

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0020  
**COMPANY NAME** : NETX HOLDINGS BERHAD  
**FINANCIAL YEAR** : November 30, 2021

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board plans the strategic direction, development and control of the Group and has embraced the responsibilities listed in the Board Charter to discharge its stewardship and fiduciary responsibilities. The key matters reserved for approval by the Board are the quarterly financial results, audited financial statements, significant expenditures, significant acquisitions and disposals, appointment of Directors/Board Committee members, related party transactions and other relevant matters affecting the Group's business.</p> <p>The Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the board accountability by providing their independent views, advice and judgement in safeguarding the interests of the shareholders. Non-Executive Directors play a key supporting role, contributing their skills, expertise and knowledge towards the formulation of the Group's strategic and corporate objectives, policies and decisions.</p> <p>The Board has set the management authority limit and retained its authority of approval on significant matters.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 30 November 2021, the Board was chair by YM Tengku Ahmad Badli Shah Bin Raja Hussin, the Senior Independent Non-Executive Director of the Company.</p> <p>The Chairman is responsible for the board effectiveness and conduct whilst the Executive Director has the overall responsibilities over the Group's operating units, organizational effectiveness and implementation of Board policies and decisions. The Executive Directors are the decision maker and involved in leadership role overseeing the day to day operations and management and are accountable for the conduct and performance of the Group's businesses.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 30 November 2021, the positions of Chairman and Executive Director are held by different individuals. The Chairman of the Board is an Independent Non-Executive Director and not related to the Executive Director.</p> <p>There is clear division of responsibilities between the Chairman and the Executive Director. The Chairman plays a pivotal role in ensuring that the Directors are effectively apprised on the business and operations of the Group through regular meetings and to ensure that decisions are arrived after taking into consideration the interests of all stakeholders. The Executive Director is responsible for the day-to-day management of the Group's business, which includes implementing the policies and decisions of the Board. The Executive Director reports to the Chairman with respect to matters concerning the Board members and is obliged to report and discuss at board meetings all material matters affecting the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has access to the advice and services of the Company Secretary who is suitably qualified and competent to support the Board. The Company Secretary provides support and guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.</p> <p>The Company Secretary provides support to the Chairman to ensure the effective functioning of the Board and also organizes and attends all Board meetings and Board Committees meetings, ensuring that an accurate and proper record of deliberation of issues discussed, decisions and conclusions are taken.</p> <p>The Company Secretary records, prepares and circulate the minutes of the meetings of the Board and Board Committees and ensure that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, The Company Secretary also updates the Board regularly on amendments to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, practice and guidance notes, circulars from Bursa Malaysia Securities Berhad, legal and regulatory developments and impact, if any, to the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board on an annual basis would agree on the meeting dates for the whole year so that each member of the Board is able to plan his schedule accordingly. The agenda for the Board Meetings, together with appropriate reports and information on the Group's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the meetings, in sufficient time so that all Directors are given time to prepare, evaluate, obtain additional information or clarification prior to the meeting.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established a Board Charter which sets out the Board’s functions and responsibilities, including division of responsibilities between the Board, the different Board Committees, the Chairman and the Executive Director.</p> <p>The Board Charter serve as a reference and primary induction literature, providing Board members and management insights into the function of NetX Board. Board reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.</p> <p>The Board Charter is available on the Company’s website at <a href="http://www.netx.com.my">www.netx.com.my</a>. The Board Charter is subject to review from time to time and in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.</p>
<b>Explanation for departure</b>	:	  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has put in place a Code of Conduct, for the Directors and employees that set the guidelines for their conduct. It is used to ensure issues and matters are properly understood by all Directors and employees during the tenure of their employment. A set of Directors' Code of Conduct has also been formalized which including the key values, mission, principles and ethos of the Company.</p> <p>The Director's Code of Conduct are available at the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a>. The employee's code of conduct is set out in the Employee Handbook.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has also put in place its Whistleblowing Policy and procedures by which an employee or stakeholder can raise concerns or disclose in good faith, through the established channel, genuine concerns about unethical behaviour, malpractice, non-compliance and unethical business conduct and to enable prompt corrective actions and measures to resolve them effectively.</p> <p>Any employee who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Audit and Risk Management Committee in writing. The identity of the whistleblower will be kept confidential and protection is accorded against being disadvantaged in any way such as victimization, retribution and harassment.</p> <p>The Whistleblowing Policy are available at the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently consists of four (4) members, comprising of two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Executive Director. Thus, has complied with Practice 4.1 of at least half of the Board comprises independent directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

