

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7184
COMPANY NAME : G3 Global Berhad
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board's overall governance responsibilities is to review and adopt strategic direction for the Company, overseeing the conduct of the Company's businesses, identifying principal risks, ensuring the implementation of appropriate internal controls and mitigation measures, overseeing the development and implementing of a shareholder communications policy for the Company and review the adequacy and the integrity of the management information and internal controls system.</p> <p>With the adoption of Board Charter, the Board will ensure that its obligations to its shareholders are met.</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 1.2

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 Board of Directors is chaired by an Executive Chairman, namely Datuk Wan Khalik Bin Wan Muhammad who leads the Board in setting the tone to develop the strategic direction as well as instil good corporate governance practices for the Group.</p> <p>The responsibilities of the Chairman of the Board are set out in the Board Charter.</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	:	Applied	
Explanation on application of the practice	:	<p>The position of Chairman is held by Datuk Wan Khalik bin Wan Muhammad and Mr Dirk Johann Quinten is the Managing Director of G3 Global Berhad. Both Chairman and Managing Director roles and responsibilities are properly segregated.</p> <p>The Chairman is responsible for the leadership of the Board and ensuring the Board is function effectively, whilst the Managing Director has the delegated authority from the Board and is responsible for the Group's overall operational, business and financial performance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and Board Committees are supported by Company Secretary, Ms Wong Youn Kim who is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016. She is a Chartered Secretary and is an associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretary provides secretarial support to the Board and plays an advisory role to ensure the Board and Board Committees comply with relevant regulations, laws and Bursa's Listing Requirements. She assists the Board in applying the best practices of the Malaysian Code on Corporate Governance (MCCG).</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 1.5

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 Company Secretary provides effective support to the Board and Board Committees to facilitate their discussion and proceedings of Board and Board Committees meetings and ensure that deliberations are well documented.</p> <p>In order to ensure effective and efficient discussion and decision-making at the meetings of the Board and Board Committees, meeting materials are circulated to the Board and Board Committees' members 5 business days prior to their respective meetings. The Company Secretary ensures that the discussions and decisions are properly recorded and all minutes of the meetings are circulated and confirmed as a correct record of the proceedings at their following respective meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Besides observing the provision of the Company's Constitution, the requirements of the Companies Act, 2016 and Bursa Malaysia Securities Berhad's Listing Requirements, the conduct of the Board is guided by the Board Charter. The roles and responsibilities of the Board, Board Committees, Chairman, Executive and Non-executive Directors are set out in the Board Charter.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the need of the Company and the changing/new regulations.</p> <p>The Board Charter is published on the Company's corporate website at www.g3global.com.my</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 3.1

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>With a view to promote a good business conduct and healthy corporate culture, the Board has put in place a Code of Conduct and Ethics applicable to all Directors and Employees of the Group.</p> <p>During the financial year, the Board has also adopted the Anti-Bribery and Corruption Policy for the Group and Company in accordance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which is supplemental to the Company's Code of Conduct and Ethics.</p> <p>The Code of Conduct and Ethics is published on the website https://www.g3global.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place the Whistleblowing Policy in 2013 setting out all policies and procedures. The Whistleblowing Policy is established and designed to encourage all Directors, Employees, Business Partners as well as other external parties (including customers of the Group) to raise their concerns and further disclose any Improper Conduct or the inadequacies of the Group’s Anti-Bribery and Corruption (“ABC”) programme which they have become aware of.</p> <p>It is also published on the website https://g3global.com.my/downloads/G3_Whistleblowing_Policy.pdf</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 4.1

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>During the financial year, the Board of the Company consists of nine (9) members, of which three (3) are Independent Non-Executive Directors, representing less than half of the total Board members.</p> <p>Despite that the number has not fulfilled Practice 4.1, the Board is of the view that they are adequate to represent the interests of the minority shareholders.</p> <p>All the three Independent Directors have fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Securities. They are financially literate with various accounting and audit qualifications and wide range of industry experience. They have exercised due care and have performed their duties professionally with reasonable skill and competence, bring independent judgement into the decision making of the Board for the best interest of the Company while safeguarding the interest of the shareholders.</p> <p>All the Independent Directors are members of the Risk Management Committee, Audit Committee, Nomination Committee and Remuneration Committee. They have always actively participated in Board and Board Committees' discussions and have continuously provided an independent and constructive view to the Board. They raise questions and discuss with Management when reviewing the annual and quarterly financial statements, and system of risk management and internal control. Occasionally, they are requested and authorised by the Board to independently investigate material matters when the need arise.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
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 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

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 4.4

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.

