

# Corporate Governance OVERVIEW STATEMENT

The Board of Directors (the “Board”) of Unisem (M) Berhad (“Unisem” or the “Company”) is pleased to present this Corporate Governance Overview Statement, delineating the corporate governance framework adopted by Unisem and its subsidiaries (collectively referred to as the “Group”). This statement provides a concise overview of the Group’s corporate governance practices, highlighting key focus areas and outlining future priorities for ongoing governance enhancement.

The Board is committed to furnish stakeholders with an informative and comprehensive disclosure detailing the integration of corporate governance best practices into the fabric of the Group’s overall decision-making processes. In line with this commitment, a detailed Corporate Governance Report, structured according to the updated prescribed format, is provided. This report offers a thorough account of the application of the Group’s corporate governance practices in accordance with the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 31 December 2024.

For your convenience, the Corporate Governance Report can be accessed on our corporate website, [www.unisemgroup.com](http://www.unisemgroup.com) and is also available via announcement on the website of Bursa Malaysia Securities Berhad. Both the Corporate Governance Overview Statement and the Corporate Governance Report are prepared in compliance with paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad (“MMLR”), and they are presented with reference to the guidance outlined in Practice Note 9 of the MMLR and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia Securities Berhad.

It is recommended to read this Corporate Governance Overview Statement in conjunction with the other statements in this Integrated Annual Report, such as the Statement on Risk Management and Internal Control, the Audit & Risk Management Committee Report, and the Sustainability Report. This holistic approach ensures a comprehensive understanding, as certain corporate governance elements may be further clarified in the respective statements or reports.

## Corporate Governance Approach

The Board acknowledges that a well-defined corporate governance structure is essential for the effective execution of strategies and business plans, vigilant performance monitoring, and the prudent management of risks. For the financial year ended 31 December 2024, the Board also ensures that Unisem, as a Large Company<sup>1</sup>, also reports its corporate governance commitment authentically based on prescribed regulatory guidelines.

The Group’s approach to corporate governance is based on the following principles:

- Cultivating a strong Group culture with a keen emphasis on integrity.
- Contributing to the prosperity of stakeholders rather than exploiting them, achieved through an understanding of stakeholder needs.
- Embracing a “substance over form” approach to corporate governance by meaningfully adopting practices that embody the underlying objectives behind them.
- Recognising that excellence in corporate governance is not a one-size-fits-all solution, and therefore, conducting thorough critical reviews before establishing corporate governance systems, policies, and procedures.
- Identifying opportunities to implement or update corporate governance systems, policies, and procedures to enhance both strategic and tactical decision-making.

Acknowledging that enhancing corporate governance is an ongoing process, the Board ensures regular reviews of the Group’s corporate governance framework. This practice aims to maintain its relevance, currency, and alignment with the objectives and commitments of the Group.

<sup>1</sup> Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index or companies with market capitalisation of RM2 billion and above at the start of the companies’ financial year.

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## Summary of Corporate Governance Practices

For the financial year ended 31 December 2024, Unisem adhered to all practices outlined in the MCCG, with the exception of the following:

- Practice 1.3 (Demarcation of the Board Chairman and Managing Director roles); and
- Practice 5.2 (Board to comprise a majority of Independent Directors).

These exceptions are made with due consideration of the organisation's distinctive circumstances, and the Group remains committed to robust corporate governance practices while maintaining flexibility to align with its operational needs and strategic objectives.

Unisem has provided meaningful explanations for its departures from the above Practices, leveraging the flexibility accorded by the application principles of the MCCG. Where applicable, Unisem is committed to on-going efforts to implement the above Practices within a reasonable timeframe.

The explanations provided on the said departures are supplemented with a description on the alternative practices in place to achieve the Intended Outcome, measures that Unisem has taken or intends to take and the timeframe for review or adoption of the relevant Practices. For more detailed information on Unisem's application of each individual MCCG practice, please refer to the Corporate Governance Report available on our corporate website at <https://www.unisemgroup.com/company-info/corporate-governance/> and through an announcement on the website of Bursa Malaysia Securities Berhad.

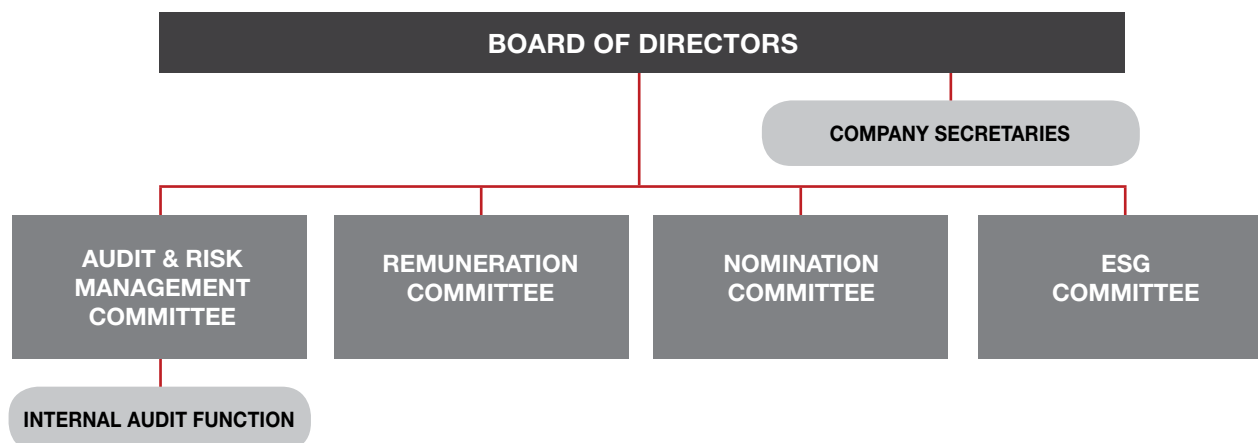
A summary of Unisem's corporate governance practices, in accordance with the MCCG, is presented in the following pages of this Corporate Governance Overview Statement.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Roles and Responsibilities of the Board