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 justify and seek annual shareholders' approval. 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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

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

### Intended Outcome

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

### Practice 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee (“NRC”) has been entrusted with the responsibility to identify and review candidates for appointment to the Board. The Board has established a nomination process of board members to facilitate and provide a guide for the NRC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company. The NRC is responsible to identify and recommend candidate to fill vacancy arises from resignation, retirement or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board.</p> <p>Upon receiving a nomination for new Director, the review process entails the assessment of the candidates’ background, experience, knowledge and skills critical to the Group’s business. Other criteria such as integrity, wisdom, independence of the candidates, existing commitments, potential risk and/or conflict of interest are also considered in the assessment of suitability of candidates for appointment to the Board.</p> <p>Upon the evaluation of the candidates, the NRC shall report to the Board of its findings and recommendations. The Board would base on the recommendations of the NRC to proceed to approve or decline the appointment of the candidates as the new Directors of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognizes the merits of Board Diversity in adding value to collective skills, perspective and strengths to the Board. As such, the Board had adopted the Board Diversity Policy which sets out the Company's approach to diversity on the Board of NetX. The Board endeavors to have diversity of the Board and its workforce in terms of gender, experience, qualification, ethnicity and age. The Nominating and Remuneration Committee is responsible in ensuring that diversity objective is adopted in Board recruitment, Board performance evaluation and succession planning processes whereas diversity in workforce shall be decided by the management.</p> <p>The Board also recognizes that gender diversity is of importance to the boardroom and will continue to encourage and propose women candidates subject to identification of suitable candidates with appropriate skills.</p> <p>Currently, our Board comprises one (1) female Director, representing 25% of total numbers of the Board. In line with the MCGG of at least 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of additional female directors onto the Board in the future to bring about a more diverse perspective.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Nominating and Remuneration Committee (“NRC”) has been entrusted with the responsibility to identify and review candidates for appointment of directors.</p> <p>The Board has established a nomination process of board members to facilitate and provide a guide for the NRC to identify, evaluate, select and recommend to the Board the candidate to be appointed as a director of the Company. The NRC is responsible to identify and recommend candidate to fill vacancy arises from resignation, retirement or if there is a need to appoint additional director with the required skill or profession to the Board in order to close the competency gap in the Board.</p> <p>Upon receiving a nomination for new Director, the review process entails the assessment of the candidates’ background, experience, knowledge and skills critical to the Group’s business. Other criteria such as integrity, wisdom, independence of the candidates, existing commitments, potential risk and/or conflict of interest are also considered in the assessment of suitability of candidates for appointment to the Board.</p> <p>Upon the evaluation of the candidates, the NRC shall report to the Board of its findings and recommendations. The Board would base on the recommendations of the NRC to proceed to approve or decline the appointment of the candidates as the new Directors of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Nominating and Remuneration Committee, Mr Chu Chee Peng, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee (“NRC”) reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors.</p> <p>The NRC carry out evaluation of board effectiveness in the areas of composition, roles and responsibilities, and whether the respective Board Committees effectively discharged their functions and duties in accordance with their terms of reference. The evaluation process involved self-review assessment, where Directors will assess their own performance.</p> <p>Based on the assessment conducted for the financial year 2021, the Board and the NRC are satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members. The assessment and evaluation are properly documented.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Policy to facilitate the Nominating and Remuneration Committee ("NRC") to review, consider and recommend to the Board for decision on the Directors' remuneration. The Board believes in a Remuneration Policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term goals and enhance shareholders' value. The Board's objective is to offer a competitive remuneration package in order to attract, develop and retained talented individuals to serve as Directors. A copy of the Remuneration Policy is available on the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a>.</p> <p>The NRC recommends remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Director(s) to manage the business of the Group. Executive director is remunerated based on the Group's performance, market conditions and his responsibilities whilst the remuneration of the Non-Executive Directors are determined in accordance with their experience and level of responsibilities assumed in Board Committees and the Board.</p> <p>The remuneration packages of Non-Executive Directors should be determined by the Board of Directors as a whole subject to the shareholders' approval.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the Nominating and Remuneration Committee is available on the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Directors' remuneration paid or payable to all Directors of the Company (by Company and by Group) for financial year ended 30 November 2021 is disclosed in pages 31 and 32 of the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company notes the need for transparency in the disclosure of its key senior management remuneration, the Company is of the opinion that the disclosure of remuneration details may be detrimental to its business interests, given the competitive landscape for key personnel with requisite knowledge, technical expertise and working experience in the Company's business activities, where intense headhunting is a common industry challenge. Accordingly, such disclosure of specific remuneration information may give rise to recruitment and talent retention issues.</p> <p>The Company is of the view that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the key senior management on named basis.</p> <p>The number of key senior management in office for financial year ended 30 November 2021 and the total remuneration from the Group categorized into the various bands were disclosed in page 32 of the Annual Report 2021.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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 7.3 - Step Up**

