

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5005
COMPANY NAME : Unisem (M) Berhad
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board" or "the Directors") of Unisem (M) Berhad ("Unisem" or the "Company") and its subsidiaries (collectively referred to as the "Group") is committed in advocating a sound corporate governance culture, underpinned by the principles of accountability, objectivity and transparency. In fulfilling its role as stewards of Unisem, the Board has discharged its fiduciary duties and leadership functions with due diligence, care, skill and with the best interests of Unisem in mind. As part of the governance oversight structure, the Board has empowered the Board Committees, namely the Audit & Risk Management Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee with specific delegated oversight authority.</p> <p>In line with the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries by Securities Commission Malaysia, the Board maintains a clear line of sight over the activities of its subsidiaries as evidenced through a structured reporting flow.</p> <p>The Board continued to keep itself apprised of the ever-changing conditions whilst maintaining full and effective control over strategic, financial, operational, compliance and governance matters. The Board also considered the key market and regulatory developments in other jurisdictions, given that Unisem's operating landscape transcends beyond Malaysian shores.</p> <p>During the financial year ended 31 December 2024 ("FY2024"), the Board deliberated on the short, medium and long-term strategies of Unisem. Management presented strategic proposals and the Board had provided its input to co-create Unisem's strategy moving forward. The Board, based on the input from Management, had set Unisem's strategy, having satisfied itself that all appropriate considerations have been taken into account.</p> <p>The Board was also apprised of significant operational highlights, issues and performance through quarterly reports prepared by Management. In addition, Unisem's performance was reviewed on a weekly basis by the Group Managing Director with the Group Chief Operating Officer, Chief</p>

	<p>Operating Officers, General Managers of the plants and the Vice Presidents in Sales & Marketing.</p> <p>In ensuring that the strategic plans support long-term value creation for stakeholders, succession planning and sustainability factors were duly taken into consideration by the Board in tandem with the long-term strategic objectives of Unisem. The Board, through the Nomination Committee had undertaken rigorous reviews on succession planning matters. In terms of sustainability, the Board had reviewed the outcome of Management's assessment and validated the material sustainability factors involving pertinent economic, environmental and social considerations.</p> <p>Unisem's Directors and employees are expected to adhere to Unisem's Code of Ethics which is underpinned on the core values of integrity and honesty, openness and respect for others, execution and accountability, passion for customers, partners and technology and commitment to personal excellence and self-improvement.</p> <p>In light of the challenges brought upon by the pandemic and recognising that it is imperative for the Board to extend its reach to the various key stakeholder groups and to actively engage with its key stakeholders to keep them attuned with the Company's strategic direction, Unisem has deployed virtual stakeholder engagement programmes throughout FY2024 which, included the following:</p> <ul style="list-style-type: none"> • Held four quarterly analyst virtual briefings following the release of quarterly financial results • Held various engagements with various local and international fund managers including plant visits • Announcements to the Exchange and the timeous uploading of these announcements on Unisem's website.
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman are clearly encapsulated in the Board Charter, which is available on Unisem's website (Board Charter).</p> <p>The Chairman of Unisem's Board is Mr John Chia Sin Tet. As the Chairman of the Board, he is responsible for providing overall leadership to the Board and ensuring the effective functioning and conduct of the Board. His responsibilities, amongst others include:</p> <ul style="list-style-type: none">• Leading Board meetings and discussions which include encouraging all Directors to actively participate and contribute to meeting discussions whilst allowing dissenting views to be freely expressed;• Setting the meeting agenda and ensuring that Directors receive complete, accurate and timely meeting materials;• Facilitating effective information flow between the Board and Management; and• Providing leadership in establishing and maintaining high standards of corporate governance practices and ensuring the effective performance from both the Board and Management. <p>The profile of Mr John Chia Sin Tet is available on page 14 of the Integrated Annual Report 2024.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The roles of Chairman and Group Managing Director at Unisem are currently consolidated under the leadership of Mr. John Chia Sin Tet, a departure from the guidelines outlined in the Malaysian Code on Corporate Governance ("MCCG"). Recognizing this deviation, the Board has implemented effective mechanisms to ensure a balanced distribution of power and prevent undue concentration by a single individual.</p> <p>Mr. John Chia Sin Tet currently holds both Chairman and Group Managing Director roles at Unisem due to unique circumstances influenced by industry intricacies and his founding member traits. The Board relies on his tacit knowledge, extensive experience, and intuition for crucial decisions. Amid ongoing trade tensions, Mr. John Chia's leadership is crucial to guide Unisem through volatility and maintain operational capabilities.</p> <p>As a dedicated major shareholder, Mr. John Chia's dual role reflects a long-term commitment and significant personal investment in the business. Tianshui Huatian Technologies Co., Ltd ("TSHT"), a major shareholder, finds assurance in this, appreciating Mr. John Chia's wisdom and tacit judgment. This arrangement uniquely positions him as Chairman, leading the Board, and overseeing daily business as the Group Managing Director. The consolidated role enhances open communication between the Board and Management, ensuring clarity on strategic and tactical matters.</p> <p>The practice of combining the roles of Chairman and Managing Director is not uncommon in the semiconductor industry and multinational corporations, driven by the need for a clear and efficient chain of command in response to specific challenges and dynamics in the operating environment.</p> <p>As an alternative practice and to address potential risks, the Board has established checks and balances, incorporating a policy in the Board Charter requiring unanimous decisions aligned with Unisem's best interests. Dissent defers or aborts resolutions. Unisem maintains a majority of Non-Executive Directors, ensuring a balanced decision-making process. The Chairman fosters a democratic environment, encouraging diverse views and seeking expert advice. Non-Executive Directors are encouraged to convene annually to discuss strategic, governance, and operational matters, promoting collaboration. A Senior Independent Director and balanced Non-Executive representation further guard against undue Management influence.</p>

