

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0055
COMPANY NAME : SERSOL BERHAD
FINANCIAL YEAR : June 30, 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors (Board) is responsible for the leadership, oversight, control, development and long-term success of the Company and its subsidiaries' (collectively referred to as "the Group"). It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. The Company's Board Charter defines the specific duties and responsibilities of the Board which can be found at the Company's website at www.sersol.com.my. While the responsibility for monitoring the effectiveness of the Group's risk management and internal control systems has been delegated to the Audit Committee (AC), the Board is ultimately responsible for determining the Group's "risk tolerance" and annually receives and considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties.
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The position of Chairman of the Board is currently vacant.	
		The Chairman's role and responsibilities have been set forth in the Board Charter of the Company. He plays a key role in leading and ensuring the adequacy and effectiveness of the Board's performance and governance practices.	
		At each Board meeting or general meeting, the Chairman role is assumed by one of the Board members being appointed by the members of the meeting.	
		The Company is looking for a suitable candidate to fill the vacancy of the Chairman.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The position of Chairman of the Board is currently vacant.	
	:	The Company is in the midst of identifying a suitable candidate to appoint as the Chairman of the Company. The Executive Directors, Dato' Mohamed Suffian bin Awang and Mr. Toh Boon Hsing, oversee the day-to-day operations to ensure the smooth and effective running of the Group. The Executive Directors also implements the policies, strategies, decisions adopted by the Board, monitors the operating financial results against plans and budgets and acts as a conduit between the Board and management in ensuring the success of the Group's governance and management functions.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	None of the member of the AC, Risk Management Committee (RMC), Nomination Committee (NC) or Remuneration Committee (RC) is the Chairman of the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The Company Secretaries are qualified to act as secretary under the Companies Act 2016.	
		All Directors have access to the advice and services of the Company Secretaries, who are responsible to the Board in providing sound governance advice and ensuring that the Board complies with the necessary rules and regulation.	
		The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company’s securities, in accordance with Rule 14 of the ACE Market Listing Requirements (AMLR) of Bursa Malaysia Securities Berhad (Bursa Securities). The Company Secretaries also ensure that deliberations at Board and Board Committee meetings are well captured, minuted and documented.	
Explanation for departure	:	The roles and responsibilities of the Company Secretaries have been set forth in the Board Charter of the Company which is available on the Company’s website.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the Directors’ meeting is given in writing at least seven (7) days prior to the meeting together with the relevant agenda items in order for the Board to have sufficient time to go through the meeting materials in order to have a conducive and meaningful discussion in the meeting. All pertinent issues discussed at the Board meeting in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. The minutes of meetings of Board and committees are circulated to all Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Board Charter outlines the roles of the Board, Chairman and Executive Directors as well as Independent Directors and Board Committees. The Board Charter has been incorporated into the Group’s governance system, documented policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates. A copy of the Board Charter and the Terms of References of the AC, RMC, NC and RC are available in the Company’s website at www.sersol.com.my. There is a formal schedule of matters reserved for the Board’s consideration and decision which is set out in the Board Charter.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	The Company has established a Code of Conduct and Code of Ethics (collectively referred to as "the Codes") to promote a corporate culture which engenders ethical conduct that permeates throughout the Group and includes procedures in managing conflicts of interest and prevention of fraudulent activities. Subsequent to the implementation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 to introduce corporate liability for corruption offences involving commercial organisations, the Company had adopted the Anti-Bribery and Anti-Corruption Policy (ABAC Policy). A copy of the Codes and ABAC Policy are available in the Company's website at www.sersol.com.my.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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	:	The Group has a whistleblowing policy setting out procedures to provide all employees of the Group and other interested parties an avenue where genuine concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices can be objectively investigated and addressed. The details on the policy and procedures can be www.sersol.com.my .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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	:	One of the key responsibilities of the Board of the Company as enshrined in the Board Charter is to ensure the Group strategies promote sustainability. The Board is ultimately responsible for sustainability governance, ensuring that sustainability is integrated into the Group's long-term strategy, business planning and risk management. In accordance with the Board Charter, the Board oversees the development and implementation of sustainability strategies to support sustainable growth.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's sustainability strategies, priorities and targets as well as performance are developed and monitored after a careful review of outcomes from the materiality assessment exercise and engagements with key internal and external stakeholders. The comprehensive description of the Company's stakeholder groups, engagements and targets as well the performance against these targets are as set out in Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	In view to gain a better understanding of the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities, the Board members have attended training on sustainability issues, particularly on Environmental Social and Governance risks. The Board will continue engaging with subject matter experts by attending training in relation to the same.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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	:	Applied	
Explanation on application of the practice	:	The Company incorporated material sustainability risks and opportunities into the performance evaluation of the Board and senior management.	
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 4.5- Step Up

