

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0066
COMPANY NAME : Vsolar Group Berhad
FINANCIAL YEAR : June 30, 2022

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Board of Directors (Board) and Management, the Board Committees and the individual Directors of Vsolar Group Berhad (Vsolar or the Company) are set out in the Board Charter which is available at the Vsolar's website at http://www.vsolar.com.my (Vsolar Website).</p> <p>It is the primary governance responsibility of the Board to provide stewardship and directions for the Management of the Company and its Subsidiaries (Group). The Board's responsibilities in respect of the stewardship of the Company include, but not limited to, review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Director is responsible for implementing the operational and corporate decisions while the Independent Directors are to ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of the shareholders and investors.</p> <p>The Board has defined the roles and responsibilities for the Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of the Management, succession plan as well as the integrity of management information and systems of internal control of the Group. Executive Director meets with the respective Heads of Departments on a regular basis where policies, strategies and operational matters are deliberated and brought to the attention of the Board, where appropriate, during the Board Meetings.</p>

	<p>The respective roles and responsibilities of the Board and Management are clearly set out and understood to ensure accountability.</p> <p>The Board assumes the ultimate accountability and responsibility for the stewardship of Vsolar are as follows and are set out in the Board Charter which is available at the Vsolar Website:</p> <ul style="list-style-type: none"> • Reviewing and approving of the corporate strategies and plans of the Group, monitoring the implementations through the annual budget and financial plans Overseeing and monitoring the conduct and overall performance of the Group. • Overseeing the process for identifying principal risks and ensuring that appropriate control systems, monitoring and reporting mechanism are in place to effectively monitor and manage these risks. • Appointing and assessing the performance of the Executive Director and overseeing the succession plans for the senior management team. • Overseeing the development and implementation of shareholders' communication policy for enhancing and protecting of the reputation of the Group. • Reviewing and overseeing the adequacy and the integrity of the management information and control systems of the Group. • Ensuring that Vsolar adheres to high standards of ethics and corporate behaviours. <p>The Board maintains specific Board Committees namely Audit Committee (AC), Nomination Committee (NC) and Remuneration Committee (RC). The Board Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. The Board has defined the terms of reference for each Committee and the Chairman of the respective Committees will report and update the Board on significant matters and salient matters deliberated in the Committees.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is led by an Independent Chairman, namely Encik Khairul Azwan bin Harun.</p> <p>As the Independent Chairman of the Company, he is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its roles and setting its agenda which mainly focus on strategy, performance, corporate governance and value creation. When running the Board Meetings, he maintains a collaborative atmosphere and ensures that all Directors contribute to debates and a consensus is reached.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	Encik Khairul Azwan bin Harun is the Independent Chairman of the Company while Mr. Koo Kien Yoon is the Executive Director who is also acting as the Chief Executive Officer of the Company. Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for running the Group's business. The roles and responsibilities of the Chairman and Executive Director are clearly defined in the Board Charter.
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, Nominating 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 Board is supported and assisted by an external Company Secretary. The Company Secretary of Vsolar is qualified to act as Company Secretary under Section 235 of the Companies Act 2016 (the Act), of which she is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provides the required support and assistance to the Board in carrying out its duties and stewardship role and also provides the necessary advice with regards to the Act, the Company's Constitution, Board's policies and procedures as well as compliance with all the regulatory requirements, codes, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretary as well as external consultants. The Company Secretary with the Executive Director will assist the Chairman of the Board and Chairmen of Board Committees to deal with the Board agenda and to provide the relevant information and documents to the Directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretary in assisting the Board to discharge its duties.</p> <p>The Board is of the view that the Company Secretary has been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p> <p>The Board is satisfied with the performance and services rendered by the Company Secretary to the Board.</p>
Explanation for departure :	

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

Measure :		
Timeframe :		