The Board acknowledges its roles and responsibilities, which include guiding the strategic direction, setting short, medium, and long-term goals, and overseeing the achievement of these objectives.

To enhance oversight in specific responsibility areas, the Board has instituted four Board Committees: the Audit & Risk Management Committee, Remuneration Committee, Nomination Committee, and ESG Committee. While each Committee operates independently, the Board maintains collective oversight and stays informed about their activities through regular updates provided by the Board Committee Chairpersons. Any recommendations originating from these Committees are then presented to the Board for approval. The existing governance architecture is visually represented below:



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The Board entrusts the day-to-day management of the Group to the Executive Management Committee, while retaining authority over significant matters. Throughout the year, the Board's primary focus was overseeing the execution of strategic and business plans by the Management. Critical issues deliberated by the Board included strategy formulation, budget reviews, proposals for corporate initiatives, and the ongoing monitoring of financial performance and key performance indicators.

In fulfilling their responsibilities, both the Board and Board Committees receive support from two competent and qualified Company Secretaries. Serving as advisors to the Board, these Company Secretaries possess the knowledge and experience required to execute their duties.

The roles, responsibilities, and authorities of the Board, Board Committees, individual Directors, and Company Secretaries are clearly delineated in the Board Charter which serves as a definitive governance document. This Charter is accessible on the Company's website and undergoes periodic reviews to ensure alignment with the dynamic operating environment of the Group. In the financial year, the Board reviewed and approved the Board Charter on 25 February 2024. The latest version, reviewed and approved on 28 February 2025, is now accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

Concerning Board meetings, both the Board and its Committees have convened with sufficient regularity to deliberate on matters within their purview. Directors have committed ample time to prepare, attend, and actively engage in Board and Board Committee meetings. Led by the Chairman, Directors are encouraged to express their views and actively contribute towards making the meetings deliberative and participatory forums. Throughout the year, the Board convened five times to discuss key matters relevant to the Group.

The attendance of individual Directors at both Board and Board Committee meetings is detailed below:

Director	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee	ESG Committee
<b>Executive Directors</b>					
Mr John Chia Sin Tet (Chairman)	5/5				
Mr Francis Chia Mong Tet	5/5				
Mr Alexander Chia Jhet-Wern	5/5				4/5
<b>Independent Directors</b>					
Mr Ang Chye Hock	5/5	9/9	4/4	2/2	5/5
Mdm Lim Siew Eng	4/5*	8/9	4/4	2/2	3/5
Puan Nelleita binti Omar	5/5	9/9	4/4	2/2	5/5
Mdm Teh Muy Ch'ng	5/5	9/9	4/4	2/2	5/5
Puan Noor Alina binti Mohamad Faiz	2/5**	3/9	1/4	1/2	3/5
Mr Patrick Ng Gan Hooi	2/5**	3/9	1/4	1/2	3/5
<b>Non-Executive Directors</b>					
Mr Cui Weibing	5/5				
Mr Xiao Zhiyi	4/5				
Mr Ju Feng	5/5				
Mdm Xu Qinqin	5/5				

**Legend:** ■ Board/Board Committee Chairman ■ Member

\* Mdm Lim Siew Eng retired on 29 October 2024.

\*\* Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed on 30 July 2024.

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## The Roles of Chairman and Group Managing Director

The roles and responsibilities of the Chairman and Group Managing Director are currently assumed by one individual, namely, Mr John Chia Sin Tet due to unique circumstances influenced by industry intricacies and his founding member traits. 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. In the event of a single dissenting voice, the resolution in question will be deferred or aborted. The presence of a Senior Independent Director and greater number of Non-Executive Directors on the Board of Unisem also seeks to ensure that deliberations are not tilted unfavourably towards the favour of Management.

## Integrity and Ethics

The Board emphasises the utmost importance of upholding the highest standards of integrity and ethics, ensuring full compliance with relevant laws and regulatory requirements related to anti-corruption, and effectively managing key corruption risks associated with Unisem. Taking a central role in this effort, the Board of Directors established the anti-corruption program, as outlined in section 4.1.3 of the Guidelines on Adequate Procedures issued by the National Centre for Governance, Integrity, and Anti-Corruption (GIACC), in accordance with subsection (5) of section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act").

To nurture an ethical culture within the Group, the Board formalised and implemented Unisem's Code of Ethics, which is subject to regular review and monitoring. Unisem's Code of Ethics was crafted with reference to the Responsible Business Alliance Code of Conduct.