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

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

Application	:	Adopted
Explanation on adoption of the practice	:	Sustainability Management Team is formed to develop sustainability strategies, assess sustainability-related risks, evaluate performance and targets, and closely monitor the implementation of sustainability policies and practices of the Company on behalf of the Board.

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	During the year, the NC had reviewed and assessed the experience, skills, time commitment and expertise of the Directors who are due for re-election and was satisfied that they had fulfilled the required fit and proper criteria set by the Board. With the recommendation of the NC, the Board having reviewed the vast knowledge and experience, approved their re-election as Independent Non-Executive Directors of the Company. An annual assessment will be carried out annually to review the contribution of each Director. A summary of the assessment will be presented to the NC for consideration and to develop recommendations and/or an action plan where determined necessary or desirable. The Board concluded that the current Directors own a diverse mix of skills matrix, knowledge, experience and age. The Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at the date of this report, the Board comprised of two Executive Directors, two Non-Independent Non-Executive Directors, and two Independent Non-Executive Directors. Their profiles are set out in the Annual Report 2025. Notwithstanding the above, the Company is in compliance with Rule 15.02 of the AMLR of Bursa Securities whereby a listed corporation must ensure that at least two directors or one third of the Board of a listed corporation, whichever is the higher, are independent directors. The Board comprises 33.33% Independent Directors. Even though it is less than half (50%), the Board views the number of its Independent Non-Executive Directors as adequate to provide the necessary check and balance to the Board's decision-making process. All the Board members whether Independent or Non-Independent, have been conducting themselves professionally in all the meetings. The Directors have demonstrated high degree of objectivity in forming their opinion during Board and Committee meetings. In addition, the Board would evaluate the composition of the Board annually and may appoint additional Independent Directors to the Board when the need arises in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.3

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	:	None of the Directors of the Company has served a cumulative term limit of more than nine (9) years. Nonetheless, Independent Directors who have served the Company for a cumulative term of more than nine (9) years will submit themselves for annual shareholders' approval at the Annual General Meeting (AGM) to be retained as Independent 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

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	:	The Board, assisted by the NC is committed to ensuring that the Board and Senior Management are sufficiently diverse and appropriately balanced. In making recommendations to the Board on suitable candidature of Directors, the NC shall assess and consider the following attributes or factors: • Skills, knowledge, expertise and experience; • Professionalism; • Integrity; • Existing number of directorships held; • Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and • In the case of candidates being considered for the position of independent director, such potential candidates have the ability to discharge such responsibilities/functions as expected from independent non-executive directors. Amongst others, the potential candidates must fulfil the criteria used in the definition of “independent directors” prescribed by the AMLR of Bursa Securities and being able to bring independent and objective judgement to the Board. An annual assessment will be carried out annually to review the contribution of each Director. A summary of the assessment will be presented to the NC for consideration and to develop recommendations and/or an action plan where determined necessary or desirable. The Board concluded that the current Directors own a diverse mix of skills matrix, knowledge, experience and age.

