

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6491
COMPANY NAME : Kumpulan Fima Berhad
FINANCIAL YEAR : March 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. The primary role of the Board of Directors ("Board") is to lead and control the Company and its subsidiaries' ("KFima Group" or "Group") operations and affairs and to protect and enhance the long-term shareholders' value. The Board is collectively responsible for the setting of the overall strategy and the success of the KFima Group.2. The Board operates within the powers conferred on it in the Company's Constitution and Board Charter. The Charter set out matters specifically reserved for the Board's decision. A copy of the Company's Constitution and Board Charter can be found on the Company's website at http://www.fima.com.my/corporate-governance.html.3. As guided by the Board Charter, the Board assumes, amongst others, the following duties and responsibilities:<ul style="list-style-type: none">• reviewing and adopting the overall strategic plans and programmes for the KFima Group.• overseeing and evaluating KFima Group's business operations and financial performance.• identifying and managing principal risks affecting KFima Group and ensuring that the operating infrastructure, systems on internal control and systems to identify significant financial and non-financial risks, are in place and implemented.• promoting a culture of integrity, compliance and responsible conduct throughout KFima Group, which shall inter alia include establishing appropriate policies and procedures to manage bribery and corruption risks.• providing input into and final approval of the annual operating budget.• approving major capital expenditure, capital management and acquisitions/divestitures.• ensuring that appropriate plans are in place in respect of the succession plan of the KFima Group.• promoting sustainability through appropriate environmental, social and governance considerations in the Group's strategies.

	<p>4. The Board delegates its powers and authorities from time to time to Committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. The Board has established the Audit and Risk Committee and Nomination and Remuneration Committee as principal standing committees of the Board. Each Committee has its specific duties and authorities set out in its own terms of reference which can be viewed on the 'Investors' page of the Company's website. These terms of reference are regularly reviewed and updated as required.</p> <p>5. The Chair of each Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters in detail and consider the Committee's recommendations.</p> <p>6. The Board has also established other Board and Management Committees to assist the Board in managing the Group's activities:</p> <ul style="list-style-type: none"> • <u>Risk Steering Committee</u>: is a sub-committee of the Audit and Risk Committee. The Committee supports the Audit and Risk Committee in the development and implementation of the Group's risk management and internal control framework. • <u>Group Sustainability Committee</u>: assists the Board in the stewardship of the Group's sustainability programmes. • <u>Disclosure Committee</u>: assists the Board in ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices. • <u>Ad-Hoc Committees & Team</u>: are formed for a limited period of time to address a specific projects/assignments within the Group. <p>7. The Board has delegated responsibility for the day-to-day operation and administration of the Company and its controlled entities to the Group Managing Director ("Group MD"). Day-to-day management of the Group has also been delegated to the senior management. The Group's senior management, led by the Group MD, performs an essential role in ensuring that the Board has the information required to make effective decisions, reporting on the Company's performance and implementation of the Group's strategy. Despite this delegation of authority, the Board maintains ultimate responsibilities for strategy and control of the Company and its businesses.</p> <p>8. The Board in discharging its responsibilities in overseeing the overall management of the Group has, during the year under review, undertaken the following:</p> <p><u>Approved:</u></p> <ul style="list-style-type: none"> • the budget and business plan for FY2021 and key performance targets. • the unaudited financial results for Q4 FYE2019 and Q1, Q2 and Q3 FYE2020. • the audited financial statements for the FYE2019. • the amount, nature and timing of the final dividend to be paid.
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- resolutions to be put to shareholders at the 47th Annual General Meeting held on 28 August 2019.
- draft statements for Annual Report FYE2019 and Circular to the shareholders.
- FYE2019 annual increment and performance reward for the Group MD and Group employees.
- payment of ex-gratia to the Group employees.
- major capital expenditures of the Group's subsidiary companies in excess of the discretionary limits delegated to the Group MD or the Board of subsidiary companies.
- bank mandate updates and other treasury related matters.
- the Group's solvency and financial position.
- new appointments to the Boards of Group subsidiaries.
- audit plan for the Group including audit and non-audit fees for FYE2020.
- adoption of a formal dividend policy for the Company.
- appointment of external consultant to undertake review of the Group's integrity infrastructure and corporate liability provision.

