

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0345
COMPANY NAME : ES SUNLOGY BERHAD
FINANCIAL YEAR : July 31, 2025

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of the Company comprises six (6) members with wide and diverse background and experiences in different fields and industries.</p> <p>The Board takes full responsibilities for the overall performance of the Company and subsidiaries ("Group"). The duties and responsibilities of the Board include determining the Group's overall business plan, performing periodic reviews of the business and financial performance and adopting and implementing risk management and internal control system within the Group.</p> <p>It is the general policy of the Company that all major decisions be considered by the Board as a whole. To ensure the effective discharge of the Board's function and duties, the principal responsibilities of the Board shall include (but not limited to) the following:-</p> <p class="list-item-l1">(a) To ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, social and governance ("EESG") consideration underpinning the sustainability of the Group in the Group's strategies, business plans, major plans of action and risk and opportunity management;</p> <p class="list-item-l1">(b) To oversee and understand the conduct of the Group's businesses and sustainability issues relevant to the Company and its business (including climate-related risks and opportunities) and evaluate whether the businesses and sustainability issues are being properly managed and targets set are achieved. Further, strategies, priorities and targets set as well as performance against these targets shall be communicated to internal and external stakeholders;</p>

	<ul style="list-style-type: none"> (c) To understand the principal business and business sustainability risks faced by the Group and ensure implementation of a sound framework for internal controls and risk management system to manage these risks; (d) To conduct performance evaluations of the Board by including the review of the performance of the Board and Management in addressing the Company's material sustainability risks and opportunities; (e) To promote good corporate governance culture within the Group together with the senior management which reinforces ethical, prudent and professional behaviour, including overseeing the ethical conduct of business and preventing bribery in the Group's business; (f) To review, challenge and decide on the Management's proposals for the Company, and monitor its implementation by the Management; (g) To set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks faced by the Group; (h) To monitor the Management's performance and business results; (i) To ensure the senior management has the necessary skills and experience, and there are succession planning procedures in place. This includes, but not limited to, implementation of appropriate system(s) for recruitment, training and replacement of senior management personnel; (j) To review the adequacy and integrity of the Group's internal control and risk management system; (k) To oversee the development and implementation of an investors relations programme or shareholder communication policy for the Group to enable effective communication with stakeholders; (l) To ensure that all Board members can understand financial statements and form a view on the information presented; (m) To appoint the Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board committees and deliberate on the recommendations thereon;
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	<ul style="list-style-type: none"> (n) To establish an adequate Group-wide framework for co-operation and communication between the Company and its subsidiaries to assist the Board in discharging its responsibilities including oversight of Group's financial and non-financial performance, business strategy and priorities, risk management including material sustainability risks and corporate governance policies and practices; (o) To establish and ensure the Group-wide framework on corporate governance includes a code of conduct and ethics, and policies and procedures addressing and managing anti-corruption, whistleblowing, conflict of interest ("COI"), material sustainability risks and board diversity, including gender diversity; (p) To ensure that the Group adheres to high standards of ethics and corporate behaviour; and (q) To perform such other functions as prescribed by laws, rules and regulations.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>Mr. Loh Kwang Yean, is an Independent Non-Executive Chairman of the Board who is responsible for the overall leadership and efficient operation of the Board.</p> <p>The key roles of the Chairman as set out in the Board Charter include amongst others, the following: -</p> <ul style="list-style-type: none">(a) Provide leadership for the Board so that the Board can perform its responsibilities effectively, with the assistance of the Board committees and Management;(b) The efficient organisation and conduct of the Board's function, chairing Board meetings and encouraging all directors to play an active role in Board activities;(c) Encourage active participation and allowing dissenting views to be freely expressed;(d) Taking the lead in setting the values and standards, adopting and implementing good corporate governance practices in the Company;(e) Ensuring complete and accurate information is furnished to Board members on a timely basis to facilitate decision-making;(f) Set the Board meeting agendas and ensure adequate time is allocated for discussion of issues tabled to the Board for deliberation;(g) Chairing general meetings of shareholders and ensuring orderly conduct and proceedings of such meetings;(h) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;(i) Managing the interface between the Board and Management; and

	(j) Facilitating the contribution of Non-Executive Directors and ensuring constructive relations are maintained between Executive and Non-Executive Directors.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of having a clearly accepted division of power and responsibilities to ensure a balance of power and authority.</p> <p><u>Board Chairman</u></p> <p>Mr. Loh Kwang Yean, as the Independent Non-Executive Chairman, provides strong leadership and objective judgement with regards to ensuring the adequacy and effectiveness of the Board's governance process.</p> <p><u>Managing Director ("MD")</u></p> <p>Mr. Khor Chuan Meng, the MD oversees the Group's strategic development, business direction, tendering processes, pricing strategies, and client relationships while ensuring strong ties with suppliers and subcontractors. He continues to lead with a focus on strategic growth and operational excellence.</p> <p><u>Chief Executive Officer ("CEO") (Not a Director of the Company)</u></p> <p>Notably, the Company has a CEO who is not a Director of the Company namely, Mr. Teo Chee Teong. He is primarily responsible for managing and overseeing the Group's daily operations as well as implementing the strategic plans for the growth of the Group.</p> <p>The Board is of the view that the separation of the positions of the Chairman of the Board and the MD together with the Independent Non-Executive Directors, provides further assurance that there is a balance of power and authority in the Company and effective stewardship of the Group in terms of strategies and business performance.</p> <p>The roles of the Board Chairman and the MD are clearly demarcated and defined in the Board Charter of the Company and is available for viewing under the "Investor Relations" section of the Company's corporate website at www.essunlogy.com.</p>
Explanation for departure	:	