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 Board appreciates the importance of using a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. In this regard, the NC is charged with the responsibility of identifying, selecting and recommending to the Board suitable candidates, taking into account factors such as personal attributes, skills, experience, competence, capability, time and commitment to effectively discharge the fiduciary duties and functions with due consideration of diversity required of Directors. As there is no “one size fits all” and taking into account the business environment that the Company operates in, the Board authorises the NC the option of using external independent sources, if required, in the recruitment of candidates for directorship above and beyond referrals from shareholders, Directors and Senior Management. Evaluation of candidates include the review of resumes, reference checks and interviews based on criteria established in Rule 2.20A of the AMLR of Bursa Securities. The NC will then recommend chosen candidates to the Board for consideration. This Practice is specified in the Terms of Reference of the NC.
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	:	The profile of the Directors are enclosed in the Annual Report of the Company. As at the date of this Annual Report, none of the Independent Non-Executive Directors has any business relationship nor conflict of interest with the Group which would influence their independent judgement to act in the best interest of the Group. The Board via the NC had assessed the independency of the Independent Non-Executive Directors prior to recommending their re-appointment to shareholders for approval at the AGM. A statement is included in the notice of AGM to detail the support and rational on the re-appointment of the Independent 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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The position of Chairman of the NC is currently vacant. The NC was led by Ms. Lim Han Ying, the Independent Non-Executive Director, until her retirement on 3 December 2024. The NC Chairman is responsible for succession planning, appointment of Board members and senior management by conducting annual reviews of board effectiveness and skill assessments. This provides the NC with relevant information on the Group's needs, allowing them to source for suitable candidates when the need arises.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The current Board composition complies with the AMLR and the Board is in view that current diversity of the Board is sufficient to execute its duties and responsibilities, as explained in Practice 5.5 above. The Board acknowledges the value created by involving female candidates participating in decision-making positions, i.e. Directors and Senior Management. The Board currently has one (1) woman Director, representing 16% of the total Board members.	
		The Board, assisted by the NC annually reviews the size, competencies, gender representation of the Board to ensure it remains diverse, which leads to better deliberations.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board and employees of the Group. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and employees. The members of the Board with their combined business management and professional experience, knowledge and experience provide the core competencies to allow for diverse and objective perspectives on the Group’s business and direction. A summary of the diversity policy is disclosed in the Annual Report of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	During the year, the Board conducted an internally facilitated Board assessment via the NC to annually review the competencies and composition of the Board. The results and recommendations from the evaluation of the Board and its committees are reported to the Board for full consideration and action. The scope of the assessment comprised the following: • The Board's structure, size and composition as well as the composition of the board committees; • The effectiveness of the Board as a whole and the effectiveness of the board committees; • The character, experience, integrity and competence of the Directors and to ensure they have the time to discharge their respective roles; • The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors; and • The level of independence of Directors. Overall, the Board considered the outcome of the assessment satisfactory in terms of its effectiveness and composition. The Board viewed that its current composition is sufficient to meet the needs, objectives and aspirations of the Company.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Company has adopted a Directors’ and Senior Management’s Remuneration Policy for the Group’s Directors and senior management with the main objective is to provide fair and competitive remuneration to its Board and senior management in order for the Company to attract and retain Board and senior management of calibre to run the Group successfully. A copy of the Directors’ and Senior Management’s Remuneration Policy is available in the Company’s website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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	:	A copy of the Terms of Reference of the RC is available in the Company's website at www.sersol.com.my .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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 detailed disclosure of the remuneration breakdown of Individual Directors of the Company received from the Company and Group during the financial year ended 30 June 2025 are set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Mohamed Suffian bin Awang	Executive Director	-	6.0	120.0	-	-	8.14	134.14	-	6.0	120.0	-	-	8.14	134.14
2	Toh Boon Hsing	Executive Director	-	-	-	-	-	-	-	-	5.0	180.0	-	-	11.62	196.62
3	Leong Lup Yan	Independent Director	64.0	6.0	-	-	-	-	70.0	64.0	6.0	-	-	-	-	70.0
4	Tan Su Ning (Appointed on 28 February 2025)	Independent Director	10.0	1.0	-	-	-	-	11.0	10.0	1.0	-	-	-	-	11.0
5	Alan Ling Sie Kiong	Non-Executive Non-Independent Director	30.0	6.0	-	-	-	-	36.0	30.0	6.0	-	-	-	-	36.0
6	Tan Tong Lang	Non-Executive Non-Independent Director	30.0	6.0	-	-	-	-	36.0	30.0	6.0	-	-	-	-	36.0
7	Lim Han Ying (Retired on 3 December 2024)	Independent Director	12.75	3.0	-	-	-	-	15.75	12.75	3.0	-	-	-	-	15.75