	<p>The presence of Puan Nalleita binti Omar as the Senior Independent Director provides Independent Directors with a channel to voice governance concerns independently of Management.</p> <p>In addition, the establishment of an Executive Management Committee serves as an extra layer of safeguarding at the Management level, aiming to prevent potential incidents of unchecked concentration of power.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>To date, Unisem has operated effectively with a consolidated role of Chairman and Group Managing Director structure due to the Company's founder-led history, the capability of the individual in balancing the two roles, industry characteristics, customer relationships and shareholding structure.</p> <p>In line with MCCG guidelines, the Board will consider separating the Chairman and Group Managing Director roles in the near future.</p>
<p>Timeframe</p>	<p>:</p>	<p>Within 1 year</p>

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board, Mr John Chia Sin Tet is not a member of any Board Committees. He does not participate in any of the Board Committees meetings.
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>In carrying out its duties, the Board is supported by two qualified and competent Company Secretaries, namely, Ms Chin Hock Yee and Ms Wong Siew Yeen. Both Company Secretaries fulfil the requirements of Section 235(2) of Companies Act 2016.</p> <p>As counsels to the Board, the Company Secretaries possess the knowledge and experience to carry out their duties. They act as advisors to the Board, on corporate governance, Company's Constitution, policies and procedures and its compliance with regulatory requirements, codes, guidelines and legislations. The Company Secretaries ensure that discussions and deliberations at the Board and Board Committee meetings are properly documented in the minutes of meetings.</p> <p>The Company Secretaries have attended the relevant training and professional development programmes during the financial year ended 31 December 2024 to keep themselves abreast of the latest developments in the corporate governance landscape.</p> <p>In tandem with their roles as the focal point of contact of the Board, they have been accorded with appropriate authority to enable them to effectively discharge their duties and directly report to the Chairman of the Board. The appointment or removal of Company Secretaries is the prerogative of the Board as a whole. The evaluation of the Company Secretaries is undertaken by the Board. The Board is satisfied with the performance and support rendered by the Company Secretaries during the year.</p> <p>The profile of the Company Secretaries is available on page 20 of the Integrated Annual Report 2024.</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 Chairman of the Board takes responsibility for ensuring that the members of the Board are provided with relevant, accurate and clear information on a timely basis. In this respect, the Company Secretaries will assist the Chairman of the Board in facilitating an effective and reliable flow of information. In order to provide the Directors with adequate time to prepare for Board or Board Committee meetings, notice of meeting and Board papers are circulated within 5 business days prior to the scheduled meeting. A suitable window is also buffered in the scheduling of Board meetings from Board Committee meetings so as to allow for thoughtful contemplation and structured escalation of matters arising from the Board Committee to the Board.</p> <p>The Board meeting papers includes notice of meeting, minutes of previous meeting, reports of Board Committees, annual budget and business plans, updates on statutory regulations and requirements, monthly management accounts, Corporate HR reports as well as manufacturing performance and marketing reports.</p> <p>The Company Secretaries record the minutes of Board or Board Committee meetings and circulate them to the Directors for comments within 2 weeks from the date of the meeting and table the minutes for approval at the subsequent meeting. The minutes capture the detailed proceedings of the Board or Board Committee meetings, including the decisions made, key points deliberated and any significant concerns raised.</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 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 Board has a formalised Board Charter, which is reviewed periodically and made available on Unisem's website. The Board Charter serves as a primary reference point on governance matters for the Directors as well as an induction document for newly-appointed Directors.</p> <p>The Board Charter covers the following matters:</p> <ul style="list-style-type: none"> • Roles and responsibilities of the Board, the Chairman, Group Managing Director, Senior Independent Director, Independent Directors, Company Secretary and the Executive Management Committee; • Board size, composition and Board Diversity; • Directors' independence, remuneration, access to information, external advice and professional continuing development; • Code of Ethics; • Appointment and Re-election of Directors, Annual Board and Board Committee evaluation; and • Matters reserved for the Board. <p>The Board periodically or at least on annual basis reviews the Board Charter as well as the Terms of Reference of the Board and Board Committees to ensure they remain consistent and relevant with the latest regulatory requirements and better practices.</p> <p>The detailed Terms of Reference of the Board and Board Committees as well as the Board Charter are made available on Unisem's website (Board Committees Terms of Reference and Board Charter).</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	:		
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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 is committed in pursuing an ethical way of doing business and to instil ethical values into every aspect of Unisem's operations. To this end, Unisem has formalised a Code of Ethics ("Unisem COE" or "COE") that outlines sound principles and standards of good practice which are to be observed by Unisem's Directors and employees. The Unisem COE was established with reference to the Responsible Business Alliance (RBA) Code of Conduct. It covers a wide area of good practices, which include, amongst others, the following subject matters:</p> <ul style="list-style-type: none"> • Labour standards; • Regulatory investigations, inspections and inquiries; • International Business Activities; • Truthful and accurate financial reporting; and • Use of Information Technology. <p>Under the COE, Unisem's Directors and employees are required to understand and uphold the highest standard of integrity in discharging their duties and in dealing with stakeholders.</p> <p>The COE is made available on Unisem's website (Unisem Code of Ethics) and is subjected to periodic reviews by the Board to ensure it is kept current and relevant.</p> <p>The COE is further augmented with Unisem's Anti-Corruption and Bribery Policy which sets out responsibilities of the Company as well as guidance for Unisem's workforce and community in observing a non-negotiable position on anti-bribery and corruption.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