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

Intended Outcome

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 and Remuneration Committee and Risk Management Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: Mr. Loh Kwang Yean, the Independent Non-Executive Chairman of the Company does not hold any membership of the Board Committees in the Company.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>The duties and responsibilities of the Company Secretaries shall include, but are not limited to the following:-</p> <ul style="list-style-type: none">(a) Manage all the Board and Board committees meeting logistics, attend and record minutes of all Board and Board committees' meetings and facilitate the Board communications;(b) Advise the Board on its roles and responsibilities, particularly the additional or changes in obligations arising from the implementation of the new laws and regulations or any amendments thereof;(c) Facilitate the orientation of new directors and assist director in training and development;(d) Advise the Board on corporate disclosures and compliance with Company and securities regulations and ACE Market Listing Requirement ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");(e) Manage processes pertaining to the annual shareholder meeting;(f) Monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations;(g) Serve as focal point for stakeholders' communication and engagement on corporate governance issues; and(h) Carry out other functions as deemed appropriate by the Board from time to time. <p>The brief profiles of the Companies Secretaries are as follows:-</p>

	<p><u>Ms. Chua Siew Chuan, FCIS</u></p> <p>Ms. Chua Siew Chuan (“Ms. Chua”) has been elected as a Fellow Member of the MAICSA since 1997. She has more than 40 years of experience in handling corporate secretarial matters, with working knowledge of many industries and government services. She is the Past President of MAICSA and currently is the Chairperson of the Technical Compliance & Governance Committee and the Deputy Chairperson of National Disciplinary Tribunal. She is one of the representatives of MAICSA on the Corporate Practice Consultative Forum (“CPCF”) and the CPCF Secretarial Practice Sub-Committee set up by the Companies Commission of Malaysia (“CCM”). She is also the representative of MAICSA as the Secretary of the Council of Corporate Secretaries International Association.</p> <p>Ms. Chua is a Chartered Secretary by profession. She is the Managing Director of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Ms. Chua is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>Ms. Chua has been appointed as a Company Secretary to the Company since 30 April 2024.</p> <p><u>Mr. Cheng Chia Ping, FCIS</u></p> <p>Mr. Cheng Chia Ping (“Mr. Cheng”) has been elected as an Associate Member of the MAICSA since 2012. He has more than 12 years of experience in handling corporate secretarial matters, with working knowledge of many industries and non-profit organisations.</p> <p>Mr. Cheng is a Chartered Secretary by profession. He is a Senior Manager (Corporate Secretarial) of Securities Services (Holdings) Sdn. Bhd., a prominent corporate secretarial service provider in Malaysia. Mr. Cheng is also the named company secretary for a number of public listed companies, public companies, private limited companies and societies.</p> <p>Mr. Cheng has been appointed as Company Secretary to the Company since 30 April 2024.</p> <p>For financial year ended 31 July (“FYE”) 2025, the Company Secretaries had attended the relevant continuous professional development programmes as required by MAICSA for practising company secretaries. Both the Company Secretaries possessed a valid Practising Certificate issued by the CCM for FYE 2025.</p>
Explanation for departure :	

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

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notice of the scheduled Board Meeting is served to the Directors at least seven (7) days prior to the Board meeting, unless there is exceptional case for convening of special Board meeting to address emergency issue, shorter notice is allowed with the consent of all Directors.</p> <p>To leverage on the usage of technology, the Board papers are circulated to the Directors in electronic from via email prior to the Board meetings, to allow the Directors to consider the relevant information.</p> <p>All Directors are furnished with a comprehensive Board meeting agenda, minutes of meeting and relevant information materials and documents at least five (5) business days in advance at each Board meeting. Meeting materials are sent through e-mail to allow the Board members to have sufficient time to review and to request for any further information or clarification prior to the Board meeting.</p> <p>Key Senior Management staff are invited to attend Board meetings to furnish additional details or clarification on matters tabled for the Board's consideration and approval.</p> <p>The draft minutes is circulated to the Board for comments to ensure that the minutes of Board meeting accurately reflected the deliberations and decisions of the Board. Thereafter, the final minutes is confirmed and approved by the Board and signed by the Chairman at the succeeding meeting as a correct record of the proceedings. The minutes recorded the deliberations and decisions of the Board as well as Directors abstained from voting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Company has adopted a Board Charter outlining the authority, responsibilities, membership and operation of the Board, adopting principles of good corporate governance and practices, in accordance with applicable laws in Malaysia.</p> <p>The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.</p> <p>The Board Committees in performing their responsibilities delegated by the Board would be guided by the Terms of Reference of each of the Board Committees as approved by the Board.</p> <p>The Board is the ultimate decision-making body.</p> <p>The Board has put in place the Directors' Fit and Proper Policy. The said policy serves as a guide to the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as existing Directors who are seeking for re-appointment and/or re-election. In assessing a person's level fitness and propriety, the Board via the Nomination Committee, shall consider the overarching criteria include but not limited to the following:-</p> <p>(A) Character and integrity; (B) Experience and competence; and (C) Time and commitment.</p> <p>The Directors' Fit and Proper Policy is available for viewing under the "Investor Relations" section of the Company's corporate website at www.essunlogy.com.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations</p>