Intended Outcome

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>A corporate calendar of all scheduled meetings and planned events for the financial year are furnished to all Directors and the Management by the Company Secretary during the first quarter Board Meeting to aid and facilitate the Directors in scheduling and meeting their time commitments.</p> <p>In reviewing and analysing the quarterly interim financial results, the Board was provided with various corroborative information and data. Procedures have been established for timely dissemination of the Board's papers and Board Committees' papers to all Directors at least seven (7) days prior to the scheduled meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the papers and seek clarification, if necessary, and enable them to deliberate issues raised during the Board Meetings more effectively. Additionally, the Management was also invited to brief and report in the Meetings of the Board and Board Committees.</p> <p>The Board was also kept informed progressively of the various requirements and updates issued by the various regulatory authorities. These requirements and updates were provided and briefed by the Management, the Company Secretary, external and internal auditors. The Management, external and internal auditors were invited to attend Board and/or the Board Committees Meetings to provide additional insights and professional advice on specific items on the meeting agenda.</p> <p>Procedurally, when external advice are necessary, the Director who intends to seek such consultation or advice shall notify the Chairman for approval. Upon approval, the Chairman will facilitate obtaining such advice and, where appropriate, disseminate the advice to all Directors. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the authority to retain at the Company's expense, such as legal, accounting or other services, consultants, advisers or experts as it considers necessary from time to time in the performance of its duties.</p> <p>The deliberations and decisions at the Board Meetings and Board Committees Meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p>

	<p>The Company Secretary will circulate the draft minutes of Meetings to the Members of the Board and Board Committees for their review in a timely manner. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of Meetings for updating the Board and/or Board Committees. Action items would stay as matters arising in the minutes of Meetings until they are resolved.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is available at the Vsolar Website. The Board Charter will be reviewed as and when the need arises to keep it current and relevant at all times.</p> <p>The Board will enhance its Board Charter and made it available together with the other existing policies on the Vsolar Website, as follows:</p> <ul style="list-style-type: none"> • Board Charter • Terms of Reference of the Board Committees • Code of Ethics • Shareholder Communication Policy • Whistle Blowing Policy • Anti-Bribery and Anti-Corruption Policy • Remuneration Policy
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 Code of Ethics (Code) of the Company sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities.</p> <p>The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board will periodically review the Code which is available at the Vsolar Website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 adopted a Whistle Blowing Policy which is available on the Company's Website, sets out the disclosure procedures and protection for the whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>All whistle-blowing reports are addressed to Mr. Ng Chee Kin, the Independent Director and Member of the AC. This policy is administered by the AC with the assistance of the Management and overseen by 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

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 :	<p>One of the principal responsibilities of the Board is to review and adopt strategic plan for the Group to ensure that the Board supports long-term value creation and take into account economic, environmental, social as well as governance considerations underpinning sustainability. In this respect, the Executive Director (ED), through the management meeting, assists the Board in overseeing the formulation, implementation and effective management of the Group's sustainability strategies.</p> <p>To facilitate the sustainability management, the Board also delegates the authority to AC to review the adequacy and effectiveness of the risk management process from time to time. ED also assist to identify and assess risks as well as to ensure that the risk management process is adequate and effective. All policies and procedures formulated to identify, measure and monitor various risk components are reviewed by the AC. Additionally, the AC reviews and assesses the adequacy of the risk management policies and ensures that the infrastructure, resources and systems are in-place for implementing the company strategies, business plans, major plans of action and risk management.</p> <p>Accordingly, the Board together with the management accountable for ensuring that sustainability measures are integrated into the strategic direction of the Group and its operations. To achieve this, the Board continuously ensures that there is an effective governance framework for sustainability practices within the Group.</p>
Explanation for departure :	

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

Measure :		
Timeframe :		