The 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>Unisem's Whistleblowing Policy provides an avenue for stakeholders to report in a bona fide manner on any suspected misconduct or actual wrongdoing by another employee or any person who has dealings with Unisem. The culture of uncompromising integrity is driven and cascaded across Unisem.</p> <p>The Whistleblowing Policy is in line with the Guidelines on Adequate Procedures under Section 17A(5) of the Malaysian Anti-Corruption Commission Act.</p> <p>As reinforced in the Whistleblowing Policy, stakeholders (including employees, customers and suppliers) may raise concerns without fear of retaliation, discrimination or disadvantage as concerns can be raised anonymously to the designated recipients.</p> <p>The Whistleblowing Policy provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection to whistleblowers and the confidentiality afforded to whistleblowers.</p> <p>The whistleblowing stipulations are covered in the Unisem Code of Ethics as well as a standalone policy document. These documents are made available on Unisem's website (Unisem Code of Ethics and Whistle Blowing, Ethics & Compliance Policy). The Whistleblowing Policy is subjected to periodic review by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Unisem has a dedicated Board-level Environment Social and Governance (“ESG”) Committee. The ESG Committee is tasked with the responsibilities in overseeing the Sustainability or ESG related framework, strategy, priorities, targets, policies and practices of the Company so as to ensure that the initiatives undertaken by Unisem pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.</p> <p>The Company has established an ESG Working Committee, led by the Vice President (VP) of Corporate Human Resources, to drive the Company's overall sustainability initiatives. This ESG Working Committee reports directly to the ESG Committee. The VP, together with other management representatives, forms the CSR Management Working Committee (previously called the RBA Working Committee), which reports to the plant Chief Operating Officer (“COO”) or General Manager (“GM”). At the operational level, the plant COO or GM oversees the CSR Management Working Committees. There are six of these committees:</p> <ul style="list-style-type: none"> • the Labour Working Committee; • the Ethics Working Committee; • the Health and Safety Working Committee; • the Environmental Working Committee; • the Management Systems Working Committee; and • the Supply Chain Management Committee. <p>Unisem was included in the Bursa Malaysia Securities Berhad's FTSE4Good Index in June 2021 and remains a constituent of the FTSE4Good Index Series as of to date.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is cognisant of the fact that Unisem’s internal and external stakeholders should remain informed on the Company’s sustainability strategies, priorities, targets and overall performance. This information should be comprehensive and include information on which stakeholders would be able to assess Unisem’s sustainability risks as well as opportunities which calls for a “substance over form” approach.</p> <p>To this end and as with preceding years, Unisem has prepared a Sustainability Report that is weaved in the Integrated Annual Report so as to elucidate on the Company’s material sustainability risks and strategies to mitigate said risks. Unisem also reports on its actual performance against tangible targets on material sustainability-related matters such as labour rights, workplace safety and the environmental impact of operations.</p> <p>The Sustainability Report is prepared in accordance with the guidance outlined in the Sustainability Guide and accompanying Toolkits by Bursa Malaysia Berhad. In addition, it has incorporated elements of the Responsible Business Alliance (RBA) and the relevant and applicable Environmental, Social and Governance criteria of FTSE4Good Bursa Malaysia Index.</p> <p>In strengthening the creditability of the Sustainability Report, Unisem has sought assurances in accordance with recognized assurance standards for selected indicators. The assurance provided includes:</p> <ul style="list-style-type: none"> • An internal review by the Group’s internal auditors; and • Independent limited assurance in accordance with recognized assurance standards for selected indicator. <p>The independent limited assurances have been approved by the ESG Committee.</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	:		
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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 4.3

