

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5318  
**COMPANY NAME** : DXN Holdings Bhd.  
**FINANCIAL YEAR** : February 29, 2024

## 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 of Directors ("<b>the Board</b>") of DXN Holdings Bhd. ("<b>DXN</b>" or "<b>the Company</b>") is accountable to the shareholders and is responsible for the stewardship of the Company and its subsidiaries' ("<b>DXN Group</b>" or "<b>the Group</b>") business and affairs.</p> <p>On that account, the Board will ensure that the business objectives of the Group are aligned with the expectations of shareholders with a view to enhancing long-term shareholders' value whilst considering the interests of other stakeholders and maintaining high standards of transparency, accountability, and integrity.</p> <p>The Board is committed to ensuring effective leadership in discharging its responsibilities in the best interest of the Group towards achieving the DXN Vision and DXN Concept underpinned by the DXN Philosophy. The Group's vision, concept and philosophy are published on company website and communicated to all stakeholders.</p> <p>During the year under review, the Board had considered and endorsed the Group's strategic plan which includes business sustainability considerations. The activities of the Board included, among others, accepting marketing plans, approving capital investments, and monitoring the Group's performance and progress.</p> <p>Management is finalising Corporate Disclosure and Communications Policy to guide effective and orderly communication of information to investors, stakeholders, and the general public. Through Management, various channels are also deployed to engage with the Group's stakeholders with a view to communicate relevant information and obtain stakeholders' views to understand their interests and concerns which are then considered in the business decision-making process. Premised on high standards of transparency, accountability and integrity, the Board is dedicated to discharging its duties with</p>

unfettered objectivity, due care and skill in the best interest of the Company as enshrined in the Board Charter, which includes a formal schedule of matters reserved for the Board.

In order to effectively discharge its stewardship role, the Board has established four (4) Board Committees, namely, the Executive Committee (“**EXCO**”), Board Audit Committee (“**BAC**”), Board Nomination & Remuneration Committee (“**BNRC**”) and Board Risk Committee (“**BRC**”), to oversee matters within their purviews approved by the Board and report back on key issues deliberated at the respective meetings.

The ultimate responsibility for decision making, however, resides with the Board.

The EXCO oversees implementation of strategies, plans, and policies, as adopted by the Board. In the course of executing its roles and responsibilities, the EXCO also incorporates considerations relating to business sustainability including environmental, social, and governance (“**ESG**”) matters.

As for the BAC, its primary role is to assist and support the Board to review the process for the preparation of the Group’s financial reports including significant financial reporting issues and judgements, the integrity of internal control system, and the external and internal audit processes and outcomes.

The BNRC oversees the nomination and election of new Directors, the conduct of Directors’ annual assessment and the facilitation of Directors’ induction, training and succession programmes.

BNRC also responsible for reviewing and recommending to the Board the remuneration of Executive Directors and Key Senior Management (“**KSM**”) in accordance with the Remuneration Policy & Procedures.

As for the BRC, it is responsible for the review of the Group’s risk management system, processes, and strategies. The BRC assists the Board to fulfil its oversight responsibility to ensure the management of overall risk exposure within the Group.

Information on the BAC, BNRC, and BRC, including its functions, are disclosed under Corporate Governance Overview Statement, Board Audit Committee Report, and Statement on Risk Management and Internal Control (“**SORMIC**”) in DXN’s Annual Report 2024.

The Board sets tone from the top on sustainability. In this regard, the Board had established a Sustainability Policy to guide the Group’s overall sustainability direction and activities. The Group is committed to ensure that ESG considerations are integrated into business activities and operations.

	The Board Charter and terms of reference (“ <b>TOR</b> ”) for the Board Committees are published on the Company’s website at <a href="http://www.dxn2u.com">www.dxn2u.com</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

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>The Chairman of the Board is Datuk Lim Siow Jin who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board, under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. All Directors are encouraged to share their views on the Company's affairs and issues, and they are entitled to have access to KSM who will respond to queries raised by the Directors. The responsibilities of the Chairman of the Board are defined in the Board Charter which is accessible on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p> <p>The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"><li>(a) providing leadership for the Board so that the Board can perform its responsibilities effectively;</li><li>(b) leading the Board in setting the values and standards as well as the adoption and implementation of good corporate governance practices in the Group;</li><li>(c) maintaining a relationship of trust with and between the executive and non-executive Directors;</li><li>(d) setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to Directors as well as ensuring that the Board Committees' meetings conducted separately from Board meetings;</li><li>(e) acting as chief spokesperson and representative of the Board and the Group;</li><li>(f) ensuring the adequacy and integrity of the governance process and issues including upgrading and monitoring good corporate governance practices within the Group;</li><li>(g) chairing Board and shareholder meetings and ensuring the proceedings thereof comply with good conduct and practices;</li><li>(h) ensuring that the Board is kept updated on their statutory obligations to the Group, its shareholders, employees and other stakeholders;</li></ul>