The Code of Ethics supports the Company in adhering to the corporate liability provision outlined in the MACC Act, which became effective on 1 June 2020. Annual refresher training programs are conducted for Unisem staff, and written acknowledgments are obtained from the value chain, including vendors and suppliers, confirming compliance with the Group's policies on anti-corruption and bribery.

For comprehensive information, Unisem's Code of Ethics, Anti-Corruption and Bribery Policy, and Whistle-Blowing, Ethics & Compliance Policy are accessible on our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility/>.

In line with Bursa's recently enhanced disclosure requirements on Conflict of Interest (COI), in Y2024 the Board comprehensively reviewed and instituted the Unisem Conflict Of Interest Policy for the purposes of identifying, evaluating, approving, reporting and monitoring conflict of interest ("COI") of Directors and key senior management. Among others, the policy was expanded to include potential COI situations involving indirect financial interest, non-financial interest (e.g. arising from relationships whether family, business or professional interests), or competing loyalties or interests. Accordingly, the terms of reference for the Audit & Risk Management Committee ("ARMC") were updated to include additional responsibilities in reviewing and reporting to the Board any COI situations that arise, persist or may arise together with overseeing measures taken to resolve, eliminate or mitigate such conflicts. Disclosures of COI situations are also to be disclosed in the ARMC Report as part of the Integrated Annual Report.

## Sustainability Strategies and Considerations

In terms of providing oversight on sustainability, encompassing strategies, priorities, and targets at Unisem, the Board holds responsibility, while operational execution lies within the purview of Management. For further information on the company's sustainability initiatives, priorities, targets, and overall performance, a detailed articulation is provided in the Sustainability Report.

The Board actively stays informed about contemporary sustainability developments through ongoing capacity-building efforts. The Board's proactivity and responsibility in this area are evaluated through the Board Effectiveness Evaluation exercise as well as disclosures of trainings attended throughout the year. Additionally, deeper integration of sustainability considerations into key areas, such as executive performance evaluations, is a matter of increasing focus for the Board and the Group.

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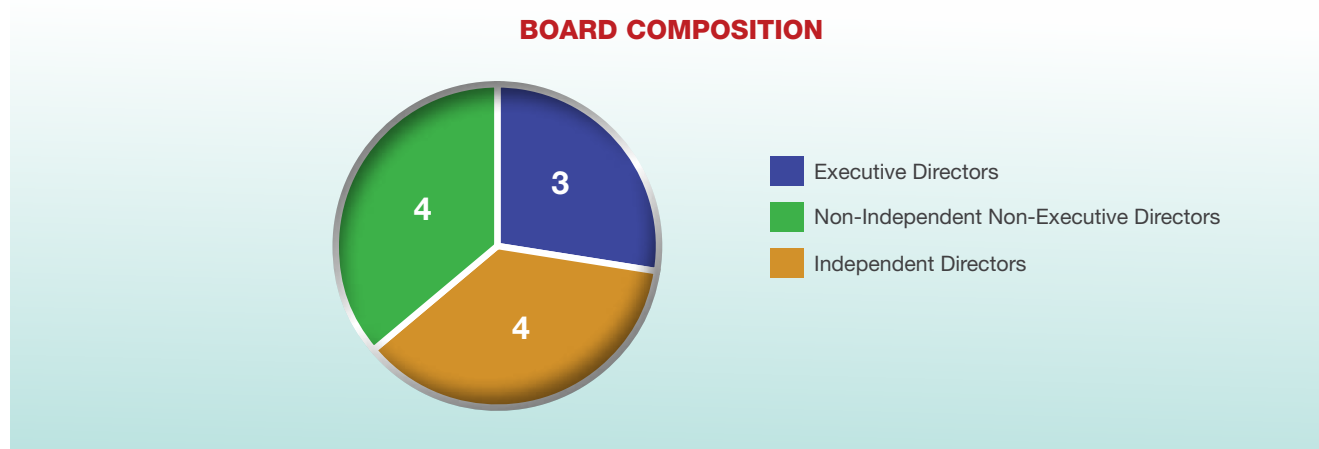
## Board Composition

The Board is committed to ensuring that its composition adequately embodies the necessary mix of skills, experience, and diversity.

During the year, there were changes in the Board memberships: Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi joined the Board as Independent Non-Executive Directors on 30 July 2024. Mdm Lim Siew Eng and Mr Ang Chye Hock retired in end-October and end-December 2024, respectively, after completed their tenure of 9 years as Independent Directors. 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”).

While the current Board composition does not fully meet the expectation of Practice 5.2 of the MCCG, which recommends a majority of Independent Directors for Large Companies, the current Board composition strikes a balance between representation of all major interests with maintaining a feasible size for effective deliberation and decision-making.

Independence is contributed by the higher proportion of Non-Executive Directors on the Board relative to Executive Directors, the active participation of Independent Directors in the Board and the Board Committees as well as a Board culture of open dialogue and objectivity. The presence of a Senior Independent Director also establishes a channel for Independent Directors to voice concerns, particularly related to governance.