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

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

**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 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Audit and Risk Management Committee is Mr Chu Chee Peng, an Independent Non-Executive Director of the Company and is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company does not have such policy as it has no intention to appoint any former key audit partner handling the audit of the Company and its group to be a member of the Audit and Risk Management Committee of the Company.	
		The Company will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the Audit and Risk Management Committee was a former key audit partner of the external auditors of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

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 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee (“ARMC”) has in place a policy to assess the performance, independence and quality of External Auditors on an annual basis and report to the Board its recommendation for the re-appointment of the External Auditors at the Annual General Meeting. The area of assessment includes among others, the External Auditors caliber, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees.</p> <p>As part of the evaluation process, the ARMC will obtain feedback from the management team on the quality of the audit service of the External Auditors. The External Auditors provide written assurance to the ARMC that they were independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is 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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Collectively, the members of the Audit and Risk Management Committee ("ARMC") have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the ARMC. The qualification and experience of the individual ARMC members are disclosed in the Profile of Directors on pages 15 to 16 of Annual Report 2021. During the financial year ended 30 November 2021, all the members of the ARMC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an on-going process to continuously review the adequacy and effectiveness of the Group's risk management framework and system of internal control. The Board through its Audit and Risk Management Committee supported by the Internal Auditor that is independent of the activities it audits, conducted periodic assessments during the financial year to ensure proper risk governance and determine the nature and extent of the significant risks that may hinder the Group from achieving its objectives are being adequately evaluated, managed and controlled. Audit Issues as well as actions agreed by the Management to address them were tabled and deliberated by Internal Auditor during the Audit and Risk Management Committee Meetings, the minutes of which are then presented to the Board.</p> <p>The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group. Both the Board of Directors and Audit and Risk Management Committee review the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a yearly basis.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies 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 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the Risk Management and internal control framework is disclosed in "Statement on Risk Management and Internal control" in pages 35 to 36 of the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

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

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

### **Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Company has incorporated risk management function in its Audit Committee. The current composition of the Audit and Risk Management Committee consists of two (2) Independent Non-Executive Directors and one (1) Non-independent Non-Executive Director.