	<ul style="list-style-type: none"> <li>(i) functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates discussion and that relevant discussions take place with relevant opinions among members forthcoming. The Chairman encourages active participation and allow dissenting views to be freely expressed and ensures that discussions result in logical and understandable outcome;</li> <li>(j) ensuring that all Directors are enabled and encouraged to participate in Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;</li> <li>(k) ensuring that Executive Directors look beyond their executive function and accept their full share of responsibilities of governance and provide regular updates on all issues pertinent to the welfare and future of the Group to the Board;</li> <li>(l) liaising and coordinating input from all Directors, especially Board Committees' Chairman, to optimise the effectiveness of the Board and its Committees;</li> <li>(m) guiding and mediating Board actions with respect to organisational priorities and governance concerns;</li> <li>(n) managing the interface between Board and Management;</li> <li>(o) leading the Board in its collective oversight of Management; and</li> <li>(p) ensuring that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The roles and responsibilities of our Executive Chairman and of the Executive Director &amp; Chief Executive Officer (“CEO”) are clearly segregated to enhance and preserve a balance of authority and accountability.</p> <p>The position of the Chairman of the Board is held by Datuk Lim Siow Jin while the position of Executive Director and CEO was held by Mr. Teoh Hang Ching during FY2024. Mr. Teoh stepped down as Executive Director and CEO on 1 June 2024 and the role of CEO is now held by Mr. Prajith Pavithran.</p> <p>The Chairman is responsible for leading the Board in its collective oversight of Management. The Chairman plays an active role in supervising the Board's effectiveness while focusing on strategy, governance, sustainability and compliance.</p> <p>On the other hand, our CEO is primarily responsible for the day-to-day operations of our Group's business and operations, leading the implementation of policies, strategies and decisions adopted by the Board as well as monitoring the operating and financial results of our Group against plans and budgets.</p> <p>The key responsibilities of the CEO are defined in the Board Charter, accessible on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p> <p>The CEO is primarily responsible to the Board for the following:</p> <ul style="list-style-type: none"><li>(a) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance against and the analysis of management reports;</li><li>(b) effectively overseeing the human resources of the Group with respect to key positions in the Group's hierarchy, reviewing and proposing the remuneration of KSM to the BNRC as well as terms and conditions of employment for KSM and issues pertaining to discipline;</li><li>(c) driving the Group's sustainability initiatives (engaging with stakeholders both internal and external in developing</li></ul>

	<p>strategies, priorities and targets and subsequently, monitoring and reporting performance against targets) and the integration of sustainability considerations in the Group's operations; and</p> <p>(d) assuring that the Group's corporate identity, products and services are of high standards and are reflective of the market environment.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman of the Board, Datuk Lim Siow Jin, is not a member of the BAC, BNRC and BRC and do not participate in any of its meetings.</p> <p>The BAC and BNRC are always populated solely by Independent Non-Executive Directors ("INEDs"). The BRC is now predominantly composed of INEDs following Mr. Teoh Hang Ching's stepping down as Executive Director and CEO. Each of the Board Committees carry out their roles and responsibilities in accordance with their respective TOR.</p> <p>This had enhanced the check and balance function as well as objective review by the Board on all matters recommended by the Board Committees.</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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by the Company Secretaries, who are members of professional bodies namely, the Malaysian Institute of Chartered Secretaries and Administrators (<b>MAICSA</b>) and Malaysian Institute of Accountants (<b>MIA</b>) and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") ("<b>MMLR</b>") and other relevant laws and regulations.</p> <p>As members of the MIA and MAICSA (as applicable), the Company Secretaries have kept themselves apprised on the changes to the related legislations and laws particularly those in relation to corporate governance.</p> <p>The roles and responsibilities of the Company Secretaries are formalised in the Board Charter which provides a reference point for Company Secretaries in the discharge of their duties.</p> <p>The Board is also regularly updated and advised by the Company Secretaries on statutory and regulatory requirements to guide the Board in adopting the best practices in the realm of corporate governance, with an aim to enhance the effective functioning of the Board and ensure regulatory compliance.</p> <p>The key role of the Company Secretaries is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.</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>	:		
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### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The meetings of the Board and Board Committees for the whole year are scheduled in advance before the commencement of each new financial year.</p> <p>The notices of the meetings of the Board and Board Committees is sent via email to the Directors at least five (5) days prior to the meeting date(s). The same notification is sent to the relevant Management, which includes the deadlines for submission of meeting materials, that is at least five (5) working days prior to the meeting. Upon receipt from the Management, the in-house Secretariat ensures that the meeting materials are circulated as soon as practicable.</p> <p>The Company Secretary will extract the relevant part of the draft minutes of meetings and communicate the same to the Management for appropriate actions to be taken. Subsequently, the in-house Secretarial will follow up with the Management on the status of actions taken for updating the Board. Action items would stay as matters arising in the minutes of meeting until resolved.</p> <p>The Board Charter provides that every Director has the right to the resources, whenever necessary and reasonable for the performance of his duties, at the cost of DXN. This is in line with the paragraph 15.04 of the MMLR.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Charter clearly sets out the respective roles and responsibilities of the Board, the Directors, Company Secretary and the management to ensure accountability.</p> <p>The Board Charter is made available on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a> and is periodically reviewed and updated to take into consideration the needs of the Group as well as any development in relevant rules, regulations, and laws that may have an impact on the discharge of the Directors' duties and 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 is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.</p> <p>The Code of Conduct &amp; Ethics has been established to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is demonstrated, and business operations and activities are conducted ethically.</p> <p>The Code of Conduct &amp; Ethics is available on Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p> <p>At the same time, the Board has established the Anti-Bribery &amp; Corruption Policy ("<b>ABC Policy</b>") to drive the zero tolerance for bribery and corruptive behaviour across the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The 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 is committed to conducting business with the highest possible standards of ethical, moral and legal business conduct and practices in all aspects of its business.</p> <p>The Whistleblowing Policy aims to encourage the reporting of improper conducts in good faith, with the confidence that the person filing the report, to the extent possible, would be protected from reprisal, victimisation, harassment or subsequent discrimination.</p> <p>The objective of this policy is to provide a formal and confidential channel to enable all stakeholders of the Group to report serious concerns of any improper conduct involving the Group’s resources in good faith.</p> <p>The Whistleblowing Policy is available on Company’s website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</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