Reviewed and considered:

- the Group performance report – financial and operational performance.
- Board, Board Committees, external and internal auditors' annual assessment for FYE2019.
- the changes in the accounting policies which affecting the Group.
- related party transactions entered into by the Group.
- composition of the Board and Independent Directors and the time commitment given by the Directors in fulfilling their responsibilities as Directors and members of Board Committees.
- the on-going material litigation of the Group's subsidiary companies.
- disclosure in dealings by Directors in the Company's securities.
- progress in implementing strategic activities arising from the March 2019 Board Retreat.
- findings and observations made by the Securities Commission ("SC") in its CG Monitor 2019 which sets out SC's observations on the adoption by the listed companies of practices recommended under the MCCG.

9. To align the Group with the requirements of section 17A of the Malaysian Anti-Corruption Commission Act, 2009 ("MACC Act"), the Board had on 4 May 2020 reviewed and approved the following:

- a stand-alone Anti-Bribery Policy which sets out the Company's zero-tolerance stance against all forms of bribery and corruption. The Policy sets out the Group's expectations for parties working with and for the Group in upholding the stance against bribery.
- revised Board Charter, Whistle-Blowing Policy and Terms of Reference of Audit and Risk Committee to include policies and procedures to manage bribery and corruption.

Prior to this, the Board had in November 2019 reviewed and approved the proposed engagement of an external consultant to facilitate a review and enhancement of the Group's integrity infrastructure to ensure that the Adequate Procedures envisaged by section 17A of the MACC Act on corporate liability for corruption are effectively put into play by the Group vis-à-vis its policies,

