

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5079
COMPANY NAME : GETS GLOBAL BERHAD
FINANCIAL YEAR : June 30, 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	:	The Group is led and controlled by an effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board understands the Board's philosophy, principles, ethics, mission and vision and reflects this understanding on key issues throughout the financial period. The Board delegates authority and vests accountability for the Group's day to day operations to a Management team led by the Managing Director. The Board, however assumes the following responsibilities in discharging its duty of stewardship of the Group: • Reviewing and adopting a strategic plan for the Group; • Overseeing the Group's business conduct to evaluate whether the Group is being properly managed and build sustainable value for the Shareholders; • Succession planning including appointing, training, fixing the compensation of and where appropriate, replacing Senior Management; • Identifying principal risks and ensuring implementation of appropriate systems to manage these risks; • Developing and implementing an investor relations programme and shareholder communications policy for the Group; and • Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. To ensure effective discharge of its leadership role, the Board delegates specific powers to the Board Committees, the Managing Director and the Management. The Audit Committee and Nomination and Remuneration Committee ("Committees" or "Board Committees") operate within defined terms of reference that have been drawn up in accordance with the best practices prescribed by the Code. The Committees function primarily to assist the Board in the execution of its duties and responsibilities in order to enhance business and operational efficiency as well as efficacy. Deliberations and decisions

	<p>at Committee level are recorded. The Committee Chairman will report to the Board on the outcome of the Committees' meetings and the minutes of meetings are circulated to the Board. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and to enhance its efficacy. The Board retains full responsibility for the direction and control of the Company and the Group. The ultimate decision on all matters lies with the Board.</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

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	:	The Board is collectively responsible for oversight and overall management of the Group. The Managing/Executive Directors are responsible for the day-to-day operational management of the Group. On the other hand, the presence of the Independent Non-Executive Directors, who are not engaged in the daily management of the Group, brings objectivity and independence to any evaluation of strategic, performance or resources related issues. In this manner, the Independent Non-Executive Directors fulfill a crucial corporate accountability role as they provide independent and objective views, opinions and judgement on issues being deliberated. The Chairman provides leadership for the Board so that the Board can perform its responsibilities. The Managing Director is primarily responsible for the effective implementation of the Group's strategic plan and policies established by the Board, managing the daily conduct of business to ensure its smooth operations, supervision and management of the Group. It is the practice of the Board to deliberate on significant matters that concerned the overall Group business strategy, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and review of the financial and operating performance 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