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had approved the Sustainability Policy which addresses the governance of sustainability within the Group including its structure, strategies and targets.</p> <p>The policy is made available on the Company’s website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p> <p>In reviewing the business plans from Management, the Board also takes into consideration the factors necessary for the long-term sustainability of the business.</p> <p>The EXCO, populated solely by Executive Directors, is responsible for driving the sustainability initiatives supported by the Sustainability Department. The day-to-day oversight of sustainable activities is being managed by the Sustainability Department and reported to the EXCO.</p> <p>The Board had also reviewed the Group’s material sustainability matters as presented by the Sustainability Department.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Sustainability Department oversees the implementation of the Group’s strategies, priorities and targets through various stakeholders’ engagement sessions where materiality assessments are conducted and key metrics identified.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the year, the Directors had attended trainings on sustainability and MAP II - Leading for Impact ("LIP").</p> <p>Mindful of the need for competency in addressing sustainability issues, the Board has been taking the needful steps to enhance the understanding and knowledge of the Directors.</p> <p>The Sustainability Department has developed a training plan and engaged an external consultant to ensure that the Board and KSM are informed on sustainability issues relevant to the Group for the long-term including in depth understanding of reporting requirements under the Global Reporting Initiatives ("GRI") standard for sustainability and Task Force on Climate-Related Financial Disclosures ("TCFD").</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board's Assessment and Evaluation Forms for financial year ended 29 February 2024 (“BAE FY2024”) introduced assessment criteria comprises of:</p> <p>Section I Board and Board Committee Evaluation</p> <p>Section II Assessment of Character, Experience, Integrity, Competence and Time Commitment</p> <p>Section III Skill Set Matrix Form</p> <p>Section IV Evaluation of Level of Independence of a Director</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

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

### **Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The EXCO (comprising Executive Chairman, Chief Executive Officer and Chief Financial Officer) is the designated party to provide dedicated focus on sustainability. The EXCO supports the Board by setting and devising the sustainability goals, policies, strategies, action plans, as well as to review the risks, initiatives and performance to ensure sustainable practices are applied in the Group.

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The BNRC is formed by the Board to assist the Board in the following areas:</p> <ul style="list-style-type: none"><li>(a) Ensure that the Board and the Board Committees have an effective and balanced composition with a diverse mix of skills, independence, knowledge, qualifications, experience, age, cultural background and gender to discharge their responsibilities respectively.</li><li>(b) Identify new candidates for the Board of the Company to ensure that the composition of the Board is refreshed periodically.</li><li>(c) Review the tenure and appraise each individual Director of the Company as well as the CEO and CFO (where CEO and CFO are not Board members) in terms of their individual experience, knowledge, credibility and credentials, and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company.</li><li>(d) Examine the ability of each Director, including the CEO and CFO (where CEO and CFO are not Board members), to contribute to the effective decision-making process of the Board and ensure that the Board of our Company is functioning actively, efficiently and effectively in all its decision making.</li><li>(e) Annually assess the performance of the Executive Director(s), CEO and CFO against the key performance indicators ("KPIs") including those sustainability related KPIs set for them.</li><li>(f) Ensure that there is a succession plan in place for the Board and the KSM.</li><li>(g) Annually assess the training needs of the Directors vis-à-vis business environment and their contribution to the Board Committees.</li></ul>