	<p>procedures and processes. The exercise entailed benchmarking the Group's existing governance, risk management and internal control systems and practices against the Guidelines on Adequate Procedures issued by the Prime Minister Department as well as other international better practices for the prevention of corrupt practices. A gap assessment report was tabled to the Board for review and deliberation in February 2020.</p> <p>10. The Group MD maintains regular contact with all Directors. Summarised monthly management accounts and other updates are also sent to Non-Executive Directors to keep them informed of the events throughout the Group between Board meetings which ensure that they are kept fully advised of the latest issues affecting the Group.</p> <p>11. The Company provides Directors with the necessary resources to maintain and enhance Director's knowledge and capabilities in discharging their duties. All Directors have access to the advice and services of the Company Secretaries who are responsible to the Board for advising on all governance matters, Board procedures and compliance with applicable rules and regulation. The Directors, with the consent from the Chairman, are allowed to take external independent professional advice concerning the affairs of the Group at the Company's expense. The Board also has access to senior management at anytime to request relevant information.</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	:	<ol style="list-style-type: none">1. The Board is chaired by Dato' Idris bin Kechot, who joined the Board as Independent Non-Executive Director on 3 May 2019 and subsequently appointed as Chairman on 26 June 2019.2. The role of the Chairman is clearly specified in the Board Charter, which is available on the Company's website at http://www.fima.com.my/corporate-governance.html.3. The Chairman is not an executive director of the Board and has never been part of the management, thus undue influence from past association is not a concern.4. The Chairman leads the Board to ensure its effectiveness on all aspects of the Board's role and promotes high standards of corporate governance and ensures that Non-Executive Directors are able to speak freely and contribute effectively. At board meetings, he ensures that adequate time is available for discussion of all agenda items especially strategic issues and promotes a culture of openness and debate on the Board.5. The Chairman engages with Board members, management and the Company Secretaries to ensure that the Board can perform its responsibilities effectively.
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	:	<ol style="list-style-type: none">1. The roles of the Chairman and Group MD are separate and clearly established and set out in the Board Charter which is available on the 'Investors' page of the Company's website. The scope of these roles is approved and kept under regular review by the Board so that no individual has unfettered decision-making powers. The division of responsibilities would ensure sufficient time commitment of the Chairman and Group MD to allow effective discharge of their respective duties.2. The Chairman of the Board, Dato' Idris bin Kechot, is an Independent Non-Executive Director. He is responsible for the leadership and governance of the Board and the Group MD for the management of the Group and the implementation of Board strategy and policy on the Board's behalf.3. Dato' Roslan bin Hamir ("Dato' Roslan"), the Group MD, is responsible to ensure the smooth running of the Company's day-to-day operations. Dato' Roslan is responsible for the implementation of board policies approved by the Board and is required to report and discuss at Board and/or Board Committees meetings all material issues currently or potentially affecting the Group and its performance. Dato' Roslan is authorised to delegate the powers conferred on him as he deems appropriate. He is also supported by the senior management team who work together to execute the Company's strategies and manage the operations of the Group. When necessary, senior management is invited to join in Board and/or Board Committees meetings to provide explanation or engage in dialogue with Board members on agenda items being discussed in order for the Board and/or Board Committees to make an informed decision. Nevertheless, the Board maintains ultimate responsibility for strategy and control of the Group and its businesses.4. The Group MD engages regularly with the Chairman to update on issues affecting the Company/business units and performance trends. <p>The profiles of Dato' Idris bin Kechot and Dato' Roslan are available in Our Board of Directors section of the Company's Annual Report 2020 and are also available under the 'About Us' page of the Company's website.</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	:	<ol style="list-style-type: none">1. Jasmin binti Hood ("Jasmin") and Fadzil bin Azaha ("Fadzil") are the Company's Company Secretaries. Jasmin holds a Company Secretary licence issued by the Companies Commission of Malaysia and is an affiliate of Malaysian Institute of Chartered Secretaries and Administrators while Fadzil is a member of the Malaysian Institute of Accountants. Both are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.2. The Company Secretaries are appointed by and is accountable to the Board on all matters to do with the proper functioning of the Board. The Company Secretaries act as secretary on all Committees of the Board. Each Director is able to communicate directly with the Company Secretaries on all matters relating to the functioning of the Board.3. The role of the Company Secretaries include:<ul style="list-style-type: none">• Administer all Board and Board Committee meetings including the scheduling, taking of minutes, preparation of Board meeting materials and information supplied to the Board.• Ensure information supplied to the Board such as meeting minutes are accurate, timely and adequate for the Board to carry out its function.• Ensure proper record keeping of all deliberations and decisions of the Board and Board Committees.• Accord the Board with regular updates and advice on changes to statutory and regulatory requirements including those related to governance matters.• Facilitate a two-way communication between senior management and the Board to ensure Board's decisions are communicated in a timely basis.• Facilitate the conduct of continuous professional development trainings for Directors including induction programmes for newly appointed Directors.• Manage the General Meeting processes.• Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.• Support the Board and Nomination & Remuneration Committee by facilitating the Board Effectiveness Evaluation exercise.4. Company Secretaries are responsible for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. They also facilitate information flows and

	<p>communications among Directors as well as shareholders and Management.</p> <p>5. The Company Secretaries have oversight on overall corporate secretarial functions of the Group, both in Malaysia and the regions where the Group operates.</p> <p>6. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>7. The Company Secretaries, in keeping abreast with the latest developments of all relevant laws/requirements have attended various external and internal courses/trainings organised during the FYE2020 as follows:</p> <ul style="list-style-type: none"> • Companies Act 2016 - A practical guide for Company Secretaries. • SSM National Conference 2019. • Corporate Liability Provision under the MACC Act: Mitigating a new risk for your Company. • Corporate Liability new section 17A of Malaysian Anti-Corruption Commission Act 2009. • CFO Conference 2019 - Leading in the Digital Age. • Security Technology Conference 2019: Driving Malaysia towards digital Government. • Decoding Transaction & Decoding Rules. • Technical briefing for Company Secretaries: Recent developments in Listing Requirements and common pitfalls in Chapter 10. <p>The profiles of the Company Secretaries are disclosed in Senior Management section of the Company's Annual Report 2020.</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 1.5