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	:	The Board keeps itself apprised with contemporaneous and relevant sustainability developments by way of formal training, presentation of updates, structured reading and discussions. During FY2024, new members of the Board attended the Mandatory Accredited Program Part I and II, organised by Institute of Corporate Directors Malaysia (ICDM). In addition, Management members apprise the Board on the latest sustainability developments through presentations and key considerations are also embedded in the proposals and papers escalated for the Board's attention.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board was assessed via its annual Board Effectiveness Evaluation for FY2024 through a self and peer evaluation questionnaires provided coverage on the following sustainability-related areas:</p> <ul style="list-style-type: none"> • presence of a business strategy as underpinned by Environmental, Social and Governance (“ESG”) considerations; • rigour of discussions surrounding ESG matters; • ESG literacy of the Board; and • oversight and monitoring of sustainability targets and goals. 	
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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Succession planning of Directors is actively on the radar and agenda of the Nomination Committee (“NC”) and Board. In fact, the Nomination Committee has devised a succession plan model with a multi-year view that takes into consideration the overall aggregate tenure of the Board and individual Directors’ tenure. Accordingly, Non-Executive Directors are earmarked with a specific retirement year and clear expectations are set to the Directors on their tenure.</p> <p>As stated in the Terms of Reference of the NC, the following premises shall apply in making any recommendation on the annual re-election of Directors:</p> <ul style="list-style-type: none"> • satisfactory evaluation of the Director’s performance and contribution to the Board; • fit & proper assessment of the Director; • the current composition of the Board; and • the tenure of each Director. <p>The Directors who are due to retire by rotation and eligible for re-election at the upcoming Annual General Meeting have been assessed by the NC and the Board in terms of the aspects described above. Arising from a satisfactory outcome of the evaluation and consideration, the Board has recommended the concerned Directors to be re-elected.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The current Board configuration consists of 3 Executive Directors, 4 Independent Directors and 4 Non-Executive Directors. The 4 Non-Executive Directors represent the interest of Tianshui Huatian Technology Co., Ltd (“TSHT”) pursuant to the Collaboration Agreement dated 12 September 2018 between TSHT and John Chia Sin Tet, Alexander Chia Jhet-Wern, Jayvest Holdings Sdn Bhd and SCQ Industries Sdn Bhd (“Collaboration Agreement”).</p> <p>The current composition of the Board strikes a balance between having all major interests sufficiently represented and maintaining a feasible Board size of 11 members which supports effective discussion, debate and decision-making.</p> <p>The high proportion of Non-Executive Directors on the Board contributes to a high level of oversight over executive functions. Though not in the majority in terms of numbers, Independent Non-Executive Directors play an active role as Chairpersons and members in the Board Committees.</p> <p>To further ensure Board independence, all Directors are encouraged and expected to be open and candid during deliberations. As per the Board Charter, Directors are regularly reminded that all decisions of the Board should be unanimous and aligned with the best interest of the Group and its stakeholders. In the event of a single dissenting voice, the resolution in question will be deferred or aborted. The presence of a Senior Independent Director also provides a channel for Independent Directors to voice their concerns.</p> <p>As an additional measure, the Board Charter clearly outlines a formal schedule of matters reserved for the Board’s decision. This provides a safeguard to prevent any conflicts between the decision-making power of the Board and the day-to-day management of Unisem.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board alongside the Nomination Committee, intends to continue its search for suitable candidates that can reinforce the independence of the Board and contribute to the effective governance of Unisem. In order to create a more conducive environment for insightful deliberations and informed decision-making, the Board will continue to enlist Independent Directors who possess strong business acumen that is complemented with a sound understanding of Unisem’s business.

Timeframe	:	Within 1 year

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	:	Not applicable - Step Up 5.4 adopted	
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

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	: Adopted
Explanation on adoption of the practice	: As the Independent Directors are responsible to provide an objective review in their active oversight role, the Board has undertaken measures to avert instances that affect the independence of Independent Directors. These include the conduct of regular reviews and assessment on the independence of the Directors and by remunerating them fairly with due consideration given to their extent of time commitment and responsibilities within Unisem. During the financial year end 31 December 2024, no Independent Director has served on the Board for more than nine years from the date of his/her appointment. The nine-year tenure limit of Unisem's Independent Directors is codified in its Board Charter as a formalised policy.

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 Board is committed in ensuring that there is diversity in its composition with regards to the dimensions of skills, experience, background and gender. This is premised on the fact that a cognitively diverse board is better placed to avert insularity, particularly in the context of the dynamic technological industry. The same proposition applies to Senior Management.</p> <p>The Board also formalises time commitment requirements when considering nomination of prospective Directors. This is to ensure that Directors are not 'overstretched' due to multiple, overlapping commitments including positions across non-listed entities and not-for-profit entities.</p> <p>Through the Nomination Committee, the Board undertakes formal comprehensive periodic reviews of its composition to ensure that its members infuse the Board with sufficient levels of diversity in background and skills as well as meeting the necessary time commitment. Specifically, the nomination and selection process for directorships process in Unisem is based on the following aspects:</p> <ul style="list-style-type: none">• Leadership experience• Skill sets, knowledge and diverse background• the fit & proper criteria, as set out in the Fit & Proper Policy which include integrity and professionalism and commitment of time to fulfil directorial duties <p>The Fit & Proper Policy is made available on Unisem's website.</p> <p>Presently, the Board is composed of members with a mix of skill sets, knowledge and experience (i.e. engineering, accounting, finance and legal), mix of gender (i.e. four out of eleven Directors are female) and cultural background. The Senior Management personnel also hail from diverse backgrounds, particularly on the front of expertise.</p> <p>Furthermore, the Directors of Unisem hold minimal cross-directorships; except for 3 of the independent directors, the rest of the Directors do not hold any other directorships in public listed companies other than in Unisem's controlling shareholder – Tianshui Huatian Technology Co., Ltd.</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	:	<p>The Nomination Committee under its terms of reference has the authority to engage the services of professional recruitment firms to source for candidates for directorship or seek independent advice whenever necessary.</p> <p>In 2024, there was two new appointments to the Board. Mr Patrick Ng Gan Hooi was referred to the Company by an outside/independent source to the Company Secretary. Puan Noor Alina binti Mohamad Faiz was referred to the Company by an existing board member.</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 5.7