## Appointment and Re-election of Directors

Appointments to the Board undergo a formal, rigorous, and transparent process, considering objective criteria set by the Board. The Nomination Committee (“NC”) evaluates factors such as leadership experience, skill sets, knowledge, diversity of background, meeting of fit & proper criteria, professionalism, and time commitment. In the case of Independent Directors, the NC assesses their ability to contribute detached impartiality and objective judgment to boardroom deliberations.

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In compliance with paragraph 15.01A of the MMLR, the Board, with support from the NC, has developed the Fit and Proper Policy for the appointment and re-election of Directors. The Fit and Proper Policy is accessible on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

According to the Company's Constitution, every year at the Annual General Meeting ("AGM"), one-third of the Board of Directors retire from office and offer themselves for re-election by the shareholders of the Company, under individual election resolutions. Directors appointed by the Board are subject to re-election at the AGM following their appointments under individual election resolutions. Under the Company's Constitution, shareholders of the Company have the right to vote annually for re-election of the Directors. The bases for recommending the re-election of Directors, as assessed by the NC, are detailed in the *Statement Accompanying Notice of the Annual General Meeting* on page 243 of this Integrated Annual Report.

## Board Diversity

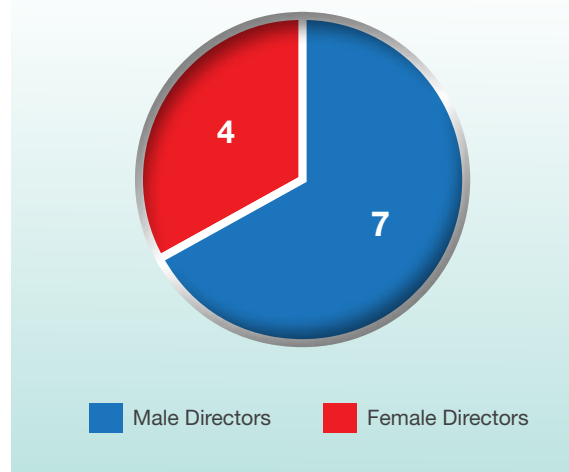
The Board believes that its current composition aligns well with the scope and scale of the Group's business operations. The diverse experience and multidisciplinary expertise of Directors enable them to offer valuable perspectives for robust oversight of Unisem's strategic objectives. The Board comprises members with varied experiences and expertise, including

- legal & regulatory requirements,
- corporate governance & risk management,
- semiconductor industry operations, quality management,
- accounting & finance,
- leadership & strategy, and
- information technology.

The Board recognises the value of cognitive diversity as an effective means to prevent 'groupthink,' address potential blind spots, and avoid insularity, especially within the dynamic technological environment in which the Group operates. Having members who bring diverse perspectives and possess good understanding of the challenges and disruptions inherent in the business landscape is crucial for overseeing necessary changes to ensure sustainability and adaptability of Unisem. With four Non-Executive Directors who are Chinese nationals, the Board benefits from broadened perspectives, fostering collaboration with the Malaysian Directors.

Gender diversity is a notable achievement for the Board, with 4 female Directors out of a total of 11 board members, translating to a commendable 36% female representation on the Board. This commitment to diversity enhances the Board's ability to navigate the complexities of the business landscape and make informed decisions reflective of a broad range of perspectives.

## GENDER DIVERSITY



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## Board Effectiveness Evaluation and Directors' Training

In 2024, the Board engaged Galton Advisory PLT, an external consulting firm, and conducted a formal and comprehensive performance and effectiveness assessment of the Board, Board Committees, and individual Directors, including Independent Directors. The Board Effectiveness Evaluation (“BEE”) exercise covered the following key areas:

- 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 BEE exercise utilised questionnaires encompassing both qualitative and quantitative criteria, employing a self and peer rating assessment model. This process was carried out with oversight by the NC.

Based on the BEE exercise findings and upon the NC's recommendation, the Board expressed satisfaction with its overall performance for the year, including that of the Board Committees and 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 Regulations 115 and 118 of the Constitution of the Company and being eligible offer themselves for re-election at the upcoming AGM.

Additionally, recommendations for improving the overall effectiveness of the Board were outlined, including:

- enhancing focus on the Company's strategic directions and alignment with the performance evaluation and remuneration framework;
- continuous training and skills development in relation to the topics of sustainability, technology, and trends and development of the industry and market.

During the financial year under review, the NC has assessed the training needs of the Directors through the annual assessment or the BEE exercise. The Company Secretary continuously identifies and recommends suitable development programmes for Directors based on their training needs.

The list of training programmes in the course of continuing professional education that were attended by the Directors of Unisem are outlined below:

Date of Training	Type of Training	Attended by
25 January 2024	Training on annual report-related regulations, as well as the general provisions of financial reports and the latest revisions to non-recurring gains and losses in the information disclosure rules for companies that issue securities to the public (年度报告相关的规范, 以及公开发行证券的公司信息披露编报规则中的财务报告的一般规定、非经常性损益最新修订的内容培训), organised by the Shenzhen Stock Exchange (中国深圳证券交易所)	Mr Ju Feng