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	:	<ol style="list-style-type: none">1. Prior to the beginning of each financial year, the Board and Board Committees meetings are scheduled in line with the key financial reporting dates to ensure directors are able to plan their schedule appropriately. Special Board meetings are convened between regular Board meetings by giving sufficient notice to consider ad-hoc matters. 5 Board meetings were held during FYE2020.2. Under the current practice, notices pertaining to all Board and Board Committees meetings are issued by the Company Secretaries in a timely manner i.e. more than 7 days before the meeting as required under the Company's Constitution. Notice of meetings are also given to all who are required to attend the meetings.3. The agendas and meeting materials are generally distributed to the Board and Board Committee members prior to all Board and Board Committees meetings to allow sufficient time for appropriate review to facilitate productive discussions at the meetings.4. Management presentations are made to the Board and its Committees regularly on various aspects of the Company's operations. The Directors have unrestricted access to senior management.5. The deliberations and decisions at Board and Board Committees meetings are documented in the minutes, including matters where Directors abstained from deliberation and/or voting or have dissenting views or significant concerns. The action items identified and highlighted during meetings are conveyed to the senior management for their attention and action.6. Minutes of the Board and Board Committees meetings are distributed in a timely manner to the members. The Board may seek clarification of the minutes or request for any amendment before the minutes are confirmed as true and correct record at the next Board and Board Committees meetings. Items identified as matters arising would be further discussed at the next Board and Board Committees meetings.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

The board charter clearly identifies–

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board has formally adopted a Board Charter, which clearly defines the roles and responsibilities of the Board, Board Committees and individual Directors as well as matters reserved for the Board.2. The Board Charter outlines:<ul style="list-style-type: none">• the composition and Board balance;• the establishment of the Board Committees;• the roles and responsibilities of the Board, Board Committees and individual directors;• schedule matters reserved for the Board;• separation of functions between the Chairman of the Board and the Group MD;• independence of directors;• details on Board meetings and general meetings;• Board and Board Committees annual assessment;• internal controls and risk management;• conflict of interest;• access to information, advice and training; and• maintaining integrity and compliance with ethical standards.3. The Board periodically reviews its Board Charter to keep abreast with new changes in regulations and best practices. The Board Charter is updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.4. The Board Charter was updated on 4 May 2020 to include the Board's role in establishing appropriate policies, procedures, systems on internal control to identify and manage bribery and corruption risks as well as the role of the Risk Steering Committee in supporting the Audit and Risk Committee to fulfil its responsibilities for review and oversight of the Group's risk management programmes which shall include the effective implementation of the various anti-bribery control measures. The Board has also endorsed the Policy Statement on Anti-Bribery which is attached to the Board Charter as part of the Group's stance on corruption and bribery.

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	:	<ol style="list-style-type: none">1. In addition to the Board Charter, the Board observes the following:<ul style="list-style-type: none">• Companies Act, 2016; and• Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.2. The foregoing provides guidance for proper standards of conduct and sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.3. The Board is guided by the Companies Act, 2016 and Bursa Malaysia ("Bursa") Listing Requirements in connection with the disclosure of shareholding and interests in the Group and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly duties or interests that might be created in conflict with the Director duty or interest as a Director of the Company. A general notice given by a Director in regard to his/her interest is tabled at the Board meetings and is recorded in the minutes of the Board meeting, in line with the Companies Act, 2016. An interested Director will also abstain from discussion or decisions on matters in which they have a conflicting interest.4. The standard code of conduct and ethical behaviour for employees are clearly outlined in the Employee Handbook.5. The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company.6. The Company has adopted an Anti-Bribery Policy on 4 May 2020 which sets out the Group's expectations for internal and external parties working with and for the Group in upholding the Group's commitments and stances against bribery and corruption. The policy has been developed in line with, amongst others, Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2009"); in