	<p>Dato' Lim Boon Yee, Vibhav Panandiker and Ong Huey Min (“the retiring Directors”) will be retiring by rotation and are eligible for re-election at the forthcoming 2024 AGM. Dato' Lim Boon Yee and Vibhav Panandiker are Non-INED while Ong Huey Min is an INED.</p> <p>After the BAE FY2024, the BNRC conducted a review of the retiring Directors. The assessment considered their fitness and propriety, experience, integrity, competence, level of contribution and participation at the meetings of the Board and Board Committees and time commitment.</p> <p>The Board is satisfied that following the BNRC’s review and based on the results of the BAE FY2024 undertaken, the Directors standing for re-election will continue to bring their knowledge, experience and skills and contribute effectively to the discussions, deliberations and decisions of the Board and Board Committees, as applicable. As INED, Ong Huey Min had fulfilled the requirements of independence as set out in the MMLR. All of them have demonstrated objectivity and commitment through proactive engagements at meetings of the Board and Board Committees (as applicable) held during the financial year by sharing valuable, relevant, independent and impartial (as applicable) insights, views and opinions on issues tabled for discussion. They have exercised due care and carried out their professional duties proficiently and effectively throughout their tenure of service. The Board recommends and supports the re-election of the retiring Directors who have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant BNRC and the Board meetings.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied																			
<b>Explanation on application of the practice</b>	:	<p>The current Board comprised of five (5) INEDs out of Eight (8) Directors. The list of INEDs is as tabulated:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Datuk Noripah Binti Kamsu</td> <td>Senior INED</td> </tr> <tr> <td>2.</td> <td>YM Tunku Afwida Binti Tunku A.Malek</td> <td>INED</td> </tr> <tr> <td>3.</td> <td>Stefan Heitmann</td> <td>INED</td> </tr> <tr> <td>4.</td> <td>Abraham Verghese A/L T V Abraham</td> <td>INED</td> </tr> <tr> <td>5.</td> <td>Ong Huey Min</td> <td>INED</td> </tr> </tbody> </table>		No	Name	Designation	1.	Datuk Noripah Binti Kamsu	Senior INED	2.	YM Tunku Afwida Binti Tunku A.Malek	INED	3.	Stefan Heitmann	INED	4.	Abraham Verghese A/L T V Abraham	INED	5.	Ong Huey Min	INED
No	Name	Designation																			
1.	Datuk Noripah Binti Kamsu	Senior INED																			
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3.	Stefan Heitmann	INED																			
4.	Abraham Verghese A/L T V Abraham	INED																			
5.	Ong Huey Min	INED																			
<b>Explanation for departure</b>	:																				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																					
<b>Measure</b>	:																				
<b>Timeframe</b>	:																				

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As outlined in the Board Charter, the tenure of an INED shall not exceed a cumulative or consecutive term of nine (9) years.  As of to-date, none of the INEDs has served beyond a cumulative or consecutive term of nine (9) years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

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

### **Practice 5.4 - Step Up**

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

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: As outlined in the Board Charter, the tenure of an INED shall not exceed a cumulative or consecutive term of nine (9) years.  As of to-date, none of the INEDs has served beyond a cumulative or consecutive term of nine (9) years.