Application :	Applied	
Explanation on application of the practice :	The Nominating Committee is delegated with the responsibility of assessing and recommending suitable candidates to the Board for appointment as Directors after taking into consideration each candidate's background, character, expertise and experience relevant to the Group. The Nominating Committee comprised of only Independent Directors to ensure objective assessment of the recommended candidates.	
	Further reference can be made to https://g3global.com.my/downloads/TERMS_OF_REFERENCE_NOMINATION_COMMITTEE.pdf	
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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has not formalised its Board Gender Diversity Policy. The Board recognises the benefits of having woman directors on the Board. However, the selection of candidates for the Board shall be based firstly on their capabilities, expertise and experience and other qualities in meeting the needs of the Group regardless of gender.	
		The Board has taken various measures to ensure the Company does not practise any form of gender discrimination in its recruitment exercise.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.6

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.

Application	:	Applied	
Explanation on application of the practice	:	The Board is open to internal as well as independent sources in its selection and recruitment exercise for appointment of new Directors. The Nomination Committee will perform an objective review and assess on the suitability of the candidate before making recommendation to Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by Mr Lai Chin Tak, an Independent Non-Executive Director.	
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 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated to the Nomination Committee (“NC”) the duty on annual effectiveness review of the Board, Board Committees and each individual Director.</p> <p>The process of assessment are as follows:</p> <ul style="list-style-type: none">• The assessment is performed annually and internally facilitated. The evaluation process is facilitated by the Company Secretary.• The Performance Appraisal Forms are designed with reference to the performance evaluation criteria and assessment as recommended in the Corporate Governance Guide for conducting the annual assessments of Board and Board Committees and individual Directors, and assesses the independence of the Independent Directors.• Prior to NC meeting, the respective Performance Appraisal Forms are circulated to the NC members and all Board members via electronic-mail.• The Company Secretary compiles and summarises the performance rating to facilitate the NC review.• At the NC meeting, the NC discusses the performance of the Board and Board Committees, and each individual Director.• The NC then recommends the outcome of the assessments to the Board for its review. <p>The NC had conducted an annual assessment on the performance and effectiveness of the Board, Board Committees and each individual Director in respect of the financial year ended 31 December 2020.</p>

	<p><u>Assessment Outcomes</u></p> <p>The following assessment outcomes were reported by the NC:</p> <ol style="list-style-type: none"> 1) The Board had discharged its fiduciary duties adequately. 2) The Board may consider to include more Independent Directors so that the Board composition applies Practice 4.1 of the MCCG of at least half of the Board comprises Independent Directors. 2) The Board Committees i.e., Risk Management Committee, Audit Committee, Nomination Committee and Remuneration Committee had discharged their duties in according to their Terms of Reference. 3) Each Director had sufficiently contributed his skills, experience, business and industry knowledge and time in discharging their duties and responsibilities. 4) The Independent Directors have exercised due care during their tenure as Independent Directors of the Company and have discharged their duties with reasonable skill and competence, bringing independent judgment into the decision making of the Board in the best interest of the Company and its shareholders. <p>Based on its assessment outcomes, the NC recommended to the Board to seek shareholders' approval for re-election of the retiring Directors at the forthcoming Annual General Meeting (AGM).</p>	
<p>Explanation for departure</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>Timeframe</p>		

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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Remuneration Committee reviews the remuneration of directors and recommends to the Board for their approval. The Committee takes into account the expertise, experience and skills of each director. The Directors fees and benefits are then presented to the shareholders for approval The Remuneration Committee comprised of Independent Directors to ensure independence and transparency
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 6.2

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 delegated to the Remuneration Committee ("RC") the implementation of its policy and procedures on remunerations according to the RC's Terms of Reference.</p> <p>The RC assists the Board to establish and review the short-term, mid-term and long-term talent management and remuneration strategy of all levels of the Group. The RC is also authorised to determine and agree with the Board the framework or broad policy for the criteria to be used in assessing the performance of Senior Management and relevant remuneration of the Company's Senior Management.</p> <p>The Remuneration Committee's Terms of Reference is available on the Company's website At https://g3global.com.my/downloads/TERMS_OF_REFERENCE_REMUNERATION_COMMITTEE.pdf</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 7.1

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	:	Each Directors' detailed remuneration for the financial year ended 31 December 2020 is disclosed in the CG Overview Statement in the Annual Report 2020.	
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 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that disclosure of senior management's remuneration on name basis is not encouraged as a precautionary measure of privacy, safekeeping and retainability of senior management and might potentially cause conflict among the senior staff	
		the Board ensures that senior management's remuneration is linked to Company and individual performance and appropriate with their scope of responsibility.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Others	Please specify number of years.