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Date of Training	Type of Training	Attended by
6 March 2024	Future Proofing Your Business : What You Need To Know About The “S” In ESG organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
23 April 2024	Board Oversight of Climate Risks and Opportunities organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
12 June 2024	Carbon Market : What Directors Need to Know organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
20 June 2024	SIDC Sustainable and Responsible Investment Conference 2024 organised by SIDC	Puan Noor Alina binti Mohamad Faiz
1 July 2024	ESG & Internal Audit - Strengthening the Third Line of Defence organised by Boardroom	Puan Noor Alina binti Mohamad Faiz
15 July 2024	Preparing Your Sustainability Report - Navigating the Evolving Sustainability and Climate Change Disclosure Requirements organised by Minority Shareholders Watch Group	Puan Nelleita binti Omar
19 August 2024	ESG/Impact Investing: What are Investors Looking For organised by Asia School of Business	Puan Noor Alina binti Mohamad Faiz
1 September 2024	HBM Technology and Ecology Seminar (HBM 技术与生态研讨会) organised by Tianshui Huatian Electronics Group (天水华天电子集团)	Mr Xiao Zhiyi
11 September 2024	Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024 organised by KPMG	Puan Nelleita binti Omar
11-12 September 2024	Bursa Malaysia Mandatory Accreditation Programme Part I (MAP) organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
24 September 2024	Building Sustainable Credibility: Assurance, Greenwashing and The Rise of Green-Hushing organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
2 - 3 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Bursa Malaysia	Mr Patrick Ng Gan Hooi
4 October 2024	Directors Plant Visit - ESG & Sustainability Progress Updates, Business Outlook and Technology Roadmap Updates organised by Unisem	Mr John Chia Sin Tet Mr Francis Chia Mong Tet Mr Alexander Chia Jhet-Wern Puan Nelleita binti Omar Mdm Teh Muy Ch'ng Mr Patrick Ng Gan Hooi Puan Noor Alina binti Mohamad Faiz
7 October 2024	KPMG Symposium: Beyond ESG organised by KPMG	Mr Patrick Ng Gan Hooi Puan Nelleita binti Omar
9 -10 October 2024	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) organised by Bursa Malaysia	Puan Noor Alina binti Mohamad Faiz



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Date of Training	Type of Training	Attended by
11 October 2024	Symposium for Leaders of Integrated Circuit and New Energy Enterprises (集成电路及新能源企业负责人座谈会) organised by Jiangsu Provincial Committee United Front Work Department (江苏省委统战部)	Mr Xiao Zhiyi
16 October 2024	MIA Webinar Series: Directors' Interest in Contracts and Conflict of Interests organised by Malaysian Institute of Accountants	Mr Patrick Ng Gan Hooi
16 October 2024	Deloitte Board-Ready Women Program 2024 organised by Deloitte	Mdm Teh Muy Ch'ng
29 November 2024	Cybersecurity Awareness Training organised by Boardroom	Puan Noor Alina binti Mohamad Faiz
5 December 2024	2024-2025 Global Semiconductor Market Summit Conference (2024-2025 全球半导体市场峰会大会) organised by World Integrated Circuit Association (世界集成电路协会)	Mr Xiao Zhiyi
10 December 2024	Mastering Tax & Corporate Compliance Conference organised by Boardroom	Mdm Teh Muy Ch'ng

## Remuneration

A fair and competitive remuneration package is essential for attracting, retaining, and motivating Directors and Senior Management personnel, aligning their goals with the overall objectives of the Group. In light of this, the Group has adopted a remuneration framework that considers the structure of the organisation and the intricacies of the competitive semiconductor industry. The Remuneration Committee ("RC") evaluates and determines the appropriateness of remuneration packages for Directors and Senior Management, with subsequent communication to the Board.

For Executive Directors and Senior Management, remuneration packages include components structured to tie rewards to both individual and corporate performance, incorporating considerations for sustainability. Executive Directors receive additional remuneration through Board of Directors' fees ("Directors' Fees"). Non-Executive Directors, including Independent Directors, on the other hand, are remunerated solely through Directors' Fees.

The Non-Executive Directors who represent the interest of TSHT do not receive Directors' Fees as it is the policy of the TSHT Group that no fees are to be paid to their employees who sit on the board of any company in the TSHT Group.

Directors' Fees are reviewed annually, considering market best practices and taking into account the roles, time commitment, contributions, and responsibilities associated with each Director's position. The specific skills or expertise that Directors bring to the Board are also considered in determining remuneration.

Independent Directors receive competitive but not excessive compensation to avoid any perception of dependency. No severance payments or ex-gratia payments are granted to Directors or Senior Management personnel.

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Detailed disclosure of the remuneration of individual Directors is available in the Company's Corporate Governance Report under Practice 8.1 and are as follows:

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

\* Mdm Lim Siew Eng retired on 29 October 2024.

\*\* Puan Noor Alina binti Mohamad Faiz and Mr Patrick Ng Gan Hooi were appointed to the Board on 30 July 2024.

# 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.

^ 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.

® Salary includes defined contribution plans.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit & Risk Management Committee

The Board has established the Audit & Risk Management Committee ("ARMC"), comprising exclusively of Independent Directors. Throughout the financial year under review the ARMC was chaired by Mr Ang Chye Hock, also the Senior Independent Director, distinct from the Chairman of the Board. The ARMC assumes a robust and comprehensive oversight role, addressing financial reporting, reviewing related party transactions, conflict of interest and potential conflict of interest situations, overseeing external and internal audit processes, and taking ownership of Unisem's risk management framework.