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board strives to ensure that there is no discrimination on the basis of, but not limited to, race, age, ethnicity, gender, nationality, political affiliation, religious affiliation, marital status, education, physical ability or geographic region when deciding the composition of the Board.</p> <p>The BNRC ensures the appointment of Director and KSM is based on objective criteria and merit driven and with due regard for diversity as afore said. The appointment of Directors and KSM and their continuation of services are recommended by the BNRC to the Board approval.</p> <p>The TOR of the BNRC is available on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</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 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Under its TOR, the BNRC is responsible for sourcing candidates to fill vacancies on the Board of DXN.</p> <p>In identifying candidates for appointment of INED, the BNRC had prioritised appointment of female Director to enhance the Board diversity.</p> <p>In line with past practice, the BNRC will consider the use of external party in the identification of potential Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For the Directors who retire and due to be re-elected or reappointed during the Annual General Meeting (“AGM”) pursuant to the Company’s Constitution, the BNRC will, after the assessment via BAE and satisfied with the individual performance of the Directors, will put forth its recommendation(s) on the re-election and reappointment to the Board.</p> <p>All Directors standing for re-election and reappointment had abstained themselves from deliberation and voting during the BNRC and/or Board meeting, as appropriate.</p> <p>The profiles of all Directors are published in the Annual Report 2024 and the Company’s website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>. Information included their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest.</p> <p>A statement of support (on Directors who are standing for re-election as Directors) by the Board is inserted in the Explanatory Notes under the Notice of AGM for circulation to the shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee, chaired by YM Tunku Afwida Binti Tunku A. Malek, and the Remuneration Committee, chaired by Ong Huey Min, were established on 10 February 2022. On 6 October 2023, both committees were merged into a new committee named the BNRC. The BNRC aims to streamline deliberation and decision-making process, reduce time costs, and ensure cohesive governance.</p> <p>The BNRC is chaired by YM Tunku Afwida Binti Tunku A. Malek, an INED. Information on YM Tunku Afwida Binti Tunku A. Malek is disclosed under Profile of Board of Directors in the Annual Report 2024.</p> <p>The current composition of the BNRC is as tabulated:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1</td><td>YM Tunku Afwida Binti Tunku A. Malek</td><td>Chairman</td></tr><tr><td>2</td><td>Datuk Noripah Binti Kamso</td><td>Member</td></tr><tr><td>3</td><td>Ong Huey Min</td><td>Member</td></tr></tbody></table>	No.	Name	Designation	1	YM Tunku Afwida Binti Tunku A. Malek	Chairman	2	Datuk Noripah Binti Kamso	Member	3	Ong Huey Min	Member
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<b>Measure</b>	:													
<b>Timeframe</b>	:													

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the year under review, the Board has three (3) women Directors, which represents 38% of the total Board members. The presence of women Directors provides the Board with greater diversity that add value to the Board's deliberations from different perspectives and insights of women 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 5.10**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board discloses in its Annual Report the company’s internal policy on gender diversity for the Board and senior management.</p> <p>Our Board comprises three (3) highly qualified women Directors who represent 38% of the Board composition, and this is in line with the recommendation of the MCCG of having at least 30% women representation on the Board.</p> <p>The Board believes that the participation of women in decision-making positions should not be focused on Board positions alone but should be extended to include members of KSM and throughout all levels of employment to derive the same benefits.</p> <p>The Diversity Policy is published on the Company’s website at <a href="http://www.dxn2u.com">www.dxn2u.com</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

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board, vide the BNRC, undertook BAE for FY2024.</p> <p>The questionnaire assessment topics covered the following sections:</p> <ol style="list-style-type: none"> <li>a. Board and Board Committees Evaluation</li> <li>b. Assessment of Character, Experience, Integrity, Competence and Time Commitment</li> <li>c. Skill Set Matrix Form</li> <li>d. Evaluation of Level of Independence of a Director</li> </ol> <p>Based on the assessment, the overall results were generally positive. The Board is satisfied with the overall performance of individual Director, effectiveness of the Board and Board Committees and independency of INEDs.</p> <p>The BAE outcome formed the basis of the BNRC's recommendation to the Board for the re-election of Directors at the Company's 28<sup>th</sup> AGM.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established a formal remuneration policy for the Directors and KSM of the Company and its subsidiary(ies). The Remuneration Policy &amp; Procedures for Directors and KSM is periodically reviewed and made available on Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p> <p>The fees for the INEDs and any benefits payable shall from time to time be determined in the AGM in accordance with Companies Act 2016.</p> <p>As for Executive Board members and KSM, the remuneration analysis and salary matrix review were prepared internally with the aim to ensure that the compensation offered is in line with the market practice, to remain competitive for talent attraction and retention. The management is responsible to review the annual salary increments and performance bonuses in respect of financial year based on KPIs as determined in the beginning of the year.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee, chaired by Ong Huey Min and the Nomination Committee, chaired by YM Tunku Afwida Binti Tunku A. Malek were established on 10 February 2022. On 6 October 2023, both committees were merged into a new committee named the BNRC. The BNRC aims to streamline deliberation and decision-making process, reduce time costs, and ensure cohesive governance.</p> <p>The BNRC is populated solely by INEDs as tabulated below:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1</td><td>YM Tunku Afwida Binti Tunku A. Malek</td><td>Chairman</td></tr><tr><td>2</td><td>Datuk Noripah Binti Kamso</td><td>Member</td></tr><tr><td>3</td><td>Ong Huey Min</td><td>Member</td></tr></tbody></table> <p>The TOR of the BNRC is published on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a>.</p>	No.	Name	Designation	1	YM Tunku Afwida Binti Tunku A. Malek	Chairman	2	Datuk Noripah Binti Kamso	Member	3	Ong Huey Min	Member
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<b>Explanation for departure</b>	:													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
<b>Measure</b>	:													

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

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The disclosure of the current individual Directors' remuneration on a named basis is also included under the Corporate Governance Overview Statement in the Annual Report 2024.

