023.</p> <p>The AC was satisfied with the suitability of HLB based on the quality of audit, performance, competency and sufficiency of resources the EA team provided to the Group.</p> <p>The Board had in March 2024 approved the AC’s recommendation for the shareholders’ approval to be sought at the forthcoming Annual General Meeting to re-appoint HLB Ler Lum Chew PLT as the EA of the Company for the financial year ending 31 December 2024.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Based on the ACE Market Listing Requirements, Audit Committee members are required to be Non-Executive Directors, with a majority of them being Independent Directors. This has been adopted in the Terms of Reference of the Audit Committee. The Audit Committee currently comprises wholly of three (3) Independent Non-Executive 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board reviews the terms of office of the Audit Committee ("AC") members and assesses the performance of the AC and its members annually.</p> <p>Based on the outcome of the AC assessment, the Board is satisfied with the AC's performance as its Chairperson and members possess the necessary knowledge, experience, expertise and skills that contributed to the overall effectiveness of the AC.</p> <p>All the AC members attended conferences, courses and trainings to keep themselves abreast of recent developments.</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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Management is an integral and critical part of risk management in the operations of the Group. The experience, knowledge and expertise of management in identifying and managing risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of appropriate action plans to ensure the accomplishment of the Group’s objectives.</p> <p>Day to day operations in respect of financial, commercial, legal compliance and operational aspects of the Group are closely monitored by the respective Heads of Department and they are delegated with the responsibilities to identify and manage these risks.</p> <p>The deliberation of risks and mitigation responses are discussed during ISMS Committee Meetings and ISM Management Review Meetings. The Company established best practices in Information Security Management System (ISMS) through ISO 27001:2013 since 2014.</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 Group established best practices in Information Security Management System (ISMS) through ISO 27001:2013 since 2014. These best practices include security objectives, policies and procedures, in which risk management is one of it, which covers the following:</p> <ul style="list-style-type: none"> • Formal processes for asset tagging, risk identification, assessment, measurement, mitigation as well as the Group’s risk appetite and oversight responsibilities of the Board. • Identifications of key business and to determine if controls are in place in mitigating the risks identified through a risk treatment plan. • Taking part in the ISO 27001:2013 annual surveillance audit by external certification body to ensure any information risks have been managed and mitigated based on our ISO 27001:2013’s policies and procedures. <p>The management of such risks is an on-going process and existing risk management practices are re-evaluated annually, including the need to revise any existing practices from time to time.</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 10.3 - 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	:	Adopted
Explanation on adoption of the practice	:	N2N has established a Risk Management Committee and it comprises of two (2) Independent Non-Executive Director and the Managing Director. Mr. Goh Ching Chee, an Independent Non-Executive Director, is the Chairperson of the Risk Management Committee.

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 internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level.</p> <p>The activities of the internal auditors during the financial period are set out in the Audit Committee Report in the Annual Report 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 an internal audit firm. There is no other service engagement between the Group and Tricor Axcelasia Sdn Bhd, which may create conflict of interest or impair their objectivity and independence.</p> <p>Tricor Axcelasia Sdn Bhd is headed by its Director, Chang Ming Chew, who is a Certified Information Systems Auditor, ((CISA (USA)), Certified Internal Auditor ((CIA(USA)), Certified Risk Management Assurance ((CRMA(USA)), Fellow member of the Association of Chartered Certified Accountants, Chartered Accountant, member of Malaysia Institute of Accountant (MIA) and a professional member of the Institute of Internal Auditors Malaysia.</p> <p>The number of staffs deployed by the Internal Auditors for their reviews ranges from three to six per visit including the engagement Director.</p> <p>The Internal Auditors have conducted their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group recognises the importance of being accountable to its stakeholders and investors through maintenance of an open communication policy. In ensuring effective communication, the Group communicates with its stakeholders and investors through various means and forums such as the annual report, company visits, site visits, shareholders' meetings, exhibition and other Group activities.</p> <p>To ensure that shareholders and investors are well informed of major developments of the Group, information is disseminated to shareholders and investors through various disclosures and announcements to Bursa Securities which include quarterly financial results and press release from media. Such disclosures and announcements, as well as information pertaining to corporate governance are also available on the Group's website: www.n2nconnect.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<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.

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the 2023 Annual General Meeting (“AGM”) was despatched more than twenty-eight (28) days before the date of the 2023 AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors, including the Chairperson of the respective Board Committees attend the Annual General Meetings of N2N.</p> <p>In addition to the above, members of the senior management and the External Auditors of the Group have also attended Annual General Meetings in the past years.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	N2N’s Constitution permits meetings to be held at multiple venues, employing any technology or method enabling members to participate, speak, and vote at the meeting, along with utilizing available technology to facilitate voting. Although the current practice entails physical meetings without remote voting/participation, N2N is equipped to accommodate such facilities.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The Notice of Annual General Meeting ("AGM") together, with all documents relating to the meetings, were available for perusal and download on the Group's website, besides from being published at Bursa's website. The notices of meetings had included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding to the respective business agenda of the meetings. During the physical AGM held on 25 May 2023, the shareholders were given sufficient time to present their questions and the Board and Management had responded to those questions timely.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: N2N conducted a physical Annual General Meeting in the financial year 2023. Shareholders were not permitted to participate in the AGM remotely.
	: During the physical Annual General Meeting, sufficient opportunity was given to shareholders to pose questions and receive meaningful response from the Board and Management.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the general meeting are approved and signed by the Chairman/Acting Chairman after the general meeting. The Board works closely with the Company Secretary to ensure that the minutes of the general meeting are made available on the Group's website as soon as practicable after the minutes are approved and signed. The minutes of the general meeting will be made available on the Group's website here
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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