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ARMC members possess the necessary financial literacy and business acumen, supporting a thorough understanding of matters under their purview. In the execution of their responsibilities, ARMC members are granted full access to both internal and external auditors, who directly report to the ARMC. The ARMC has established policies and procedures to assess the suitability and independence of the external auditor. During the financial year, the external auditor has provided assurance that its personnel maintained independence throughout the audit in compliance with relevant professional and regulatory standards. The ARMC's Terms of Reference are published on the Company's website at <https://www.unisemgroup.com/company-info/corporate-governance/>.

For a detailed overview of the role and activities of the ARMC, refer to the ARMC Report of this Integrated Annual Report.

## Risk Management and Internal Audit

The Board recognises that the foundation for achieving its value creation targets lies in the Group's robust risk management and internal control architecture. To effectively address risks arising from a competitive global environment and the economic repercussions of the ongoing US-China trade tension, the Group continues to be guided by its comprehensive risk management framework which was designed to identify, analyse, monitor, and manage material risks, including contemporary risks such as those related to sustainability.

The ARMC plays a key role in overseeing risk management by monitoring the implementation of the Group's sustainability-related policies. The ARMC, together with the ESG Committee, identifies emerging sustainability trends, assesses their implications for the Group, and evaluates the Group's progress toward achieving sustainable outcomes.

For the internal audit function, the Company has engaged the services of Baker Tilly Malaysia, which keeps the ARMC informed about the adequacy and effectiveness of internal controls, risk management, and governance. The internal audit function operates independently of the business activities or operations of other units within the Group. Using a risk-based audit approach in alignment with the annual audit plan, the internal audit function follows the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).

Further information on the Group's risk management and internal control framework is made available in the Statement on Risk Management and Internal Control of this Integrated Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Engagement with Stakeholders

Unisem is committed to timely and transparent communication with stakeholders regarding material business matters. Mandatory disclosures are made through announcements to Bursa Malaysia Securities Berhad and on Unisem's user-friendly corporate website. The website offers easy navigation for stakeholders to access crucial information, including recent announcements, quarterly financial results, and copies of notices and minutes of general meetings.

The publicly available Integrated Annual Report on the corporate website provides comprehensive details about the Group's business activities and performance, covering financial and non-financial aspects for the financial year. While prioritising transparency, Unisem maintains a balance with legal and regulatory requirements governing the release of potentially material and price-sensitive information. To further enhance stakeholder engagement, the Board has appointed Puan Nelleita binti Omar, effective 1 January 2025, as the Senior Independent Director to serve as the designated point of contact for queries on Unisem-related matters.

Puan Nelleita binti Omar can be contacted via the following avenues :



**Mail:**  
Lot No. 9(H), 9th Floor UBN Tower,  
10 Jalan P. Ramlee, 50250 Kuala Lumpur



**Telephone:** (603) 2072 3760  
**Fax:** (603) 2072 4018  
**Email:** SID@unisemgroup.com

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## Conduct of General Meeting

The Board values general meetings as a platform for shareholders to engage in constructive dialogue with both the Board and Management, providing valuable feedback on the Group's performance. The AGM serves as a key forum for this interaction, presenting annual financial results, discussing operational performance, and offering insights into the business outlook. Shareholders are actively encouraged to pose questions, seek clarification, and provide feedback during the AGM.

During the financial year ended 31 December 2024, Unisem conducted its 35th AGM on 3 May 2024. The meeting was conducted through live streaming and online remote voting using the Remote Participation and Voting 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. While the Chairman, Directors residing in Malaysia, and Company Secretaries were physically present at the broadcast venue, other Directors attended the AGM via video conferencing.

To facilitate preparation, the notice of the 35th AGM was provided more than 28 days in advance, accompanied by an administrative guide. Shareholders or their proxies were guided on attending, submitting real-time questions via typed texts, and casting remote votes through the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website. Remote poll voting results were independently scrutinised by an independent scrutineer namely, Asia Securities Sdn Bhd; the voting results (evidence of shareholders voting) were released to Bursa Malaysia Securities Berhad under the 'Outcome of Meeting' announcement.

## Focus Areas During the Year (2024)

In 2024, the Group's corporate governance focus areas included:

<b>1. Board Composition and Diversity</b>	Maintaining a well-balanced Board with diverse skills, experience, and perspectives, emphasising factors such as industry knowledge and international viewpoints.
<b>2. Director Performance and Evaluation</b>	Conducting rigorous assessments, including self and peer evaluations, to inform decisions on re-election and identify areas for improvement.
<b>3. Fit &amp; Proper Assessment</b>	Evaluating Directors' alignment with the Fit & Proper Policy, considering integrity, competence, and capability for re-election suitability.
<b>4. Risk Management and Internal Controls</b>	Continuing a strong focus on risk management and internal controls, adapting to emerging risks, and ensuring effective internal control mechanisms.
<b>5. Conflict of Interest Policy</b>	Established Conflict of Interest Policy to identify, evaluate, approve, report and monitor conflict of interest situation of Directors and key senior management.
<b>6. General Meeting Conduct</b>	Continuing with inclusive and interactive virtual AGMs with provisions for remote participation, real-time questioning, and transparent remote voting to enhance shareholder engagement.
<b>7. Sustainability Integration</b>	The ESG Committee monitoring sustainability-related policies' implementation and assessing the Group's progress, integrating sustainability into risk management and governance processes.