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	Datuk Lim Siow Jin	Executive Chairman	-	-	2,499	-	1	264	2,764	-	-	2,829	-	1	292	3,122
2	Teoh Hang Ching (stepped down as Executive Director and CEO on 1 June 2024.)	Executive Director, Chief Executive Officer	-	120	492	103	21	178	914	-	120	492	132	21	179	945
3	Dato' Lim Boon Yee	Non-Independent Non-Executive Director	-	12	298	-	-	42	352	-	12	298	-	-	42	352
4	Vibhav Panandiker	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Datuk Noripah Binti Kamso	Senior Independent Non-Executive Director	92	48	-	-	-	11	151	92	48	-	-	-	11	151
6	YM Tunku Afwida Binti Tunku A. Malek	Independent Non-Executive Director	75	40	-	-	-	11	126	75	40	-	-	-	11	126
7	Stefan Heitmann	Independent Non-Executive Director	75	50	-	-	-	11	136	75	50	-	-	-	11	136
8	Abraham Verghese A/L T V Abraham	Independent Non-Executive Director	80	51	-	-	-	-	131	80	51	-	-	-	-	131
9	Ong Huey Min	Independent Non-Executive Director	71	47	-	-	-	11	129	71	47	-	-	-	11	129



### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of transparency in disclosing the remuneration of the KSM. However, due to the high competitiveness for professional talent, commercial sensitivities associated with the remuneration package of the KSM, and to maintain a stable work environment, the Board opined that the disclosure of remuneration of KSM might be perceived as a disadvantage to the Group's business and may give rise to talent recruitment and retention issues.</p> <p>KSM salary information is currently disclosed as a range, rather than specific figures.</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>	:		

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr. Abraham Verghese A/L T V Abraham, an INED, is the Chairman of the BAC. He 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 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>This is incorporated in the TOR of the BAC where a cooling off period of at least three (3) years is required before any former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc) could be appointed as member of the BAC.</p> <p>As of the date of this Report, except for Ong Huey Min, none of our BAC members were former partners of our external auditors. She retired as a tax partner of an affiliate firm of our external auditors in 2014.</p> <p>The BAC is governed by its TOR which is accessible on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</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**

There is an effective and independent Audit Committee.

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

**Practice 9.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The procedures to assess the suitability, objectivity and independence of the external auditors are as outlined in the external auditors’ evaluation form.</p> <p>The BAC will make recommendation to the Board in relation to the nomination and re-appointments of external auditors and their audit fees after taking into account the objectivity, suitability, competence, resource capacity and independence of the external auditors as well as the audit fees (to ensure the balance between objectivity, quality of audit and value for money).</p> <p>Upon completion of its evaluation of service for FY2024, the BAC is satisfied with KPMG PLT’s technical competency and service level and had recommended them for re-appointment for the ensuing year.</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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted															
<b>Explanation on adoption of the practice</b>	:	<p>The BAC is comprised solely of INEDs.</p> <p>The present composition of the BAC is as below: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Abraham Verghese A/L T V Abraham</td> <td>Chairman</td> </tr> <tr> <td>2</td> <td>YM Tunku Afwida Binti Tunku A. Malek</td> <td>Member</td> </tr> <tr> <td>3</td> <td>Stefan Heitmann</td> <td>Member</td> </tr> <tr> <td>4</td> <td>Ong Huey Min</td> <td>Member</td> </tr> </tbody> </table>	No.	Name	Designation	1	Abraham Verghese A/L T V Abraham	Chairman	2	YM Tunku Afwida Binti Tunku A. Malek	Member	3	Stefan Heitmann	Member	4	Ong Huey Min	Member
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### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All members of BAC are financially literate and are able to understand matters under the purview of the BAC including the financial reporting process.  The BAC members shall and collectively: (a) have sufficient understanding and knowledge of the business and industry in which the Group operates; and  (b) have the ability to understand key business and financial risks and related controls and control processes.  During FY2024, the BAC members have participated in training programmes to keep themselves abreast of relevant developments in regulatory and compliance as well as accounting and auditing standards, practices and rules.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established an Enterprise Risk Management (“ERM”) Policy (incorporating an ERM framework) to guide the Group in maintaining a sound, effective and efficient system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets. There is an on-going review process undertaken by the Board, with assistance by both the BAC and BRC, to ensure adequacy and integrity of the system.</p> <p>The policies of the Board for ERM are as follows:</p> <ul style="list-style-type: none"> <li>(a) To integrate risk management into DXN’s culture, operational activities and decision-making processes.</li> <li>(b) To anticipate and respond proactively to the changing landscape in terms of areas that are strategic in nature, environmental, social, governance, compliance, operation, cyber, system and financial.</li> <li>(c) To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.</li> <li>(d) To require that all papers submitted to the Board by Management relating to strategy, key project approval, significant action or investment must include key risk factors and risk management strategy.</li> <li>(e) To implement a structured and consistent ERM framework in DXN Group.</li> </ul> <p>The objective of ERM Policy (incorporating ERM framework) is to assist the Group in integrating risk management into significant activities and functions.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has developed a standardised risk register and risk action plan register to document risks and corresponding action plans. These registers serve as central repositories for recording and tracking identified risks and the associated action plans to mitigate and/or manage those risks.</p> <p>The risk management process is comprehensive from the systematic application of policies, procedures, and practices to the activities of communicating and consulting, establishing the context as well as assessing, treating, monitoring, reviewing, recording and reporting risk.</p> <p>A risk assessment involves evaluating the impact and likelihood of a risk, which then yields an overall risk score for each identified risk. The risks are categorized into four classifications: low, medium, high and extreme.</p> <p>The effectiveness of the control to reduce likelihood is reviewed to define how well the controls in place decrease the likelihood of a risk occurring, whereas to define how well the controls in place decrease the impact where the risk has occurred, the effectiveness of the control to reduce impact is assessed.</p> <p>The Group has also formulated policies to provide an underlying structure for its internal control and support governance. These policies promote a shared culture and alignment of values in the workplace, enabling the Group to move forward as a team. Following are the policies in place:</p> <ul style="list-style-type: none"><li>(a) Anti-Bribery &amp; Corruption Policy ("ABC Policy");</li><li>(b) Enterprise Risk Management Policy</li><li>(c) Whistleblowing Policy</li><li>(d) Code of Conduct &amp; Ethics</li></ul>