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	:	The positions of Chairman and Managing Director are held by two different individuals in line with the recommendation of the Code. The distinct and separate roles of the Chairman and Managing Director promote accountability and facilitate division of responsibilities between them. The Managing Director focuses on the day-to-day operations and management of the Group while the Independent Non-Executive Chairman leads the Board in the oversight of management.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The Board trusts that the current Company Secretaries are suitably qualified, competent and can support the Board in carrying out its roles and responsibilities. The Constitution specifies that the removal of the Company Secretaries is a matter for the Board as a whole. The Company Secretary is present at meetings to record deliberations, issues discussed and conclusions in discharging her duties and responsibilities and also advises on issues relating to the relevant rules and regulations that govern the Company. The Company Secretaries provide a central source of guidance and advice to the Board, on matters of ethics and good corporate governance and assist in determining board agenda, formulating governance, coordinates board assessment process and other board related matters. The Company Secretaries ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 :	The Board and its Committees have full and unrestricted access to all information necessary in the furtherance of their duties, which is not only quantitative but also other information deemed suitable such as customer satisfaction, product and service quality, market share and market reaction. The Board is provided with the agenda for every Board meeting together with reports relevant to the issues of the meeting covering areas of financial, operational and regulatory compliance, in advance, for the Board's reference. The Chairman of the Board takes primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis. All directors have the right and duty to make further enquiries where they consider necessary. In some instances, members of Senior Management are invited to be in attendance at Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board. The Board papers are circulated on a timely basis, at least three (3) days in advance of the meeting to enable the members to have sufficient time to review the papers prepared. Board papers are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made. Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Minutes of previous Board and Committees meetings are also circulated to the Board for their information. Verbal explanations and briefings are also provided by the Managing and Executive Directors, Management and external consultants to enhance understanding of matters in relation to the Group's business and operations. All Directors have access to the advice and service of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Group's expense.
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	:	A Board Charter had been established with the objectives to ensure that all Board members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all dealings by Board members individually and/or on behalf of the Company. The Board Charter outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently. The Board Charter shall be subject to review and update as and when the need arises. The Board Charter is currently published in the Company's website at www.getsglobal.com.my and is in line with Recommendation 2.1 of the Code
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has formalized a Code of Conduct for the Group. The objective of the Code of Conduct is to set out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values. Through the Code of Conduct, the Board sets the tone for proper ethical behavior expected of the Board members and the employees.
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	:	In order to strengthen the corporate governance practices across the Group, a whistle-blowing policy has been established to provide employees with accessible avenue to report suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to promote and encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be protected from reprisal. The whistle-blowing policy is available for all staff and can be accessed via the Company's website - www.getsglobal.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied
Explanation on application of the practice	:	<p>The Board has a balanced composition of Executive and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board's decision-making powers and processes. The Board currently consists of five (5) members; comprising one (1) Managing Director, one (1) Non-independent Non-Executive Director and Three (3) Independent Non-Executive Directors. Brief profile of each Board member is presented in this Annual Report under Profile of Directors. The Directors, with their different background and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, project and business development, marketing and operations. The Managing Director as an Executive Director is responsible for implementing the policies and decisions of the Board, overseeing business operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non- Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance to the Executive Directors. The Board, through the Nomination and Remuneration Committee, conducts annual assessment on the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. The assessment also considered the qualifications, contribution and performance of Directors in meeting the needs of the Group based on the criteria - competency, character, time commitment, integrity and experience as set out under paragraph 2.20A of the Listing Requirements. The evaluation process is a mix of self and peer review and this is properly documented. The assessment and comments are summarised and discussed at Nomination and Remuneration Committee meeting before it is presented to the Board. The Constitution of the Company provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM") and all Directors shall retire from office once at least in every three (3) years. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately at the AGM.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	The Board has adopted the recommendation of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve on the Board subject to the director's re-designation as non-independent director. As at to-date, none of the Independent Non- Executive Directors have exceeded the cumulative term of 9 years.
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	:	Adopted
Explanation on adoption of the practice	:	The Board must justify and seek shareholders' approval in the event that it retains a Director as an Independent Non- Executive Director, a person who has served in that capacity for more than 9 years. As at to-date, none of the Independent Non-Executive Directors have served for more than 9 years.

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 Nomination and Remuneration Committee is empowered by the Board to amongst others, identify and recommend to the Board suitable candidates for appointment to the Board, Board Committees and senior management, re-election and reappointment of Directors, review the independence of Directors as well as the Board structure, size and composition and determining the impact of the number on its effectiveness as well as considering the Board's succession planning and training programmes.
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 acknowledges the recommendation of the Code on gender diversity. However, the Board believes it is not necessary to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity, performance and experience to bring value and expertise to the Board. The Nomination and Remuneration Committee will, however, continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<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 Nomination and Remuneration Committee is responsible for identifying and recommending suitable candidates to be appointed to the Board. The Nominating Committee will rely on varied sources to identify suitable candidates to be appointed to the Board, including utilising independent sources.	
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 consists entirely of Independent Non-Executive Directors and is chaired by Dato' Ridza Abdoh Bin Haji Salleh	
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	:	The Nomination and Remuneration Committee also assesses the effectiveness of the Board, the Committees of the Board and contribution of each individual Director on an annual basis. Additionally, the Committee also reviews the required mix of skills, experience and other qualities, including core competencies of the members of the Board. The Board Members have attended training programmes during the financial period to enhance their knowledge and skills in specific areas. All assessments and evaluations carried out by the Nomination and Remuneration Committee in the discharge of all its functions are documented. The Company Secretary will ensure that all appointments are properly effected with the necessary legal and regulatory obligations duly met.
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 6.1

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	:	Departure
Explanation on application of the practice	:	The Nomination and Remuneration Committee is responsible for, inter alia, recommending to the Board the policy framework and remuneration structure for Directors as well as the remuneration packages for Executive Directors. The Company has yet to have in place a written and formal policy on the remuneration of Directors and Senior Management however it has informal procedures which takes into account the demands, complexities and performance of the company as well as skills and experience required to determine their remuneration.
Explanation for departure	:	The Board through the Nomination and Remuneration Committee has identified that a formal remuneration framework and policy for Directors and Senior Management will be one of the area for deliberation in the financial year ending 30 June 2021.
		The Nomination and Remuneration Committee takes into consideration the Directors' roles and level of responsibilities and then compare against the peer's practices, demands and performance of the Company. The fees for Directors are determined by the Board with approval from the shareholders at the Annual General Meeting.
<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	:	The current practice is for Directors' and senior management's remuneration to be based upon individual contributions, experience, responsibilities and core competencies with the quantum sufficient to attract, retain and motivate Directors of the quality required to manage the businesses of the Group and to align the interest of the Directors with those of 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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board considered the information of the remuneration of the individual directors which include executive directors on named basis to be sensitive and would be detrimental to the Group's management of human resources due to competitive environment for resources within the same industries	
		The Company has however disclosed the remuneration by categories in the Annual Report 2020.	
<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 considered the information of the remuneration of other Senior Management personnel to be sensitive and would be detrimental to the Group's management of human resources due to competitive environment for resources within the same industries.	
		The Company has however disclosed the remuneration of the Senior Management personnel by categories and bands of RM100,000 in the Annual Report 2020.	
<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 7.3 - 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 Chairman of the Audit Committee is Dato' Rosli bin Sharif, 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