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 7.3 - 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	:	

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 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board and Audit Committee are chaired by different individual. The Chairman of the Audit Committee is Mr Yong Kim Fui while the Chairman of the Board is Datuk Wan Khalik bin Wan Muhammad.	
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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	It is not the policy of the Company to appoint a former audit partner as a member of the Audit Committee. Currently, none of the Audit Committee members are former key audit partner of the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. The Audit Committee assess the performance, suitability and independence of the external auditors before recommending their re-appointment to the Board, who will then seek the shareholders' approval at the AGM.</p> <p>The external auditors are required to declare their independence annually as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises solely of three (3) Independent and Non-Executive Directors.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 members of the Audit Committee possess the necessary skills and are financially literate to discharge their duties on overseeing the financial report of Company. Both Mr Yong Kim Fui (the Audit Committee Chairman) and Encik Salihin Bin Abang (Audit Committee member) possessed various accounting and audit qualifications as prescribed by the Main Market Listing Requirements.</p> <p>They kept themselves up-to-date with developments of the accounting and auditing standards through various avenues so that they are able to assume the responsibility on overseeing the financial report of the Company and Group effectively.</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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks.</p> <p>The Board has delegated the duties to oversight the risk management and internal control to the Risk Management Committee which is supported by an internal audit company.</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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board regards risk management as an integral part of business operations. The Group adopts an ongoing process of identifying, evaluating and managing any significant risks faced by the Group in its operations. The audit function undertakes the review and recommends any necessary actions to be taken to remedy any significant weaknesses identified.</p> <p>The Board is satisfy that the existing system of risk management and internal control are adequate and effective.</p> <p>They key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2020.</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 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board set up a Risk Management Committee in 2017 which comprises solely of Independent Directors, to oversee the Company's risk management framework and policies.

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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group's internal audit function is outsourced to an independent professional firm, Tricor Axcelasia Sdn Bhd (formerly known as Axcelasia Columbus Sdn Bhd) which reports directly to the Audit Committee in monitoring risks and reviewing the soundness of the internal control framework. The internal audit work plan, which reflects the risk profile of the Group's major business pillars is reviewed and approved by the Audit Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to Tricor Axcelasia Sdn Bhd and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The number of staff deployed for the internal audit reviews ranges from 4 to 5 staff per visit including the Engagement Partner. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia.</p> <p>The Engagement Partner is Mr. Joe Lee Yaw Joo, who has vast professional experiences in external and internal audit advisory, risk management, governance, financial management, and business process enhancement, transformation and cost saving services. He is a Certified Internal Auditor (USA) and holds a Certification in Supply Management (USA). He is also a member of the Malaysian Institute of Accountants and a member of Malaysian Institute of Certified Public Accountants (MICPA) Association of Chartered Certified Accountants.</p> <p>Further information on the Internal Audit function is available in the Statement on Risk Management and Internal Control in the Annual Report 2020.</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible in reporting to shareholders and ensure accountability to the stakeholders.</p> <p>The Board has ensured that all disclosure requirements as set out in the Listing Requirements are duly complied with by making timely announcements. All financial reports and statements, news releases, presentations, corporate governance documents and other information are accessible to shareholders via the Company's corporate website.</p> <p>The Board values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interest.</p> <p>Besides that, Annual General Meetings are properly held and the procedures are compliance with the regulatory requirements and MCGG.</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 11.2

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

Application	:	Applied	
Explanation on application of the practice	:	Not applicable as the Company is not a large Company as defined by the MCCG.	
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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has been practising sending Notice of Annual General Meeting (“AGM”) to shareholders more than 28 days prior to the meeting. Apart from that, the Board ensures suitability of venue and timing of meeting and undertake other measures to encourage shareholders’ participation at the meetings.</p> <p>The Notice of AGM provides the relevant information pertaining to each Agenda to facilitate shareholders’ understanding and evaluation of the resolution and make informed decisions. The Board ensure that all information and explanatory notes provided in the Notice of AGM are in compliance with the Listing Requirements and MCCG.</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 12.2

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 the Directors of the Company attended the previous AGM in 2020 to engage with the shareholders and response to questions raised by the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	In view of the emergence and rapid spreading of the Coronavirus Disease (Covid-19) since 2020, the Company has accelerated its efforts to leverage on technology to conduct its general meetings which enable remote shareholders’ participation and voting in absentia. The conduct of general meetings via a remote participation and voting has been realised in the Company’s Extraordinary General Meetings which were held in 5 February 2021. The forthcoming Annual General Meeting of the Company will be conducted in a fully virtual manner.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**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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