Intended Outcome

The 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	:	<p>Vsolar always engage with the stakeholders actively throughout the financial year as part of the sustainability assessment process. Engagement with stakeholders allows Vsolar to gain more complete understanding on the materiality issues and matters. Whilst, Vsolar are also able to capture the key aspects and impacts of the sustainability journey.</p> <p>The stakeholders’ engagements are set out in Sustainability Statement on pages 19 to 29 of the Annual Report 2022.</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 4.3

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>Directors conducted a self-assessment of their skills matrix which include their experience in sustainability. The Board viewed that sustainability should be embedded within the culture of the boardroom, whereby each Director should be able to view the organisation and its operations in the context of sustainability. The Board agreed that there was sufficient capacity in this area, to enable the Board to discharge its role effectively.</p> <p>Asides, the Company has always practicing the sustainability strategies and these are the efforts from the Board together with the management who are well versed and up-to-date on sustainability issues relevant to the company and business.</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	:	A set of sustainability Key Performance Indicators will be developed in financial year ending 2023 as part of the Board’s initiative in addressing sustainability targets, with its risks and opportunities.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 NC carry out an annual review for assessing the effectiveness of the Board as a whole, the Board Committee and each individual director.</p> <p>The assessment criteria of the Board and Board Committees include an evaluation of the size and composition of the Board and Board Committees, access to the information, accountability, processes, Board and Board Committees’ performances in relation to discharging its responsibilities, communication to management and standard of conduct by the Directors and Committee members.</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 majority of the Board comprises Independent Directors who bring objective and independence judgements to facilitate a balanced leadership in the Group. There are currently five (5) Members on the Board, of whom four (4) are Independent Directors.</p> <p>The Board recognises the importance of independence and objectivity in the decision-making process. All Independent Directors must declare their personal independence to the Board based on the criteria as set out in the ACE Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).</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>Directors, whereby it shall not exceed a cumulative term limit of nine years. However, an Independent Director may continue to serve on the Board beyond nine years subject to his or her re-designation as a Non-Independent Director.</p> <p>In the event that said Director is to remain designated as an Independent Director, the Board shall, upon the recommendation by the NC, justify and obtain the shareholders' approval for the Director concerned to be retained as an Independent Director.</p> <p>If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.</p> <p>At the forthcoming Annual General Meeting of the Company (AGM), Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad and Mr. Ng Chee Kin have served as an Independent Directors for more than nine (9) years and the Board shall seek the shareholders' approval at the AGM for their retention as an Independent Directors.</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	:	Please provide an explanation on the adoption.

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	:	Vsolar is led and managed by a diverse competent and experienced Board with a mix of suitably qualified and experienced professionals having wide and varied spectrum of expertise in the fields of business, accounting, finance, taxation, legal, facility administration and management, property management, financial management, corporate and business advisory. This enables the Board to carry out its responsibilities effectively and ensures accountability. The current Board is drawn from different cultural and socio-economic background with their age ranging from 36 years old to 75 years old to ensure that different viewpoints are considered in the decision-making process.
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 Board is committed to upholding high standards of governance in respect of new appointments to the Board to ensure that the Board is comprised of Directors who have the necessary skills, competencies, commitment and experience to complement the efficiency and effectiveness of the Board as a whole.</p> <p>The Board had adopted the following procedures for the appointment of new Directors effective from 17 October 2018:</p> <ol style="list-style-type: none">1. The NC is entrusted with the responsibility to review, propose and recommend the appointment of potential new Directors after taking into consideration the current and future needs of the Company.2. The NC, which is also responsible for reviewing the effectiveness of the Board as a whole, the Board Committees, the contributions of the individual Directors and the independence of the Independent Directors, will, where appropriate, make its recommendations to the Board on the need to increase the Board size, the composition, the necessary skills, calibre and experience required and where available the potential candidates for appointment.3. The NC will where practical maintain a database of potential candidates. Potential candidates can be sourced from:<ul style="list-style-type: none">• Existing Directors and substantial shareholders of the Company;• Existing Senior Management of the Company;• Professional bodies and organisations;• Business associates, shareholders; and• Others.