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>In the <i>Statement Accompanying Notice of Annual General Meeting</i> (page 243 of the Integrated Annual Report 2024), Unisem provides the requisite details of the Directors who are due to retire by rotation and a statement from the Board on its reasons to support the re-election of the Directors who are eligible for re-election at the Company's 36th Annual General Meeting.</p> <p>The details of the retiring directors are set out in their respective profiles on pages 14 to 19 of the Integrated Annual Report 2024. The details of their interest in the securities of the Company are set out in the <i>Statement of Directors' Interest</i> on page 238 of the Integrated Annual Report 2024.</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>During the year under review, the Nomination Committee was chaired by Mdm Lim Siew Eng (January to October 2024) and Puan Noor Alina binti Mohamad Faiz (Nov to Dec 2024).</p> <p>The profile of Puan Noor Alina is available on page 17 of the Integrated Annual Report 2024.</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 is supportive of gender diversity in the Board composition as recommended by the MCCG and acknowledges the importance of boardroom diversity and the incorporation of gender diversity in the boardroom.</p> <p>In FY2024, the Board has four female Directors out of 11 Board members. This represents 36% women directors of the Board composition),</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	:	Applied
Explanation on application of the practice	:	<p>Unisem provides its services to customers around the world with operations in 5 countries and therefore diversity generally is an integral part of how the company does business.</p> <p>The Board acknowledges the importance of gender diversity and recognise the multitude of benefits that it can bring. It is the aim of Board to have an appropriate level of diversity in the Boardroom as well as amongst Senior Management to reflect the diverse nature of the Company's operations and support the achievement of its strategic objectives.</p> <p>At the Board-level specifically, the Nomination Committee considers diversity generally when making appointments to the Board, taking into account relevant skills, experience, knowledge, personality, ethnicity and gender.</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

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	: Annually, the Board conducts a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. The Company engaged an external consultancy entity, Galton Advisory PLT for the FY 2024 Board evaluation exercise with oversight of the exercise by the Nomination Committee ("NC"). The Board Effectiveness Evaluation ("BEE") exercise covered the following key areas: <ul style="list-style-type: none">• Fiduciary Role & Responsibilities in Strategy & Planning and Performance Monitoring,• Board Structure & Composition,• Meeting Effectiveness,• Board Culture & Conduct,• Directors' Skill Sets,• Independent Directors' assessment and declaration, and• Board Contribution & Performance and Calibre & Personality. The results of the exercise were subsequently tabled to the Board. Based on the findings of the exercise, the Board was satisfied with its overall performance for the year including that of the Board Committees as well as individual Directors. Aligned with the BEE exercise outcomes, the NC affirmed the objectivity of Independent Directors and recommended the appointment and re-election of the Directors who retire in accordance with the Constitution of the Company and being eligible offer themselves for re-election at the upcoming Annual General Meeting. The recommendations for improving the overall effectiveness of the Board included the following: <ul style="list-style-type: none">• enhancing focus on the Company's strategic directions and alignment with the performance evaluation and remuneration framework; and

	<ul style="list-style-type: none"> continuous training and skills development in relation to the topics of sustainability, technology, and trends and development of the industry and market. 	
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 put in place formalised Remuneration Policy and Procedures to govern the remuneration of Directors and Senior Management. The remuneration stipulations are reviewed by the Remuneration Committee on an annual basis prior to making its recommendations to the Board for approval. The Remuneration Policy and Procedures are designed in such a way that they support the strategies, long term vision as well as financial and non-financial health (including sustainability considerations) of the Company.</p> <p>The Remuneration Policy and Procedures is made available on Unisem’s website (Board Charter), as an appendage to the revised Board Charter.</p> <p>The Board and the Remuneration Committee undertake a thorough review of the said policy and procedures and may engage an external consultant to conduct the Board remuneration review as and when necessary.</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 a stand-alone Remuneration Committee, comprising solely of Independent Directors to provide oversight on remuneration matters. The Remuneration Committee seeks to administer a remuneration framework that is fair and transparent in order to attract and retain talented individuals. Executive Directors are not involved in discussions surrounding their own remuneration.</p> <p>As encapsulated in the Board Charter, the Directors of Unisem are given authority to consult external advisors on any matters in the performance of his/her duties. In this regard, the Remuneration Committee members, in performing their fiduciary duties are able to consult external advisors to gain expert advice in reviewing and determining the robustness of Unisem's remuneration framework.</p> <p>The Terms of Reference of the Remuneration Committee is periodically reviewed by the Board and is made available on Unisem's website (Board Committees Terms of Reference).</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