	<p>that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available for viewing under the "Investor Relations" section of the Company's corporate website at www.essunlogy.com.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board has established a Code of Conduct and Ethics ("Code") to ensure that the Board, Management and all employees of the Group to whom the Code applies, are aware and understand their obligations and responsibilities as set out in the Code.</p> <p>The Code is formulated with the intention of achieving the following objectives:-</p> <ul style="list-style-type: none">(a) To uphold the spirit of social responsibility and accountability in line with the legislation, regulations and guidelines for administrating a company;(b) To articulate the high standard of honesty, integrity, ethics and law-abiding behaviour within the Group;(c) To improve self-discipline in order to provide good quality services;(d) To ensure that all directors and employees are aware of their ethical obligations; and(e) To enhance the standard of corporate governance. <p>There was no report of concern received by the Company for FYE 2025.</p> <p>The Code will be reviewed periodically by the Board, updated and approved by the Board as and when necessary to ensure that it remains current and relevant in addressing any ethical issues that may arise within the Group.</p> <p>The Code is available for viewing under the "Investor Relations" section of the Company's corporate website at www.essunlogy.com.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Anti-Fraud and Whistleblowing Policy was established and approved by the Board to facilitate and encourage disclosure of genuine and legitimate concerns about any possible violations and improprieties in matters related to financial reporting, compliances and other malpractices to be raised by the Board, all employees and officers of the Group as well as the members of the public.</p> <p>This policy is formulated to enable the reporting of genuine concerns about any actual or possible improprieties at the earliest opportunity so that appropriate actions can be taken to address or mitigate such concerns.</p> <p>For FYE 2025, none of the designated persons received any report or concerns vide the abovementioned communication and feedback channels.</p> <p>The Anti-Fraud and Whistleblowing Policy is available for viewing under the “Investor Relations” section of the Company’s corporate website at www.essunlogy.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board emphasises the importance of sustainable business practices in creating long-term value, recognising that responsible business conduct is fundamental to achieving operational excellence.</p> <p>Structural oversight of sustainability, including strategies, priorities, and targets, rests with the Board, while Management is entrusted with operational execution concerning ESG factors as integral components of the Group's corporate strategy.</p> <p>The Board has adopted ESG Policy outline the Group's commitment to sustainable and responsible operations in the industry.</p> <p>As fiduciary to the Company's shareholders, the Board prioritises upholding exemplary corporate governance practices, marked by a dedication to ethics, integrity, and corporate responsibility.</p> <p>The details on the sustainability performance, initiatives, programmes, and key material matters of the Group can be found in the Sustainability Statement in the 2025 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Board ensures that the Group's sustainability strategies and risk management processes are communicated effectively to all internal and external stakeholders.</p> <p>The Group discloses its sustainability performance, initiatives, programmes, and key material matters of the Group in the Sustainability Statement in the 2025 Annual Report. The Sustainability Statement serves as the primary communication channel for all the Group's stakeholders.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.3

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

Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Board is aware of the importance of keeping abreast with the sustainability issues, risks and opportunities that are relevant to the Group in achieving its long-term success.</p> <p>The Board will take part on several initiatives to stay abreast on sustainability issues relevant to the Group and the industry. The Board will take the necessary steps to undertake professional trainings, development programmes and activities related to sustainability and governance issues which will include the climate-related risks and opportunities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Nomination Committee had completed the Board and Board Committee Evaluation with inclusion of the criteria on how the Board addressed the Company's material sustainability risks and opportunities.</p> <p>However, the performance evaluation of Senior Management of the Group has yet to adopt such sustainability criteria.</p> <p>The Board will work on including sustainability related key performance indicators for Senior Management.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5- 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.