### 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group’s internal audit function is outsourced to a professional services firm to provide the Audit and Risk Management Committee (“ARMC”) with an independent assessment on the adequacy and effectiveness of the Group’s system of internal control. The outsourced internal auditor reports functionally to the ARMC and administratively to the Board. Its responsibilities include providing independent and objective reports on the state of internal controls of the significant operation units in the Group to the ARMC, with recommendations for improvement to the control procedures, so that remedial actions can be taken in relation to weaknesses noted in the systems.</p> <p>The outsourced internal auditors report functionally to the ARMC and administratively to the Board, and accomplish its objectives by adopting a systematic and disciplined approach to evaluate and continuously improve the effectiveness of risk management, control and governance process of the Group. The Internal Auditors carry out its function in accordance to the Internal Audit Standards set forth in the International Professional Practises Framework issued by the Institute of Internal Auditors and other nationally and internationally recognised framework.</p> <p>The internal audit was carried out based on audit plan approved by the ARMC. The audit plan took into consideration the Corporate and Divisional Risk Profiles and input from the senior management and the ARMC members. The ARMC works with the Internal Auditors to ensure that the internal audit plan encompasses the audit of significant operating units in the Group and the follow-up audits.</p> <p>The details of the work by internal auditor are summarised in the Audit and Risk Management Committee Report in page 21 to 22 of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is outsourced to an independent professional consulting firm, Wensen Consulting Asia (M) Sdn Bhd ("Wensen") to provide the ARMC with an independent assessment on the adequacy and effectiveness of the Group's risk management and internal control system.</p> <p>Wensen is headed by the Executive Director, Mr. Edward Yap who is assisted by an audit team comprising of Engagement Director, Managers and Consultants. Mr. Edward Yap, is a Practicing Member of the Institute of Singapore Chartered Accountants (ISCA), a member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA), with more than 20 years of experience in auditing while other team members are accounting graduates with a minimum qualification of a degree obtained from overseas and/ local universities.</p> <p>The outsourced internal audit firm appointed by the Company are free from any relationships or conflict of interest which could impair their objectivity and independence.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.</p> <p>The Company has adopted a Corporate Disclosure Policy aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders, and the investing public in general as required by Bursa Securities. The Corporate Disclosure Policy is available on the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a>.</p> <p>The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Group, Annual Reports, Quarterly reports, Corporate policies and contact information.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company is not a large company and thus, not adopting an integrated reporting at the moment.</p> <p>The Board ensures timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made to its shareholders and investors.</p> <p>The Company has adopted a Corporate Disclosure Policy aiming at effectively handling and disseminating the corporate information timely and accurately to its shareholders, stakeholders, and the investing public in general as required by Bursa Securities. The Corporate Disclosure Policy is available on the Company's website at <a href="http://www.netx.com.my">www.netx.com.my</a>.</p> <p>The Company's website has a section dedicated to shareholders under Investor Relations where shareholders can check on the latest announcements of the Group, Annual Reports, Quarterly reports, Corporate policies and contact information.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Twentieth (20<sup>th</sup>) Annual General Meeting (“AGM”) of the Company which was held on 5 May 2021 was conducted by way of a fully virtual basis and online remote voting using the Remote Participation and Voting Facilities and has been attended by all the Directors of the Company.</p> <p>The Board members who are also Chairman of the respective Board Committees are present at the AGM to respond to questions raised by the shareholders if addressed to them. The Company also allocated sufficient time during the AGM for a Question-and-Answer session whereby the shareholders, who could submit questions in text form, were responded to accordingly by relevant members of the Board.</p> <p>The minutes of the Twentieth (20<sup>th</sup>) AGM is made available to the shareholders and the public for viewing on the Company’s website at <a href="http://www.netx.com.my">www.netx.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's forthcoming AGM will be conducted on a fully virtual basis from the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf &amp; Country Resort, 47410 Petaling Jaya, Selangor and via Remote Participation and Voting Facilities.</p> <p>In addition, the shareholders are allowed to appoint any person(s) as their proxy to attend, participate, speak and vote in their stead at a general meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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