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 remuneration of Unisem's Directors is disclosed as follows:

No	Name	Directorate	Group and Company (RM)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emolumen	Total
1	John Chia Sin Tet	Executive Director	312,000	-	3,778,512	-	111,288	-	4,201,800
2	Francis Chia Mong Tet	Executive Director	166,400	-	2,100,498	-	19,578	-	2,286,476
3	Alexander Chia Jhet-Wern	Executive Director	166,400	-	417,398	-	18,152	-	601,950
4	Ang Chye Hock	Independent Director	255,400	-	-	-	-	-	255,400
5	Lim Siew Eng*	Independent Director	187,700	-	-	-	-	-	187,700
6	Nelleita binti Omar	Independent Director	225,400	-	-	-	-	-	225,400
7	Teh Muy Ch'ng	Independent Director	225,400	-	-	-	-	-	225,400
8	Noor Alina binti Mohamad Faiz**	Independent Director	94,400	-	-	-	-	-	94,400
9	Patrick Ng Gan Hooi**	Independent Director	94,400	-	-	-	-	-	94,400
10	Xiao Zhiyi	Non-Executive Non-Independent Director	- #	-	-	-	-	-	-

11	Cui Weibing	Non-Executive Non-Independent Director	- #	-	-	-	-	-	-
12	Ju Feng	Non-Executive Non-Independent Director	- #	-	-	-	-	-	-
13	Xu Qin Qin	Non-Executive Non-Independent Director	- #	-	-	-	-	-	-

Note:

1. * Mdm Lim Siew Eng retired on 29 October 2024.
2. ** Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed to the Board on 30 July 2024.
3. # As it is a policy of the Tianshui Huatian Technology Co., Ltd. (“TSHT”) group that no fees are to be paid to directors who sit on any board of the TSHT group of companies, there are no directors’ fees for directors who represent the interests of TSHT in Unisem (M) Berhad.
4. Directors at the subsidiaries level do not receive any emoluments or remuneration.
5. The term “Allowance” that is reflected as a subheading or component in the table above refers to meeting allowance for the Board and Board Committees. Unisem does not accord any allowance to Directors for attending the Board and Board Committee meetings.
6. Salary includes defined contribution plans.

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	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	The remuneration of the top five Senior Management personnel of Unisem in bands of RM50,000 is disclosed as follows:	
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	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	John Chia Sin Tet	Group Managing Director	3,750,001-3,800,000	0-50,000	0-50,000	100,001-150,000	0-50,000	3,850,001-3,900,000
2	Francis Chia Mong Tet	Executive Director – Group Finance	2,100,001-2,150,000	0-50,000	0-50,000	0-50,000	0-50,000	2,100,001-2,150,000
3	Alexander Chia Jhet-Wern	Executive Director	400,001-450,000	0-50,000	0-50,000	0-50,000	0-50,000	400,001-450,000
4	Kevin Khoo Chung Shin	Senior Vice President, Group Chief Operating Officer	1,200,001-1,250,000	200,001-250,000	250,001-300,000	1,250,001-1,300,000	0-50,000	3,200,001-3,250,000
5	Quek Shuan Hong	Chief Operating Officer – Unisem Chengdu	1,400,001-1,450,000	200,001-250,000	250,001-300,000	1,050,001-1,100,000	0-50,000	2,800,001-2,850,000

Note: * The total remuneration of the executive directors (John Chia Sin Tet, Francis Chia Mong Tet and Alexander Chia Jhet-Wern) in the above table excluded their Directors' Fee. Please refer to the table under Practice 8.1 for their total remuneration inclusive of their respective Directors' Fee.