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

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for overseeing and reviewing on an on-going basis, the overall composition of the Board in term of size, tenure, the required mix of skills, experience and other qualities and core competencies for the Directors of the Company.</p> <p>The Nomination Committee reviewed the tenure of each Director for FYE 2025 and subsequently recommended to the Board for notation. Notably, all the Independent Directors have served the Board for less than nine (9) years as at 31 July 2025.</p> <p>In determining the eligibility of the re-election of Mr. Khor Chuan Meng and Dato' Magaret Ting Thien Hung ("Retiring Directors") who are due to retire by rotation at the Second Annual General Meeting of the Company to be held on 28 January 2026 ("2nd AGM"), the Board, through the Nomination Committee, taking into consideration the results of the following assessments for FYE 2025, recommended the re-election of the Retiring Directors, to the shareholders for approval at the forthcoming 2nd AGM:-</p> <p>(1) Director's Self and Peer Performance; (2) Board and Board Committees Performance; (3) Declaration of Independence by the Independent Director; and (4) Declaration of Director's Fit and Proper.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board comprises six (6) members, four (4) of whom are Independent Non-Executive Directors, one (1) Managing Director and one (1) Executive Director.</p> <p>Therefore, the Board comprises at least half Independent Directors, representing 67% of the Board, and is in compliance with Rule 15.02 of the ACE LR of Bursa Securities..</p> <p>The Board has diverse backgrounds and experiences in various fields. Collectively, they bring a wide range of skills, experience and knowledge to manage the Group's business.</p> <p>The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in legal, finance and corporate affairs also enable the Board to discharge its responsibilities effectively and efficiently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.3

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

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

Application	: Applied
Explanation on application of the practice	: No Independent Directors serving on the Board of the Company beyond nine (9) years. The Board Charter stated that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his/her redesignation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the AGM in the event the Board wishes to retain such Director as an Independent Director through two-tier voting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Intended Outcome

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

Practice 5.5

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

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

Application	: Applied
Explanation on application of the practice	<p>The Nomination Committee comprises exclusively Independent Non-Executive Directors, which is responsible for making its recommendation, candidates for directorships and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and to take steps to ensure that gender, ethnicity and age group diversity are sought as part of its recruitment exercise.</p> <p>The Board had adopted a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered for the appointment, re-appointment and/or re-election of the Directors of the Group.</p> <p>The Nomination Committee will review the candidate for appointment as Director based on the following criteria:-</p> <ul style="list-style-type: none">• character, competency, knowledge and experience;• professionalism;• integrity and credibility;• fit and properness;• time commitment, particularly his number of other directorships; and• in the case of the candidates for the position of Independent Non-Executive Directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors. <p>There was no new Director appointed to the Board of the Company during FYE 2025.</p>
Explanation for departure	

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

Intended Outcome

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

Practice 5.6

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

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

Application	: Applied
Explanation on application of the practice	: The Nomination Committee is delegated with the responsibility to source, identify, review and recommend candidates for appointment to the Board and Board Committees taking into consideration the optimum and effective size of the Board and the candidates' character, competency, knowledge and experience; professionalism; integrity and credibility; fit and properness; time commitment, particularly his number of other directorships; and in the case of the candidates for the position of Independent Non-Executive Directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors. The Nomination Committee will not limit themselves by solely relying on the recommendations from the existing Board members, senior management or major shareholders, but also will utilise variety of approaches, sources or independent sources to ensure that it is able to identify the most suitable candidates including but not limited to the sourcing from a directors' registry and open advertisements or the use of independent search firms and to obtain independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. There was no Directors being sourced and appointed during FYE 2025.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The details and profiles of the Directors are published in the 2025 Annual Report as well as the Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in the Company, if any.</p> <p>The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board and Board Committee evaluation which includes the independence of independent non-executive directors, if any.</p> <p>A statement by the Board and Nomination Committee being satisfied with the performance and effectiveness of the retiring Directors standing for re-election at the AGM as well as the justification from the Board to support the re-election of Directors would be stated under the explanatory notes in the Notice of the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by the Independent Non-Executive Director, Datuk Hajah Nor Zamani binti Abdol Hamid.</p> <p>The Nomination Committee of the Company comprises wholly of the Independent Non-Executive Directors, they are Datuk Hajah Nor Zamani binti Abdol Hamid, Dato' Magaret Ting Thien Hung and Ms. Lim Kwee Yong.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised that a gender-diverse Board could offer greater depth and breadth to better decision-making.</p> <p>The Board comprises three (3) women directors, representing 50% of women on Board, they are Dato' Magaret Ting Thien Hung, Datuk Hajah Nor Zamani binti Abdol Hamid and Ms. Lim Kwee Yong.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

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

Application	: Departure
Explanation on application of the practice	
Explanation for departure	<p>The Board does not adopt a formalised Gender Diversity Policy for the Board and Senior Management, but the Board is supportive of gender diversity within the Group.</p> <p>The statistics on women's representation in the Board and in Key Senior Management for FYE 2025 are as follows:</p> <ul style="list-style-type: none"> • Board: three (3) women • Key Senior Management: one (1) woman <p>The Board is cognisant of the gender diversity recommended by MCGC and believes that diversity in the Board's composition will bring values to Board deliberation.</p> <p>The Board does not have specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workplace. The Board is of the view that all candidates shall be given fair and equal treatment.</p>
	<p>Alternative Practice:-</p> <p>The Board acknowledges the importance of boardroom diversity and views that while promoting boardroom diversity is essential, the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.</p> <p>A case in point would be the gender composition of all Board Committees, where it comprised a full female setup, indicating the Board's confidence with the competency and professionalism of its women Board members.</p>

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

Measure	:	
Timeframe	:	

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.