	<p>4. Upon a decision being made by the Board to appoint new Directors:</p> <p>a. The NC will identify suitable candidates from its available database or sources maintained taking into consideration the required skills, competencies and experience and such other parameters as may be determined by the Board.</p> <p>b. The Chairman of the NC and the Executive Director will meet with the identified candidates to assess/reassess their suitability for appointment.</p> <p>c. The identified candidate, if cleared by the NC, will then be recommended to the Board for consideration and approval.</p> <p>d. Prior to the appointment, the identified candidates will be invited to an introductory meeting with the full Board to enable the Board to form an opinion and assessment on the identified candidates recommended by the NC.</p> <p>e. Subsequent or further meetings with the candidates may be arranged to the satisfaction of the Board, should the need arise.</p> <p>f. The discretion to accept or reject a candidate rests with the full Board.</p>
<p>Explanation for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	
<p>Timeframe</p>	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC appointment and re-appointment of Director by assess the performance, conflict of interest, position or relationship that might influence the Company and Board’s judgment.</p> <p>This is to ensure the Director is able to contribute to the Company and effectively to lead the Board and the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application :	Applied	
Explanation on application of the practice :	The NC is chaired by Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad, who is the Senior Independent Director of the Company.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although presently there is no gender diversity policy adopted by the Company, the Board opined that given the current state of the Group's business and lifecycle, it is more important to have the right mix of skills on the Board rather than to attaining the 30% threshold.	
		Nevertheless, the Board is on the outlook for potential women Directors and shall appoint additional women Directors as and when suitable candidates are identified. No timeframe has been set for the search concerned.	
<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

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 adopt any formal gender diversity policy as Group the is committed to provide fair and equal opportunities and nurturing diversity within the organisation.	
		The Group will evaluate the suitability of candidates as a new Board member or as an employee at senior management level based on the candidate’s competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group regardless of gender.	
<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	: Board, including core competencies which non-executive directors should bring to the Board and assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director. The evaluation process is led by the Chairman of the NC and supported by the Company Secretary annually. The Directors will complete the relevant questionnaires regarding the effectiveness of the Board and Board Committees. The assessment completed by all Directors are summarised and tabled at the NC's Meeting and reported at the Board Meeting by the Chairman of the NC. For the financial year ended (FYE) 2022, the NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Independent Directors. Based on the assessment, the NC was satisfied with the existing Board's composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.
Explanation for departure	:

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.1

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 Company has put in place remuneration policy and procedures which are premised on the need for then remuneration practices of the Company to be competitive, thereby enabling the Company to attract and retain high-calibre directors and senior management.</p> <p>The component remuneration package of the Executive Directors and Management has been structured to link rewards to corporate and individual performance while the remuneration package of the Non-Executive Directors reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors' fees and benefits, which have been reviewed by the RC, are recommended by the Board to the shareholders for approval at the forthcoming AGM.</p> <p>The Remuneration Policy will be reviewed periodically and is available at the Vsolar Website at www.vsolar.com.my.</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	:	The terms of reference of the RC is available at the Vsolar Website.	
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	:	In line with corporate governance best practice, the disclosure of the Directors' remuneration on a named basis for the FYE 2022 is set out in the tables below:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Khairul Azwan bin Harun	Independent Director	96	4	Input info here	Input info here	Input info here	Input info here	100	96	4	Input info here	Input info here	Input info here	Input info here	100
2	Koo Kien Yoon	Executive Director	72	-	193	17	Input info here	Input info here	282	117	-	193	17	Input info here	Input info here	327
3	Abdul Menon bin Arsad @ Abdul Manan bin Arshad	Independent Director	30	4	Input info here	Input info here	Input info here	Input info here	34	30	4	Input info here	Input info here	Input info here	Input info here	34
4	Ng Chee Kin	Independent Director	30	4	Input info here	Input info here	Input info here	Input info here	34	30	4	Input info here	Input info here	Input info here	Input info here	34
5	Chuah Hoon Hong	Independent Director	36	4	Input info here	Input info here	Input info here	Input info here	40	36	4	Input info here	Input info here	Input info here	Input info here	40
6	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
7	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
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
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
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the disclosure of the senior management's remuneration will impinge on the confidentiality and privacy of the respective individuals and may result in negative repercussions on the Group's human resources taking into consideration the size and dynamics of the Group's current operations.</p> <p>The Board is of the view that the negative repercussions and implications far outweigh the benefits to be derived from adopting the disclosures under Practice 8.2.</p> <p>The Board also believes that the interest of the shareholders will not be prejudiced or compromised as a consequence of non-disclosure on a named basis, the remuneration of its key management's remuneration.</p> <p>In Vsolar, the assessment of the senior management to ensure that their remuneration is commensurate with their individual performance taking into consideration the Company's performance is entrusted to the Board's RC.</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.