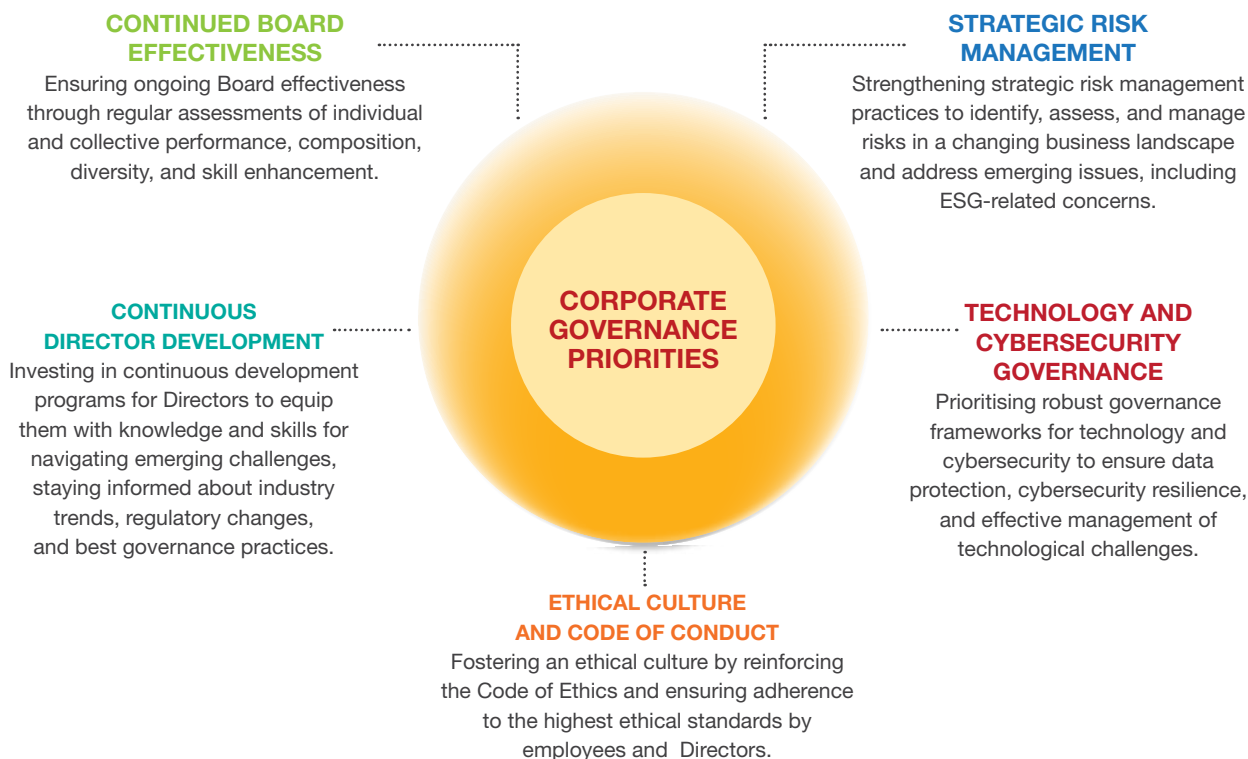
These efforts contribute to the Group's governance framework which is aligned with best practices, regulatory standards, and the Group's commitment to transparency, accountability, and long-term value creation.

# Corporate Governance OVERVIEW STATEMENT

## Corporate Governance Priorities (2025 and Beyond)

Regular assessments and adjustments will be made to stay aligned with emerging trends and challenges in the business environment.

Some of the Group's corporate governance priorities for 2025 and beyond are as follows:



# Corporate Governance OVERVIEW STATEMENT

## NOMINATION COMMITTEE REPORT

### COMMITTEE MEMBERS, MEETINGS AND ATTENDANCE

The Nomination Committee (“NC”) comprises wholly of Independent Directors.

In 2024, the NC met 4 times and the Chairman and members of the Committee attended all the meetings.

Name	Designation	Directorship	No. of Meetings Attended in 2024
Mdm Lim Siew Eng	Chairman	Independent Director	4/4
Mr Ang Chye Hock	Member	Independent Director	4/4
Puan Nelleita binti Omar	Member	Independent Director	4/4
Mdm Teh Muy Ch’ng	Member	Independent Director	4/4
Puan Noor Alina binti Mohamad Faiz	Member	Independent Director	1/4
Mr Patrick Ng Gan Hooi	Member	Independent Director	1/4

Mdm Lim Siew Eng retired as Director on 29 October 2024. Puan Noor Alina binti Mohamad Faiz was elected at a Committee meeting as the Chairman of the Nomination Committee with effect from 29 October 2024.

In 2024, the Company Secretary was in attendance at all the meetings. The Company Secretary circulates the minutes of NC meeting to the Committee and at the Board Meeting for notation. The Chairman of the NC also briefs the Board on the highlights and key issues deliberated during the NC meeting.