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.

Application	: Applied
Explanation on application of the practice	<p>The assessments forms were distributed to all directors to carry out the annual evaluations on the individual Directors, Board as a whole and Board Committees.</p> <p>The assessments results were tabled to the Board for deliberating on the outcomes and the Board noted the strengths and weaknesses of each Director and member of Board Committees.</p> <p>The Board has through the Nomination Committee, conducted the following assessments for FYE 2025:-</p> <p class="list-item-l1">(i) Directors' Self and Peer Performance</p> <p>In conducting the evaluation, the Nomination Committee adopted the following main criteria:-</p> <ul style="list-style-type: none">• Fit and proper• Contribution and performance• Caliber and personality <p>Based on the evaluation conducted for FYE 2025, the Nomination Committee was satisfied with the performance of the individual Directors.</p> <p class="list-item-l1">(ii) Board and Board Committees Performance</p> <p>In conducting the evaluation, the Nomination Committee adopted the following main criteria:-</p> <ul style="list-style-type: none">• Board mix and composition• Quality of information and decision making• Boardroom activities• Board's relationship with the Management

	<ul style="list-style-type: none"> • ESG issues or Sustainability • Board Committees Performance <p>Based on the evaluation conducted for FYE 2025, the Nomination Committee was satisfied with the performance of the Board and Board Committees.</p>
(iii)	<p>Audit and Risk Management Committee (“ARMC”) Members’ Self and Peer Performance</p> <p>Based on the evaluation conducted for FYE 2025, the Nomination Committee was satisfied with the performance of all ARMC Members.</p>
(iv)	<p>Performance of ARMC as a whole</p> <p>In conducting the evaluation, the Nomination Committee adopted the following main criteria:-</p> <ul style="list-style-type: none"> • Quality and composition • Skills and competencies • Meeting administration and conduct <p>Based on the evaluation conducted for FYE 2025, the Nomination Committee was satisfied with the performance of ARMC as a whole.</p>
(v)	<p>Assessment of Independent Directors</p> <p>The Board noted that Letters of Declaration has been executed by the following Independent Non-Executive Directors of the Company, confirming their independence to relevant Main LR of Bursa Securities:-</p> <ul style="list-style-type: none"> • Loh Kwang Yean; • Dato’ Magaret Ting Thien Hung; • Datuk Hajah Nor Zamani binti Abdol Hamid; and • Lim Kwee Yong. <p>For FYE 2025 and upon review, the Board is satisfied that the abovementioned Independent Non-Executive Directors have brought independence and objective judgements to the Board and have not been compromised, amongst others, familiarity or close relationship with other Board members.</p> <p>The Board therefore recommended the re-election of Mr. Khor Chuan Meng and Dato’ Magaret Ting Thien Hung as Directors of the Company at the forthcoming 2nd AGM of the Company for the shareholders’ approval.</p> <p>These assessments are conducted annually, with each Director having the opportunity to provide feedback on the overall effectiveness of</p>

	<p>the Board and their individual contributions. Additionally, the Nomination Committee evaluates the performance of the Board committees and individual ARMC members. The Company Secretaries compile the results, which are then tabled to the Nomination Committee for review.</p> <p>To enhance the Board's knowledge and skills for improved participation in meetings, Board members attended various training programs during FYE 2025. Details of these training sessions are disclosed in the Corporate Governance Overview Statement in the 2025 Annual Report.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Remuneration Policy for the Board and Senior Management that sets out the criteria to be used in recommending the remuneration package of Directors and Senior Management of the Company.</p> <p>The Remuneration Committee when recommending the remuneration package of the Executive Directors and Senior Management, shall be guided by the components and procedures provided in the Remuneration Policy for the Board and Senior Management.</p> <p>A copy of the Remuneration Policy for the Board and Senior Management is available for viewing under the "Investor Relations" section of the Company's corporate website at www.essunlogy.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the Remuneration Committee to assist to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration, fee and other benefits of the Board and senior management and to ensure that all Directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance and that the remuneration is commensurate with the level of executive responsibility and is appropriate in light of the Company's performance.</p> <p>The Remuneration Committee is chaired by Dato' Magaret Ting Thien Hung with its other two (2) members, they are Datuk Hajah Nor Zamani binti Abdol Hamid and Ms. Lim Kwee Yong.</p> <p>The duties and responsibilities of the RC as stated in its Terms of Reference, includes but not limited to the followings:-</p> <p class="list-item-l1">(a) To formulate and recommend a framework of remuneration for the Managing Director, Executive Director and senior management for the Board's approval. There should be a balance in determining the remuneration package, which takes into account the demands, complexities and performance of the Company and its subsidiaries as well as skills and experience required; and which should be sufficient to attract and retain the Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind.</p> <p class="list-item-l1">(b) To review and assess the remuneration package of the Managing Director, Executive Director and senior management in all forms, with or without other independent professional advice or other</p>