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	:	<p>During the year under review, the Audit & Risk Management Committee (“ARMC”) was chaired by Mr Ang Chye Hock and he is not the Chairman of the Board.</p> <p>The current Chairman of the ARMC is Mr Patrick Ng Gan Hooi, who is an Independent Director and is not the Chairman of the Board.</p> <p>The profile of Mr Patrick Ng is available on page 16 of the Integrated Annual Report 2024.</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>The terms of reference of the Audit & Risk Management Committee (“ARMC”) requires that a former partner of the external audit firm and/or its affiliates to observe a cooling-off period of three years before being appointed as member of the ARMC.</p> <p>During FY2024, none of the current members of the Board or ARMC are former partners of the external audit firm and/or its affiliates within the last three years.</p> <p>The Terms of Reference of the ARMC is reviewed annually and made available on Unisem’s website (Board Committees Terms of Reference).</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 Audit & Risk Management Committee (“ARMC”) is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, reappointment or termination of the external auditor.</p> <p>The annual assessment of external auditors covering their independence, objectivity and professionalism is formalised in the ARMC’s Terms of Reference whereby a recommendation to the Board will be made on the retention or non-retention of the external auditor.</p> <p>During FY2024, in line with relevant professional standards, the ARMC has monitored and reviewed the performance and independence of the external auditor, namely, KPMG PLT, and satisfied itself that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARMC. The dimensions assessed include the following:</p> <ul style="list-style-type: none"> • the external audit’s firm reputation and presence in the industry • qualifications of the external audit firm’s professionals • audit methodology employed by the external audit firm • internal quality control process in place • how the external audit firm delivers value other than through the provision of statutory audit report <p>In addition, the ARMC has obtained a formal written assurance from the external auditor that its personnel were, and have been independent throughout the audit engagement.</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>The Audit & Risk Management Committee comprises exclusively of Independent Directors, comprising of the following members:</p> <table border="1"><thead><tr><th>No.</th><th>Name/ Directorship</th><th>Designation</th></tr></thead><tbody><tr><td>1</td><td>Mr Ang Chye Hock Independent Director</td><td>Chairman</td></tr><tr><td>2</td><td>Puan Nelleita binti Omar Independent Director</td><td>Member</td></tr><tr><td>3</td><td>Mdm Teh Muy Ch'ng Independent Director</td><td>Member</td></tr><tr><td>4</td><td>Puan Noor Alina binti Mohamad Faiz Independent Director</td><td>Member</td></tr><tr><td>5</td><td>Mr Patrick Ng Gan Hooi Independent Director</td><td>Member</td></tr></tbody></table> <p>Mr Ang Chye Hock retired as Director on 31 December 2024. Mr Patrick Ng is currently the Chairman of ARMC.</p> <p>The profile of the above Directors is available on pages 16 and 17 of the Integrated Annual Report 2024.</p>	No.	Name/ Directorship	Designation	1	Mr Ang Chye Hock Independent Director	Chairman	2	Puan Nelleita binti Omar Independent Director	Member	3	Mdm Teh Muy Ch'ng Independent Director	Member	4	Puan Noor Alina binti Mohamad Faiz Independent Director	Member	5	Mr Patrick Ng Gan Hooi Independent Director	Member
No.	Name/ Directorship	Designation																		
1	Mr Ang Chye Hock Independent Director	Chairman																		
2	Puan Nelleita binti Omar Independent Director	Member																		
3	Mdm Teh Muy Ch'ng Independent Director	Member																		
4	Puan Noor Alina binti Mohamad Faiz Independent Director	Member																		
5	Mr Patrick Ng Gan Hooi Independent Director	Member																		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board reviews the term of office of the Audit & Risk Management Committee ("ARMC") members through an annual Board Committee effectiveness evaluation.</p> <p>All members of the ARMC are financially literate and possess the necessary qualifications as well as industry experience</p> <p>During the year, the ARMC members had attended various training programmes to keep themselves abreast of accounting standards, rules as well as relevant industry developments.</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 review of the adequacy and effectiveness of the risk management and internal control framework is under the purview of the Audit & Risk Management Committee (“ARMC”).</p> <p>The Board, through the ARMC determines Unisem’s level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard Unisem’s businesses.</p> <p>Unisem has instituted an Enterprise Risk Management framework which is consistent with that espoused by the Committee of Sponsoring Organisations of Treadway Commission (COSO) so as to support the timely identification, reporting and management of key risks facing Unisem as well as the implementation, tracking and review of the effectiveness of mitigation strategies and actions.</p> <p>Detailed disclosure on Unisem’s risk management and internal control framework is narrated in the <i>Statement on Risk Management and Internal Control</i>, on pages 44 to 48 of the Integrated Annual Report 2024.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies 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 Integrated Annual Report 2024 contains the <i>Statement on Risk Management and Internal Control</i> which disclose the key features of Unisem’s risk management and internal control framework. The framework is used to continuously identify, mitigate and address risks affecting Unisem.</p> <p>In addition, the said statement outlines the significant risks factors identified during the year under review and the measures implemented by Management to assess, monitor and mitigate the identified risks.</p> <p>The details pertaining to the internal control framework are also included in the <i>Statement on Risk Management and Internal Control</i>.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has engaged external third party, Baker Tilly Malaysia, to carry out its internal audit function, which is led by Mr Kuan Yew Choong, Partner of Internal Audit & Risk Advisory of Baker Tilly Malaysia, who reports directly and functionally to the Audit & Risk Management Committee ("ARMC"). In this regard, the assessment outcomes of Unisem's control processes and effectiveness review are reported to the ARMC.</p> <p>The ARMC reviews and subsequently approves the internal audit plan and ensures that the internal audit function is accorded with appropriate authority to discharge its duties. In addition, the ARMC ensures that the internal audit function has adequate resources to perform its role with objectivity and without undue influence by Management or any other interested parties.</p> <p>The ARMC has also undertaken to perform the following in relation to the internal audit function:</p> <ul style="list-style-type: none"> • reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and • reviewed the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>Unisem’s internal audit function is outsourced and spearheaded by Mr Kuan Yew Choong, who reports directly to the Audit & Risk Management Committee (“ARMC”). He is a Professional Member of the Institute of Internal Auditors Malaysia and has two decades of experience in the field of internal auditing and is equipped with the knowledge and expertise in the realm of risk management, internal controls and governance practices. He also possesses full professional certification from the Association of Chartered Certified Accountants.