### TERMS OF REFERENCE

The terms of reference which include composition, authority, responsibilities, meetings and specific duties of the NC are disclosed and published on the Company’s website under Company Info - Corporate Governance section. <https://www.unisemgroup.com/company-info/corporate-governance/>

### SUMMARY OF WORK

The summary of work of the NC for the financial year is set out below:-

#### Board and Board Committees Composition and Succession Planning

The NC conducted a comprehensive review during the financial year, focusing on crucial aspects related to the Board and Board Committees’ composition and succession planning. Key highlights of the NC’s work include:

1. Board Size and Composition Review: The NC reviewed the current size and composition of the Board, identifying potential gaps or areas for enhancement.
2. Review of Board Committees: Evaluation of the size and composition of various Board Committees was undertaken to ensure their effectiveness and alignment with the Group’s strategic objectives.
3. Selection Criteria for Board Candidates: The NC reviewed the selection criteria applied to potential candidates for Board positions, ensuring that they possess the requisite skills, expertise, and diversity to contribute effectively.

# Corporate Governance OVERVIEW STATEMENT

4. Succession Planning: A review of the succession plan for the Board and the Board Committees was conducted. This included considering the timing, process and requirements/criteria for filling vacancies created by retiring Directors, to ensure a smooth transition and continuity in leadership.
5. Position of Senior Independent Director: The NC assessed and recommended to the Board the suitable Independent Director for the appointment of the Senior Independent Director.

## **Appointment & Re-election of Directors**

The NC has actively engaged in the comprehensive process of appointing and re-electing Directors during the financial year. The key highlights of the NC's work include:

1. Review of Potential Independent Non-Executive Directors: The NC conducted an assessment of two candidates for appointment as Independent Non-Executive Directors. This involved evaluating their leadership experience, skill sets, knowledge, diversity of background, fit & proper status, professionalism, and commitment of time.
2. Assessment of Impartiality and Objectivity: The NC conducted assessment of the candidates' ability to bring detached impartiality and objective judgment to boardroom deliberations were critically assessed, ensuring their capacity to contribute impartial and independent perspectives.
3. Bases for Re-election Recommendations: The NC formulated the criteria for recommending the re-election of Directors due for rotation/retirement. This included an assessment of the contributions made by Directors seeking re-election.
4. Review of Directors' Service Tenure: The NC conducted a review of the service tenure of Directors, considering the balance between continuity and the infusion of fresh perspectives within the Board.

## **Board Effectiveness Evaluation**

The NC actively engaged in the Board Effectiveness Evaluation ("BEE") process during the financial year. The key highlights of the NC's involvement in the BEE include:

1. Review of BEE Questionnaires: The NC reviewed the questionnaires designed for the BEE, with Galton Advisory PLT ("Galton"), ensuring they were comprehensive and aligned with the organisation's objectives.
2. Assessment of Board and Committee Performance: The NC together with Galton, assessed the outcomes of the annual performance assessments for both the Board and its Committees. This involved evaluating the independence of independent directors, the contribution of each individual director, and the overall performance of the Board and its Committees.
3. Proposed Improvement Plan: The NC reviewed the results of the BEE exercise for the financial year with Galton, and reviewed the recommendation and proposed improvement plan from Galton, to enhance the effectiveness of the Board.
4. Updates on Improvement Plan: Updates on the actionable improvement plan from the previous BEE cycle were received and reviewed, ensuring that progress was being made on identified areas for enhancement.
5. Skill Sets and Competency Assessment: Via the BEE exercise, the NC assessed the Board's skill sets and the level of competency to meet the current and future needs of the company, ensuring alignment with strategic objectives.
6. Training Needs Assessment: The NC conducted an assessment of the training needs of Directors, utilising insights from both the annual assessment and the BEE exercise.

# Corporate Governance OVERVIEW STATEMENT

## Framework, Policy & Guidelines

The NC actively contributed to the development and refinement of the organisation's governance framework, policies, and guidelines during the financial year. Key activities undertaken by the NC in this regard include:

1. **Fit and Proper Policy:** The NC reviewed the existing Fit and Proper Policy for the appointment and re-election of Directors. Any relevant amendments deemed necessary were recommended to the Board for adoption.
2. **Review of Board Policies & Procedures:** The NC reviewed the Board Policies & Procedures to ensure alignment with prevailing rules and regulations. Any relevant amendments deemed necessary were recommended to the Board for adoption.
3. **Terms of Reference for NC:** The NC reviewed the Terms of Reference of the NC. Any relevant amendments deemed necessary were recommended to the Board for adoption.

## ADDITIONAL COMPLIANCE INFORMATION

During the financial year under review,

### (i) Status of Utilisation of Proceeds Raised from any Corporate Proposal

There were no unutilised proceeds raised from corporate proposal.

### (ii) Material Contracts or Loans Involving Directors or Major Shareholders

Other than as disclosed in Note 27 under the Notes to the Financial Statements of this Integrated Annual Report, there were no material contracts or loans between the Company and its subsidiaries that involve Directors' or major shareholders' interests.

### (iii) Directors' Responsibility Statement on Annual Audited Financial Statements

The Directors are responsible for preparing the annual audited financial statements and the Board ensures that the financial statements and other financial reports of the Company are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.