	<p>outside advice. The remuneration packages shall be determined on the basis of the Directors' and key senior management's merit, qualification and competencies, while having regard to the Group's operating results, individual performance and comparable market statistics, which are aligned with the business strategy and long-term objectives of the Group. In addition, the performance of the Group in managing material sustainability risks and opportunities should also be considered.</p> <ul style="list-style-type: none"> (c) To ensure the level of remuneration is sufficiently attractive and be able to retain and reward the Directors and senior management in order to run the businesses of the Group successfully. (d) To ensure the level of remuneration or fee should reflect the experience and level of responsibilities undertaken by the particular Director. (e) To recommend to the Board the remuneration package of the Managing Director, Executive Director and Directors' fee and other benefits for Non-Executive Directors. (f) To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objective and independent judgement to the Board. (g) To recommend matters relating to the remuneration of the Directors and senior management of the Group for the Board's consideration and decision. (h) To act in line with the directions of the Board. (i) To consider and examine such other matters as the RC considers appropriate, (j) To consider any other relevant matters as delegated by the Board. <p>The Terms of Reference of the Remuneration Committee is available on the Company's corporate website at www.essunlogy.com.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	

Timeframe	:		
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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.

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration of Directors on named basis for FYE 2025 were as follows:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Loh Kwang Yean	Independent Director	24	2.5	-	-	-	-	26.5	24	2.5	-	-	-	-	26.5
2	Khor Chuan Meng	Executive Director	-	-	-	-	-	-	-	-	-	549	135	60	83	827
3	Chu Kerd Yee	Executive Director	-	-	-	-	-	-	-	-	-	488	120	60	74	742
4	Dato' Magaret Ting Thien Hung	Independent Director	24	2.5	-	-	-	-	26.5	24	2.5	-	-	-	-	26.5
5	Datuk Hajah Nor Zamani binti Abdol Hamid	Independent Director	24	2.5	-	-	-	-	26.5	24	2.5	-	-	-	-	26.5
6	Lim Kwee Yong	Independent Director	24	2.5	-	-	-	-	26.5	24	2.5	-	-	-	-	26.5
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
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11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here				

Intended Outcome

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

Practice 8.2

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

Application	: Departure
Explanation on application of the practice	: -
Explanation for departure	<p>The Board had decided not to disclose the top five senior management's remuneration components on named basis due to confidentiality, negative impact and security risk to the affected key senior management personnel arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals.</p> <p>Alternate Practice:-</p> <p>Practice 8.1 has been applied where there is detailed disclosure on named basis for the remuneration of individual Directors. Therefore, the Intended Outcome in respect of the Directors have been met where the stakeholders would be to assess whether the remuneration of directors is commensurate with their individual performance, taking into consideration the Company's performance.</p> <p>In addition, as a check-and-balance system, the Terms of Reference of Remuneration Committee has been revised by the Board, where the Remuneration Committee is now responsible to review the remuneration packages of the senior management on a yearly basis, to ensure the packages provided commensurate with their individual performance, taking into consideration the Company's performance.</p> <p>The division of roles and responsibilities between Board, Board Committees, Individual Directors and the Management, as advocated under Practice 2.1, has been encapsulated in the Board Charter and duly adopted by the Board. In view thereof, stakeholders should entrust the Board to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.</p> <p>In addition, the potential security costs to be incurred in order to</p>

	<p>safeguard the safety of the key senior management personnel arising from the abovementioned security risk can now be re-allocated back to profit-generating activities, which, in the opinion of the Board, would be the best interest of the Company.</p> <p>As of FYE 2025, the Key Senior Management's (save for the Managing Director and Executive Director which were disclosed in Practice 8.1 of MCCG) aggregate remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00, were as follows:-</p> <table border="1"> <thead> <tr> <th>Range Remuneration per annum</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM100,001 to RM150,000</td> <td>2</td> </tr> <tr> <td>RM150,001 to RM200,000</td> <td>-</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>1</td> </tr> <tr> <td>RM250,001 to RM300,000</td> <td>-</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>-</td> </tr> <tr> <td>RM350,001 to RM400,000</td> <td>-</td> </tr> <tr> <td>RM400,001 to RM450,000</td> <td>1</td> </tr> </tbody> </table>	Range Remuneration per annum	Number of Key Senior Management	RM100,001 to RM150,000	2	RM150,001 to RM200,000	-	RM200,001 to RM250,000	1	RM250,001 to RM300,000	-	RM300,001 to RM350,000	-	RM350,001 to RM400,000	-	RM400,001 to RM450,000	1
Range Remuneration per annum	Number of Key Senior Management																
RM100,001 to RM150,000	2																
RM150,001 to RM200,000	-																
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RM250,001 to RM300,000	-																
RM300,001 to RM350,000	-																
RM350,001 to RM400,000	-																
RM400,001 to RM450,000	1																
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Measure :																	
Timeframe :																	