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	:	The Chairman of the AC, Mr. Chuah Hoon Hong, is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The AC have a policy and none of the members of the AC are former key audit partner of the Company's present or previous auditors.	
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 AC has been appointed Messrs. CAS Malaysia PLT (CAS) as Auditors of the Company with effect on 18 May 2021. AC had carried out an assessment of the performance and suitability of CAS based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.</p> <p>The AC has been generally satisfied with the independence, performance and suitability of CAS and are recommending to the Board and shareholders for approval for the re-appointment of CAS as External Auditors for the financial year ending 30 June 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

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	:	The AC consists of three (3) members, of which all are Independent Directors. <u>The Members of the AC</u> Mr. Chuah Hoon Hong – Chairman Encik Abdul Menon bin Arsad @ Abdul Manan bin Arshad – Member Mr. Ng Chee Kin – Member

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	:	The assessment of performance of the AC is conducted annually. The NC is satisfied with the performance of the AC and each of its members and that they have carried out their duties in accordance with the terms of reference of the AC. The Chairman and Members of the AC are financially literate and the trainings, if any, attended by them during FYE 2022 are disclosed in the Corporate Governance Overview Statement on pages 30 to 34 of the Annual Report 2022.
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>Risk Management is regarded by the Board to be an integral part of the business operations and good governance practices. Risk is inherent in all business activities, and the Group's objective is not to eliminate risk totally but to provide structural means to identify, prioritise and manage risks involved in all the Group's activities and to balance between the costs and benefits of managing and treating risks, as well as the anticipated returns to be derived therefrom. The Executive Director together with Heads of Departments review and update the risks face by the Group to ensure that existing mitigation actions against such risks are adequately addressed and reported to the AC and ultimately the Board. In the periodic management meetings, key risks and mitigating controls are deliberated.</p> <p>The Board is overall responsible for maintaining and ensuring the integrity of a sound system of Internal Control which supports effective and efficient operations to safeguard shareholders' interests and the Group's business and assets. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 38 to 39 of the Annual Report 2022 provides an overview of the Group's approach to ensuring the effectiveness of the risk management and internal processes within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The features of the Group’s risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 38 to 39 of the Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent professional consulting firm to provide an independent and objective assurance on the effectiveness of governance, risk management processes and internal control system of the Group.</p> <p>The internal auditors’ independence is maintained by reporting functionally to the Board through the AC and administratively to the Management.</p> <p>Internal audit reports which are issued will be tabled to the AC for review and the Management is required to be present at the AC Meetings to respond and provide feedback on the audit findings and recommended improvements.</p> <p>In addition, the Management is also required to present to the AC in the Meetings on the status updates on significant matters and changes in key processes that could impact the Group’s operations.</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 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 Wensen Consulting Asia (M) Sdn. Bhd. (Wensen) which has relevant qualifications and experiences in internal auditing.</p> <p>Wensen’s engagement director in charge of the Group’s internal audit is Mr. Edward Yap Choon Wah, who is a Certified Internal Auditor of The Institute of Internal Auditors Malaysia. He is also a Certified Practising Accountant with CPA Australia, a Chartered Member of The Institute of Internal Auditors Malaysia and a Chartered Accountant of the Malaysian Institute of Accountants. He has more than 20 years of international and local audit experiences.</p> <p>For the FYE 2022, the internal audit scope was to assess the adequacy and effectiveness of the internal control system of Vsolar and the practice adopted on this assignment was guided by the International Professional Practices Framework issued by the Institute of Internal Auditors and carried out in accordance with an audit plan approved by the AC.</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 Board is committed to ensuring that communications to the shareholders and public investors in general, regarding the businesses, operations and financial performance of the Group is timely and factual and are available on an equal basis.</p> <p>The release of announcements and information by the Group to Bursa Securities are handled by the Executive Director or the Company Secretary within the prescribed requirements of the Listing Requirements.</p> <p>Information is disseminated via annual reports, circulars/statements to shareholders, quarterly and annual financial statements, and announcements from time to time. As these announcements and information can be price-sensitive, they are only released after having being reviewed by the Executive Director.</p> <p>The Vsolar Website also provides all relevant information to stakeholders and the investing community. Quarterly and annual financial statements, announcements, financial information, annual reports and circular/statements to shareholders are uploaded onto the said website for investors and the public.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company is not a Large Company as defined by Malaysian Code of Corporate Governance. The Company has not adopted integrated reporting based on the globally recognised framework as it is not a statutory requirements.
	:	The Annual Report presently contains financial and non-financial information which provides a fairly comprehensive overview of the Group.
<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 13.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Notice of the forthcoming 18th AGM is issued on 29 October 2021 whilst the AGM will be held on 26 November 2021. The Notice is served to the shareholders for more than twenty-eight (28) days.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 13.2