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	:	None of the Audit Committee members are former key audit partner of the company's external auditors. 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.	
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	:	In relation to the assessment of the external auditors, the Audit Committee carry out the following: a) Review the appointment of the External Auditors, their audit fee and any questions of resignation or dismissal and to make recommendations to the Board. b) Reviewed the External Auditors' audit planning comprising their audit plan, strategy, nature and scope of work for the financial period ended 30 June 2020. c) Deliberated on the external auditors' report on the observations made in the course of the audit. d) Reviewed major audit findings and reservations arising from the audits, any matter the External Auditors may wish to discuss. e) Carried out an assessment to review the performance, suitability and independence of the External Auditors in all provisions of audit and non-audit services.
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 comprise solely of Independent 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	:	The Chairman of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants, a Member of the Malaysian Institute of Accountants. Members of the Audit Committee possess wide range of experience in the corporate, financial and banking sectors and continue to keep themselves abreast with financial developments.
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	:	The Board has established an effective risk management and internal control framework to identify and assess risks and monitor of internal controls to mitigate and control business risks.	
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	:	The Board is aware and recognises various types of risks inherent in the businesses of the Group and the possible financial impact. As part of its ongoing process to identify, evaluate, and to manage risks, the Board with the assistance of the Audit Committee will monitor the effectiveness of internal control, including identifying risk areas, where the details of these risk events will be identified and discussed at length in the meetings. The findings and recommendations, if any, will be tabled at the board meetings on a periodic basis, in which the key risks and corresponding risk mitigating actions are identified and their progress are set for discussions and deliberations. With the approval of the Board, appropriate measures will be taken to strengthen the controls in order to improve the risk management of the Group. An appropriate framework is being maintained on an on-going basis to enhance and develop the Group's risk management further.
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	:	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 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 has out-sourced its internal audit function to perform audit and to review all operating units within the Group, with emphasis on principal risks areas. The internal audit function adopted a risk based approach towards planning and conducts of audit. It serves as an integral part of the assurance mechanism in ensuring that the Group's systems of internal controls are adequate and effective. The Internal Auditor assists the Board and Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They act with due professional care, report directly on the findings and make recommendations to the Audit Committee. The Internal Audit covers the examination and evaluation of the adequacy and effectiveness of internal control systems and the quality of compliance to the internal control systems which comprises key components of control environment, risk assessment process, operational control activities, information and communication system and monitoring practices.
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	:	A statement on the Internal Audit function with the required disclosure is available under the Audit Committee Report in the Company's Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The Board is cognizant of the requirement for prompt dissemination of information to shareholders, investing community and authorities to ensure clear and complete information of the Group's position and financial performance are given in a timely manner within the bounds of practicality and regulatory framework governing release of material and price sensitive information. Following increased awareness for greater accountability and transparency in disclosure, the Board has formalized its current disclosure practice into a policy in line with the provisions of Listing Requirements, to enable comprehensive, timely and accurate disclosure to the regulators, shareholders and other stakeholders. Besides that, the Board believes that the Company's Annual Report is a vital source of essential information for shareholders, investors and other stakeholders. The Company strives to provide a high level of reporting and transparency as an added value for users.
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Not applicable as the company is not a large company as defined by the Malaysian Code on Corporate Governance 2017
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 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	:	Notice for an Annual General Meeting must be given to the shareholders at least 28 days prior to the meeting.	
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 directors attend General Meetings. The Chair of the Audit, Nominating, Remuneration and other committees provide meaningful response to questions addressed to them.	
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	:	Shareholders are entitled to appoint proxies to vote on their behalf in their absence, The Company's General Meetings are held in the Klang Valley.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

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

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