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

Intended Outcome

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

Practice 8.3 – Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") is chaired by Ms. Lim Kwee Yong, which is a separate person from the chair of the Board.</p> <p>This segregation of duties ensures the effectiveness and independence of the ARMC and enables the Board to objectively review the ARMC's findings and recommendations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>None of the ARMC members was a former key audit partner of the Company.</p> <p>The Terms of Reference of the ARMC states that no former partner of the Company's external audit firm shall be appointed as a member of the ARMC unless the said former partner has observed a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>The Terms of Reference of the ARMC is available on the Company's corporate website at www.essunlogy.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	: Applied
Explanation on application of the practice	<p>: The ARMC has policies and procedures to assess the suitability, objectivity and independence of External Auditors and that such assessment would be carried out annually. The outcome of the assessment would form a basis for the ARMC in making recommendation to the Board on the re-appointment of the External Auditors for the ensuing year at the AGM.</p> <p>The Board had adopted the policies and procedures to assess the suitability, objectivity and independence of the External Auditors of the Company.</p> <p>The ARMC carried out the annual assessment for the FYE 2025 and in its assessment, the ARMC considered, inter alia, the following factors:</p> <ul style="list-style-type: none"> - • The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements; • To the knowledge of the ARMC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("MIA") which has not been reserved by the Disciplinary Board of MIA; • The External Auditors have the geographical coverage required to audit the Group; • The External Auditors advised the ARMC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis; • The External Auditors consistently meet the deadlines set by the Group; • The level of quality control procedures in the external audit firm, including the audit review procedures; and • The External Auditors' scope is adequate to cover the key financial and operational risks of the Group.

	<p>For "objectivity" assessment:-</p> <ul style="list-style-type: none"> • The nature and extent of the non-audit services rendered and the appropriateness of the level of fees. <p>For "independence" assessment:-</p> <ul style="list-style-type: none"> • The engagement partner has not served for a continuous period of more than five (5) years with the Company; • The ARMC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and • Tenure of the current auditors. <p>The ARMC noted that for FYE 2025, PKF PLT, the External Auditors of the Company had confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent in accordance with the terms of relevant professional and regulatory requirements, for the purpose of the audits.</p> <p>Upon completion of its assessment, the ARMC was satisfied with PKF's technical competency, i.e. suitability and independence during FYE 2025 and recommended to the Board the re-appointment of PKF as external auditors for FYE 2026. The Board has in turn, recommended the same for shareholders' approval at the forthcoming 2nd AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>For FYE 2025, the ARMC comprises solely of the following independent directors:-</p> <p>(a) Lim Kwee Yong, Chairperson (b) Dato' Magaret Ting Thien Hung, Member (c) Datuk Hajah Nor Zamani binti Abdol Hamid, Member</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairperson of the ARMC, Ms. Lim Kwee Yong, is a registered Chartered Accountant with the Malaysian Institute of Accountants (MIA).</p> <p>All members of the ARMC are able to understand matters and issues within the capacity of the ARMC. The ARMC members possess vast experience, knowledge and understanding on the business and the industry in which the Group operates in. Thus, enabling the ARMC to discharge its duties effectively.</p> <p>The qualification and experience of the individual ARMC members are disclosed in the Directors' Profile in the 2025 Annual Report.</p> <p>The trainings and courses attended by the members of the ARMC are disclosed in the 2025 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established risk management framework to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Group's stakeholders. The Board has put in a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operations of the Group's business. These include sustainability risk, ESG risks, strategic risk, operational risk, financial risk and project risk.</p> <p>The ARMC oversees the risk management and internal control framework of the Company. The Internal Auditors presents the internal audit report to the ARMC for the ARMC's attention.</p> <p>The Statement on Risk Management and Internal Control is set out in the 2025 Annual Report and provides an overview of the internal control within the Group for FYE 2025.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the ARMC, oversees the risk management and internal control of the Group.</p> <p>The ARMC, with the assistance of the Management team, assesses the risk tolerance of the Group, identifies the risk issues faced by the Group and takes appropriate actions to manage the identified risks within defined parameters.</p> <p>The Company has also appointed Internal Auditors to provide independent assessments of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the ARMC, and internal audit plans would be tabled to the ARMC for review and approval to ensure adequate coverage.</p> <p>The Statement on Risk Management and Internal Control in the Annual Report provides detailed information on the state of the risk management and internal controls within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has delegated the ARMC to be responsible with following matters relating to the risk management, which are set out in its TOR:-</p> <ul style="list-style-type: none">(a) oversee and recommend the risk management and internal control framework of the Group.(b) review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategies, operational, financial and compliance risk.(c) implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks.(d) review the reporting guidelines for the Management to report to the ARMC on the effectiveness of the Group's management of its business risks.(e) review the risk profile of the Group and to evaluate the measure taken to mitigate the business risks.(f) review the adequacy of the Management's response to issues identified to risk registers, ensuring that the risks are managed within the Group's risk appetite.