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 Members of the AC, NC and RC, attended and participated at Vsolar’s AGM in 2022.</p> <p>The presence of all directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</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	:	Vsolar currently has 18,161 shareholders as at 30 September 2022. The Company was having its AGM via fully virtual basis and its AGM will be held on 26 November 2021.	
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 :	<p>At the commencement of the 18th AGM held 26 November 2021, the Chairman, briefed the members, corporate representatives and proxies present virtually at the Meeting of their right to ask questions and vote on the resolutions. Apart from Notice of AGM, all pertinent documents relating to the meetings were available for perusal and download from the Company's website besides being published at Bursa's website.</p> <p>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. Shareholders were given the avenue to submit pre-meeting questions.</p> <p>In addition, shareholders were able to post live questions to the Board of Directors during the meetings for immediate interaction and deliberation with the Board as necessary. All Directors and senior management, Joint Company Secretaries and external auditors were present during AGM to engage with shareholders (physically and virtually) to address any areas of interest or concern brought up by the shareholders. Shareholders will be provided with avenues to post their queries to the Company whether virtually on physically.</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	:		
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Intended Outcome

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

Practice 13.5

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 :	Applied
Explanation on application of the practice :	<p>During the FYE 2021, the Company conducted its AGM on 26 November 2021 on virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at 13th Floor, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.</p> <p>This is in line with the guidance note on conduct of general meetings for listed issuers issued by the Securities Commission Malaysia on 18 April 2020 and all subsequent revisions thereto. The AGM was convened smoothly. No questions were received from shareholders. The system used to handle virtual AGM was tested prior to the AGM to ensure it can support written interactions between the Board and senior management team with the shareholders.</p> <p>It was noted that any questions raised by shareholders will could be posted on the meeting platform or read out by the host of the meeting before the Board is invited to respond to the questions.</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 13.6

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 18th AGM has made available to the shareholders at the Company's website at http://www.vsolar.com.my
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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