	(e) Board Charter
	(f) TORs for the Board Committees
	(g) Fit & Proper Policy for Directors and Key Officers
	(h) Remuneration Policy & Procedures
	(i) Sustainability Policy
	(j) Anti-Sexual Harassment Policy
	(k) Non-Audit Services Policy
	(l) Donation and Sponsorship Policy
	(m) Transfer Pricing Policy
	(n) Treasury Management Policy
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted									
<b>Explanation on adoption of the practice</b>	:	<p>The BRC comprises majority of INEDs and the current composition of the BRC is as below:</p> <table border="1"><thead><tr><th>No</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Stefan Heitmann</td><td>Chairman</td></tr><tr><td>2.</td><td>Abraham Verghese A/L T V Abraham</td><td>Member</td></tr></tbody></table>	No	Name	Designation	1.	Stefan Heitmann	Chairman	2.	Abraham Verghese A/L T V Abraham	Member
No	Name	Designation									
1.	Stefan Heitmann	Chairman									
2.	Abraham Verghese A/L T V Abraham	Member									

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group’s internal audit function is managed in-house through the Group Internal Audit (“GIA”) Department.</p> <p>The Head of GIA reports functionally to the BAC and administratively to the Executive Director and CEO of the Group. She and other GIA personnel are independent from the operational activities of the Group.</p> <p>The GIA has an Internal Audit (“IA”) Charter approved by the BAC. The IA Charter describes the mission, scope, accountability, independence, responsibilities, and authority of the GIA.</p> <p>The GIA completed all audit engagements pursuant to the annual Internal Audit Plan FY2024 as approved by the BAC. The outcome of these audits was documented and disclosed in the IAs Reports that were presented to the BAC for review and acceptance.</p> <p>The relevant process owners are responsible for ensuring corrective actions on reported weaknesses were taken within the required timeframes. The GIA conducts regular follow-up audits to ensure the corrective actions were implemented appropriately and in a timely manner. In this respect, GIA has added value by enhancing the effectiveness of governance, risk management and control processes within 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