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board is of the opinion that it is not within the Company's interest for such disclosure considering the highly competitive market for talents in the business. The Board further opined that it would also not be in the best interest of the senior management for confidentiality and privacy reasons. Thus, the names of the senior management are not stated in the remuneration bands of RM50,000. Nonetheless, the Company provide details of the remuneration of the senior management on an aggregate basis in bands of RM50,000 as shown in the table in the Annual Report.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC is not the Chairman of the Board. This ensures that the impairment of objectivity on the Board's review of the AC's findings and recommendations remains intact.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The AC has included in its Terms of Reference that a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the AC. A copy of the Terms of Reference of the AC is available on the Company’s website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Company has set out in the terms of reference of the AC the following criteria in relation to assessing the suitability, objectivity and independence of the external auditor when evaluating the external auditor's performance: • the adequacy of the experience and resources of the external auditors; • the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan; • the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and • whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.
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	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	All the members of the AC possess a considerable understanding of financial reporting and auditing process. They also have the necessary accounting, financial, banking experience, commercial expertise and capital markets skills required to meet their responsibilities and provide an effective level of challenge to management.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Group has engaged an Independent professional firm, GovernanceAdvisory.com Sdn. Bhd. to review the Internal Control systems to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system. The findings arising from the risk evaluation process and internal audit process as well as the recommendations for improvement are presented to Management and RMC. The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and risk appetite to ensure they continue to be resilient and reliable.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges the importance of maintaining a sound risk management and internal control framework to safeguard shareholders' investments and Company's assets. Therefore, a framework to formulate and review risk management policies and risk strategies has been established. Further information on the Group's risk management framework is presented in the Statement on Risk Management and Internal Control of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The RMC was established to assist the Board in discharging its oversight responsibilities and fulfilling its fiduciary responsibilities in formulating, overseeing as well as inculcating a sound enterprise risk management framework and systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in order to manage the overall risk exposure of the Group. The RMC comprises solely of Independent Non-Executive Directors as disclosed in the Annual Report.

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	:	The AC of the Company is responsible for monitoring and reviewing the effectiveness of the Group’s Internal Audit function. The Internal Audit function is independent of the external auditors and is led by the Internal Audit, which is outsourced to GovernanceAdvisory.com Sdn. Bhd. who directly reports to the AC. The Internal Auditor attends and reports at the AC meetings on its work conducted during each quarter as well as its findings, management’s responses and recommendations. For further details, please refer to the AC Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Internal Auditors reports to the AC. This reporting relationship supports internal audit independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions. The relationship also gives the Internal Audit staff the authority needed for full, free and unrestricted access to any or all operations, records, property and personnel within the Group. The Internal Audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Audit team is made up of approximately three (3) personnel headed by Mr. Wong Tchen Cheg, a qualified professional and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.
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	:	The Company has formalised a corporate disclosure policy and procedure not only to comply with the disclosure requirements as stipulated in the AMLR of Bursa Securities, which also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders. The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the 2024 AGM is given to the shareholders at least twenty-eight (28) days prior to the meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Save for Ms. Lim Han Ying, all Directors of the Company were present at the 21st Annual General Meeting held on 3 December 2024.	
		The attending Directors actively engaged with shareholders during the meeting and addressed the questions raised.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has leveraged on technology to conduct the AGM virtually through live streaming and online remote voting using remote participation and voting facilities, which is in compliance with Section 327 of the Companies Act 2016.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	At the commencement of the AGM, the Chairman briefed the members, corporate representatives and proxies present virtually at the Meeting of their right to ask questions and vote on the resolutions set out in the notice of the AGM. Members were also encouraged to submit questions to the Company prior to the commencement of the AGM. During the question and answer session of the AGM, the Chairman of the Company would engage with members by reading and answering to all questions submitted by members via the virtual meeting platform.
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	:	Applied
Explanation on application of the practice	:	The Company had convened its 21st Annual General Meeting as a virtual meeting conducted via live streaming from the broadcast venue. The Company had provided an Administrative Guide to the Shareholders, which set out the procedures and requirements for the Remote Participation and Voting the facilities. Shareholders and proxies that successfully registered for RPV were able to submit their questions electronically via the platform. Shareholders/proxies had joined the 21st Annual General Meeting online, and also voted electronically using the RPV facility provided by InsHub Sdn. Bhd. The Chairman ensured members were accorded with an opportunity to ask questions and receive meaningful responses from the Board and Senior Management present.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the 21st Annual General Meeting of the Company are made available on the Company's website at www.sersol.com.my within 30 business days from the meetings held.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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