</p> <p>Mr Kuan Yew Choong is the Partner of Internal Audit & Risk Advisory of Baker Tilly Malaysia. He is supported by a team of up to four internal audit personnel in completing different internal audit assignments carried out since the appointment.</p> <p>Mr Kuan Yew Choong and all the personnel involved in carrying out the internal audit function are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with Unisem throughout the financial year.</p> <p>The internal audit function is established to ensure the adequacy, integrity and effectiveness of the system of internal controls and compliance with established policies and procedures, guidelines, laws and regulations and reliability and integrity of information exist. The internal audit function adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors (IIA).</p> <p>Under the purview of the ARMC, the internal audit function seeks to ascertain compliance with policies/procedures and assess whether systems of internal controls exist and operate effectively. In this context, the internal audit plan is reviewed and approved by the ARMC on an annual basis and the findings from the conduct of the internal audit review is reported to the Committee on a quarterly basis to ensure any attendant issues are acted upon timeously.</p> <p>The total cost incurred for the internal audit work of Unisem during the financial year end 31 December 2024 was RM209,467.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that effective, transparent and regular communication with stakeholders is vital in order to allow for informed decision making. In line with this, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner. Investor relations activities and general corporate affairs of Unisem are headed by the Vice President, Corporate Affairs.</p> <p>One of the primary modes of communication with stakeholders is through Unisem's corporate website. The website includes a corporate section which provides all relevant information regarding Unisem.</p> <p>The Board ensures that Unisem's website is timeously updated and contains significant matters such as the following:</p> <ul style="list-style-type: none"> • Matters relating to Unisem's current and future activities; • Minutes of the general meetings; • Substantial or pertinent comments or queries from shareholders relating to the agenda and responses from the Board and Management; and • Company announcements and quarterly financial results. <p>Other forms of engagement include:</p> <ul style="list-style-type: none"> • Quarterly virtual analyst briefing following release of the quarterly financial results; • Meetings and plant visits with fund managers and analysts at their request; • Making the integrated annual reports available to shareholders via Unisem's website; and • Meeting with shareholders at virtually held general meetings.
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	:	Applied	
Explanation on application of the practice	:	For FY2024 Unisem published its Integrated Annual Report based on the reporting framework of the International Integrated Reporting Council (IIRC).	
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 Board endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the Annual General Meeting (“AGM”). In this context, the Board provided notice of its forthcoming AGM to shareholders within a reasonable time frame, at least 28 days before the AGM. The notice of AGM outlines the resolutions to be tabled during the said meeting.</p> <p>It is envisaged that the additional buffer time would enable the shareholders to make an informed decision in exercising their voting rights. This would also allow shareholders to make the necessary arrangements to attend and participate in person or through proxies.</p> <p>For FY2024, the notice of AGM was issued on 1 April 2024, which was more than 28 days before the AGM, held on 3 May 2024.</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	:	All Directors with the Company Secretaries and key management together with external auditors were present in the AGM for FY2024 which was held on 3 May 2024. The Chairmen of respective Board Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 3 May 2024, Unisem conducted its 35th AGM through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) facilities from the Broadcast Venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The Chairman and Group Managing Director, the Directors residing in Malaysia and the Company Secretaries were present at the broadcast venue while all the other Directors attended the AGM via video conferencing.</p> <p>The notice for the AGM was provided more than 28 days in advance to enable shareholders to make adequate preparation. The notice for the AGM was also accompanied with an administrative guide that seeks to provide information and facilitate induction of shareholders or their proxies in relation to the virtual AGM. Shareholders or their proxies were encouraged to attend, pose questions to the Board of Directors via real time submission of typed texts and vote remotely at the 35th AGM via the RPV facilities provided by the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website.</p> <p>The remote poll voting results were scrutinised and validated by Asia Securities Sdn Bhd, an independent scrutineer. The voting results (evidence of shareholders voting) were released to Bursa Malaysia Securities Berhad under the ‘Outcome of Meeting’ announcement on 3 May 2024.</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 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>Unisem seeks to foster mutually reinforcing relationship with shareholders as underpinned by the principle of transparency. To this end, Unisem encourages a culture of openness, allowing for elaborate questions from shareholders to be addressed appropriately by Unisem. In other words, Unisem does not filter out seemingly tough questions as the Board is cognisant that shareholders have the right to have their questions appropriately addressed.</p> <p>As with the preceding AGM, Unisem's 35th AGM held on 3 May 2024 provided shareholders with a convenient method of submitting questions to the Board prior to the AGM date. This was done via Tricor's website which allowed for pre-submission of questions. Questions can also be raised via typed text on a real-time or "live" basis during the general meeting.</p> <p>At the 35th AGM, Unisem addressed all pertinent questions, received prior to and on day of the meeting, on various matters covering financial and non-financial performance as well as Unisem's long-term strategies raised by multiple shareholders.</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 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: On 3 May 2024, Unisem conducted its 35th AGM through live streaming and online remote voting using the Remote Participation and Voting facilities from the Broadcast Venue at Tricor Business Centre. Shareholders or their proxies were advised/informed to attend, pose questions via real time submission of typed texts and vote via its TIIH Online website. The questions received from shareholders were shown live in their native form via TIIH Online to further promote transparency. During the general meetings, the Board endeavoured to address all pertinent questions posed by 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 13.6

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 35th AGM of the Company was held on 3 May 2024, the minutes of the AGM was announced to the Exchange and released on Unisem's website on 28 May 2024, within 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 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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