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All GIA staff had signed an annual declaration of independence where they confirmed themselves as free from any relationships or conflict of interest which could impair their objectivity and independence.</p> <p>The GIA Department has 13 personnel as of 29 February 2024. The Head of GIA department is Ms. Teoh Soo Kim. She holds a Bachelor of Accountancy (Information System) (Hons) and is an associate member with The Institute of Internal Auditors Malaysia (“IIAM”). The other GIA personnel either holds degree and/or professional qualifications.</p> <p>In designing the IA Plan, the GIA Department adopts a risk-based approach and adheres to a methodology that is closely aligned to the International Professional Practices Framework (“IPPF”) of Institute of Internal Auditors (“IIA”).</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of transparency, accountability and timely dissemination of information to all our stakeholders for them to make informed investment decision.</p> <p>Moving forward from its listing, the Group has engaged with its stakeholders by way of announcements through Bursa Securities, press releases, briefings and the general meetings. All financial results, notices of dividend declaration and other ad-hoc announcements are available on Bursa Securities' website.</p> <p>The Board and the Group is guided by Bursa Malaysia Corporate Disclosure Guide in disseminating information to stakeholders. At the same time, management is in the process of formalising the Company's website &amp; Communication Policy to provide detailed guidance on communication with shareholders and other stakeholders.</p> <p>The Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a> offers comprehensive information, including the Group's background, corporate news, products, business details, career opportunities, and corporate social responsibility initiatives. The "Investor Relations" tab on the corporate website is a dedicated section that provides further details, including TORs, policies, codes, announcements to Bursa Securities as well as background information on the Board and KSM.</p> <p>The Board actively encourages engagement with stakeholders, welcoming queries and concerns relating to the Group's financial performance and governance practices. Stakeholders can direct their inquiries to our Investor Relation personnel:</p> <p>Investor Relations T: +603-8680 9850 E: <a href="mailto:ir@dxn2u.com">ir@dxn2u.com</a></p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>DXN has published an Annual Report and a Sustainability Report that is in accordance with Bursa Malaysia's Enhanced Sustainability Reporting and with reference to Global Reporting Initiatives ("GRI") Sustainability Reporting Standards for the financial year ended 29 February 2024.</p> <p>DXN's Annual Report is not yet an Integrated Report based on the parameters set out by the International Integrated Reporting Council's ("IIRC") Integrated Reporting Framework.</p> <p>The Annual Report 2024 and Sustainability Report together provide a holistic view of the Group's performance, including financial and non-financial information, the long-term sustainability of the Group's businesses, and includes elements of an integrated report such as the organisation overview, outlook and external environment, governance policies, performance and the basis of preparation and presentation.</p> <p>The Board believes that the present format of the Annual Report provided sufficient information for stakeholders to make informed decisions.</p> <p>The Board will ensure that the Group engages sufficiently with stakeholders to better understand their objectives and expectations and, via established engagement channels, communicate relevant information required by stakeholders to make informed decisions, including with respect to the governance, environmental, and social responsibilities 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>	:	The Board will seek to undertake a readiness assessment to identify the structural changes that would be necessitated from the proposed transition to Integrated Reporting.
<b>Timeframe</b>	:	Others
		Please specify number of years.



**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The notice for the previous 27<sup>th</sup> AGM was sent on 30 June 2023 which is at least 28 days prior to the meeting date on 21 August 2023.</p> <p>For the 28<sup>th</sup> AGM in 2024, notice will be circulated to shareholders, external auditors and Directors at least 28 days prior to the meeting, and it will also be published in a major local newspaper.</p> <p>The notice of the AGM is inclusive of detailed explanatory notes and background information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the business agenda of the AGM.</p> <p>The Constitution of the Company allows a member to appoint a proxy who need not be a member of the Company.</p> <p>The notice of the AGM will be published on Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a> and released it to the public via Bursa LINK.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the 27 <sup>th</sup> AGM which was held in person, the Board, including Chairman of the Board Committees, CEO, CFO and other KSM were present to address any queries and concerns, raised by shareholders. The external auditors were also present to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. The Executive Chairman provided appropriate and sufficient time to shareholders and encouraged them to raise questions, express opinions and give suggestions for improvements throughout the entire meeting. The Board members and KSM responded to relevant questions addressed to them during the 27 <sup>th</sup> AGM.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The AGM in 2023 was conducted in person at DXN Cyberville, Cyberjaya.  Shareholders who were unable to attend the AGM are allowed to appoint corporate representative(s) or proxy(ies) to attend, speak and vote on their behalf at the general meetings. The Board believes holding general meeting in person allows better flow of conversation, opportunity for shareholders to mingle with the Directors of the Company and other shareholders, an atmosphere that cannot be replicated in a virtual AGM.  The shareholders' experience at the 27 <sup>th</sup> AGM in 2023 has been good. The Company has given at least 28-day notice for its AGMs which allow shareholders time to prepare to attend the meeting in person.	
		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>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Others	Please specify number of years.

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: At the commencement of the 27 <sup>th</sup> AGM held on 21 August 2023, Datuk Chairman briefed members, corporate representatives, and proxies in attendance on their right to ask questions and vote on the resolutions set out in the respective notices of general meetings.  In addition to the notices of general meetings, all pertinent documents relating to the meetings were available for perusal and download from the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a> , as well as being published on Bursa Securities' website. The notices of meetings included detailed explanatory notes and requisite information on the proposed resolutions, where applicable, to enable shareholders to make informed decisions regarding the respective business agenda of the meetings.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

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

**Practice 13.5**

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

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

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the 27 <sup>th</sup> AGM held on 21 August 2023 are posted on the Company's website at <a href="http://www.dxn2u.com">www.dxn2u.com</a> within 30 business days from the date of the said 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>	:  

**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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