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to JWC Consulting Sdn. Bhd., an independent professional firm to conduct regular reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the ARMC, and to assess on the adequacy, efficiency and effectiveness of the Group's internal control system.</p> <p>The internal auditors report directly to the ARMC and meet the ARMC on a regular basis to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by Management.</p> <p>The detailed information related to the internal audit function can be obtained from the ARMC Report and Statement of Risk Management and Internal Control in the 2025 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied															
Explanation on application of the practice	:	<p>The Profile of JWC Consulting Sdn. Bhd., the Outsourced Internal Auditors of the Company is set out as follows:-</p> <table border="1"> <tr> <td>Date of Appointment</td><td>:</td><td>23 June 2025</td></tr> <tr> <td>Principal Engagement Director</td><td>:</td><td>Joyce Wong Ai May</td></tr> <tr> <td>Qualifications</td><td>:</td><td> <ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants • Fellow member of CPA Australia • Member of Institute of Internal Auditors • Bachelor of Commerce in Accounting and Finance, University of Tasmania </td></tr> <tr> <td>Experiences</td><td>:</td><td>More than 20 years in providing assurance and consulting services such as risk-based internal audit services, enterprise risk management, internal control reviews and corporate governance reviews for proposed listing and business process reviews.</td></tr> <tr> <td>Number of resources</td><td>:</td><td>The fieldwork for the audited areas were conducted by three (3) personnel.</td></tr> </table> <p>The internal audit personnel have affirmed to the ARMC that they were free from any relationships or conflicts interest, which could impair their objectivity and independence.</p>	Date of Appointment	:	23 June 2025	Principal Engagement Director	:	Joyce Wong Ai May	Qualifications	:	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants • Fellow member of CPA Australia • Member of Institute of Internal Auditors • Bachelor of Commerce in Accounting and Finance, University of Tasmania 	Experiences	:	More than 20 years in providing assurance and consulting services such as risk-based internal audit services, enterprise risk management, internal control reviews and corporate governance reviews for proposed listing and business process reviews.	Number of resources	:	The fieldwork for the audited areas were conducted by three (3) personnel.
Date of Appointment	:	23 June 2025															
Principal Engagement Director	:	Joyce Wong Ai May															
Qualifications	:	<ul style="list-style-type: none"> • Member of the Malaysian Institute of Accountants • Fellow member of CPA Australia • Member of Institute of Internal Auditors • Bachelor of Commerce in Accounting and Finance, University of Tasmania 															
Experiences	:	More than 20 years in providing assurance and consulting services such as risk-based internal audit services, enterprise risk management, internal control reviews and corporate governance reviews for proposed listing and business process reviews.															
Number of resources	:	The fieldwork for the audited areas were conducted by three (3) personnel.															

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

Intended Outcome

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

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

Practice 12.1

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

Application	: Applied
Explanation on application of the practice	<p>: The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-</p> <ul style="list-style-type: none">• Announcements to Bursa Securities Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com.• Annual Reports The Company's Annual Reports to the shareholders is the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.• AGM/General Meetings The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company. The Board will also ensure that the stakeholders are given the opportunity to speak and seek clarifications during the Company's AGM/General Meetings for effective and transparent communications with its stakeholders.• Corporate Website The Company's corporate website offers a wide range of relevant information about its operations and is publicly accessible. The Company regularly updates the corporate website for the

	<p>stakeholders and general public to access information on amongst others, the Group's corporate profile, products, financial performance, announcements published on Bursa Securities' website, Board Charter, Board Committees' Terms of Reference and corporate information.</p> <p>The Company's corporate website is accessible at www.essunlogy.com.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company will serve all shareholders at least twenty-eight (28) days' notice for the forthcoming 2nd AGM.</p> <p>The Notice of the 2nd AGM will provide a detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company held its 1st AGM on 28 January 2025, prior to being listed on the ACE Market of Bursa Securities.</p> <p>The Company will hold its 2nd AGM on 28 January 2026 and all the Directors of the Company have planned to be physically present at the said Meeting. The Board and the Chairs of the ARMC, Nomination Committee and Remuneration Committee are committed to provide meaningful responses to questions posed to them during the 2nd AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	: Departure
Explanation on application of the practice	
Explanation for departure	<p>The Company was listed on the ACE Market of Bursa Securities on 20 February 2025.</p> <p>The forthcoming 2nd AGM of the Company will be physically held at Vangohh Eminent Hotel, No. 3406, Jalan Machang Bubok 2, 14020 Bukit Mertajam, Penang, Malaysia on 28 January 2026 and remote participation by shareholders is not available. All resolutions set out in the Notice of the 2nd AGM of the Company will be voted by poll.</p> <p>The forthcoming 2nd AGM will provide an opportunity for shareholders to participate at the AGM in person and to raise relevant questions to the Chairman and the Board on a face-to-face basis.</p> <p>In view that there is no remote shareholders' participation in a physical meeting, no voting in absentia can be arranged.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 13.4

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

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.

Application	: Applied
Explanation on application of the practice	: The Chairman of the Board will ensure that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question-and-Answer session during the general meetings of the Company. The Directors of the Company will endeavour to respond to relevant questions addressed to them during the general meetings of the Company. The Key Senior Management, External Auditors and Sponsor will also be attending and participating in the general meetings of the Company to respond to the queries raised by the shareholders.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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.

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.

Application	: Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice	
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Company will ensure that the minutes of the forthcoming 2nd AGM is published on Company's website at www.essunlogy.com no later than thirty (30) business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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