	<p>particular, the Guidelines on Adequate Procedures pursuant to section 17A of the MACC Act 2009, as well as other international better practices. The policy is also part of the Group's zero tolerance approach towards all forms of bribery and corruption.</p> <p>7. The Group's employees and service providers are required to complete the integrity declaration form in which they had to declare and confirm their compliance with all applicable laws and regulations relating to anti-bribery, fraud and corruption as well as to all Group's policies, standard of procedures and governance. Additionally, they are also required to disclose any conflict of interest situations with KFima Group or other stakeholders of the KFima Group's businesses.</p> <p>8. In fulfilling the Group's commitment towards achieving a corruption-free business environment, the Company has in place a Whistle-Blowing Policy which encourages reporting by the employees, business associates as well as any external parties of any improper conduct of the Group's employees in breach of any laws, guidelines and policies for the time being in force.</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 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	:	<ol style="list-style-type: none">1. The Group is committed to develop a culture of openness, honesty and accountability and believes that it is fundamental that any concerns the employees have about the Company can be raised without fear of victimization.2. The Group's Whistle-blowing Policy has been in place since 2011 to promote responsible corporate conduct across the Group. The updated policy has been approved by the Board on 4 May 2020 to streamline the policy with the Bursa Listing Requirements in relation to bribery as well as the Guidelines on Adequate Procedures issued by the Prime Minister's Department and the Malaysian Anti-Corruption Commission Act 2009.3. There are clear policies and procedures on whistleblowing that is made available on the Company's website under 'Investors' section.4. The policy is intended to encourage employees and stakeholders to report actual or perceived unethical or illegal conduct perpetrated against the Company with the understanding that confidentiality will be maintained without any fear for their position.5. A preliminary assessment of every report/concerns will be carried out by the Group Internal Audit or Group Human Resource & Administration. The results of all assessments and investigations will be tabled to the Audit and Risk Committee for their review.6. Upon review of the findings of the preliminary investigations, the Audit and Risk Committee may:<ol style="list-style-type: none">(i) in cases where the preliminary findings disclose a possible criminal offence, decide if the matter should be referred to the relevant authorities such as the police or the Malaysian Anti-Corruption Commission. In such circumstances, the Audit and Risk Committee shall first report the findings together with the recommended course of action to the Board for their attention and approval; or(ii) determine any other course of action that the Audit and Risk Committee deems fit having regard to the circumstances of the matter reported and the fairness of the conduct of any investigation.

	7. In FYE2021, 1 whistleblowing complaint was received, investigated and pursued.	
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>1. The Board of Directors currently comprises a majority of Independent Directors with 4 Independent Non-Executive Directors, 2 Non-Independent Non-Executive Directors and 1 Executive Director as listed below:</p> <p><u>Independent Non-Executive Directors:</u></p> <ol style="list-style-type: none">1. Dato' Idris bin Kechot2. Encik Azizan bin Mohd Noor3. Dato' Rosman bin Abdullah4. Datuk Anuar bin Ahmad <p><u>Non-Independent Non-Executive Directors:</u></p> <ol style="list-style-type: none">1. Puan Rozana Zeti binti Basir2. Puan Rozilawati binti Haji Basir <p><u>Executive Director:</u></p> <ol style="list-style-type: none">1. Dato' Roslan bin Hamir
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	:	<ol style="list-style-type: none">1. Independence is determined by ensuring that, apart from receiving their fees for acting as Directors, Independent Non-Executive Directors do not have any other material relationship or additional remuneration from, or transactions with, the Group, its promoters, its management or its subsidiaries, which in the judgement of the Board may affect, or could appear to affect, their independence of judgement.2. The Board has in place criteria, which is in line with the Bursa Listing Requirements and as defined in the Board Charter, for the assessment of the independence of Independent Directors. The Independent Directors are expected to inform the Board, at any time when circumstances arise which could interfere with their exercise of independent judgment and objectivity or their ability to act in the best interest of the Company.3. The Nomination and Remuneration Committee reviews and assesses the independence of the Company's Independent Directors and submits its recommendation to the Board for proposed retention of Independent Directors, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years from the date of their appointment for the approval of shareholders at the Company's Annual General Meeting.4. The review of Directors' independence also forms part of the annual Board Effectiveness Evaluation exercise carried out by the Nomination and Remuneration Committee. During the financial year under review, 2 Independent Non-Executive Directors, namely, Encik Azizan bin Mohd Noor and Dato' Rosman bin Abdullah have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years from the date of their appointment.5. Through the annual assessment carried out for the FYE2019, the Nomination and Remuneration Committee and the Board concluded that the 2 Independent Non-Executive Directors remain independent and recommended them to continue to act as Independent Non-Executive Director based on the following justifications:-

	<ul style="list-style-type: none"> • have fulfilled the criteria of an Independent Director as defined in the Bursa Listing Requirements and therefore is able to bring independent and objective judgement to the Board; • have provided effective check and balance in the proceedings of the Board and the Board Committees; • have provided objectivity in decision making through unbiased and independent views as well as advice and judgement, to the Board; • have contributed sufficient time and effort and attended all the Committee and Board meetings for an informed and balanced decision making; and • have exercised due care during their tenure as Independent Non-Executive Director of the Company and carried out professional duties in the interest of the Company and shareholders. <p>6. Approval of the shareholders was obtained at the Company's last AGM held on 28 August 2019 for Encik Azizan bin Mohd Noor and Dato' Rosman bin Abdullah to be retained as an Independence Non-Executive Director until the next AGM of the Company.</p> <p>7. The Company will be seeking shareholders' approval at the forthcoming AGM scheduled to be held on 29 September 2020 for the retention of Encik Azizan bin Mohd Noor and Dato' Rosman bin Abdullah as Independent Non-Executive Directors of the 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

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	:	<p>The Board Charter stipulates that the tenure of Directors, especially Independent Directors, shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Non-Executive Director ("INED") may continue to serve on the Board as a Non-Independent Non-Executive Director. If the Board intends to retain an INED beyond 9 years, it shall justify and seek annual shareholders' approval. Further the term of office of Board members shall be organised in a manner that ensures there is a smooth transition.</p> <p>The Board through the Nomination and Remuneration Committee assesses the independence of each Independence Director annually using the criteria specified in the Bursa Listing Requirements, and also other factors in light of the Directors' disclosure of interests. The Board is of the view that tenure is not the absolute indicator of a Director's independence and objectivity – the real indicator is whether the Director is able to exercise independent and objective judgement and act in the Company's best interests. In this regard, the Board conducts an annual assessment of independence before recommending the confirmation of office of an INED.</p>

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	:	<ol style="list-style-type: none"> 1. The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board. The Board is of the view that diversity is considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills and knowledge. 2. The Nomination and Remuneration Committee will continue to consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics are sought, as part of its selection exercise for Board and senior management of the Company. For FYE2020, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses. 3. The appointment of key senior management is also made with due regard for diversity in skills, experience, competencies, cultural background, gender and other qualities. <p>The profiles of the Board and key senior management indicating their diverse skills and experience are disclosed in the Company's Annual Report 2020 and Company's website.</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 4.5

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	:	1. The Board currently comprises 7 Directors, of whom 2 are women, or 29% female representation.	
		2. Although there is no written policy on diversity, the Board acknowledges the importance of having female representation on the Board. The appointment must be one that complements the Board's dynamic, which consists of individuals from diverse academic backgrounds/experience that is relevant to the operation/business of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Nomination and Remuneration Committee reviews and recommends the criteria for appointment of Director based on the skills, expertise, experience, diversity, composition and requirements of the Company's operations and competitiveness and growth strategy.	
Timeframe	:	Others	As and when suitable.

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	:	<ol style="list-style-type: none">1. The Board uses a variety of sources for identification of suitable candidates. The Nomination and Remuneration Committee reviews the composition, skill sets and Board requirements every year as part of the Board assessment. The Nomination and Remuneration Committee and Board has in the past relied on recommendation of existing Board members and engaged external professional agencies to assist with identifying and shortlisting candidates.2. The Nomination and Remuneration Committee will review and evaluate the candidate by taking into account relevant factors such as experience, skills, diversity, time commitment as well as the personality fit with the existing Board and the culture of the Group. The Nomination and Remuneration Committee will also assess whether the candidate has any interest or relationship that may impact or influence his ability to act in the best interest of the Company before a recommendation is made to the Board to appoint the candidate as Director of the Company. The Board then will consider and approve the Nomination and Remuneration Committee's recommendations.
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	:	<p>The NRC is chaired by Dato' Rosman bin Abdullah, who is an Independent Director.</p> <p>The profile of the NRC Chairman can be viewed in Our Board of Directors section of the Company's 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

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	<ol style="list-style-type: none">1. Assessment of Board, Board Committees and individual Director's performance is carried out annually. The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, areas for improvement, areas that need more attention, and to overall assess the effectiveness of the Board, Committees and individual Directors.2. An external independent consultant, BDO Governance Advisory Sdn Bhd was appointed to assess the effectiveness of the Board and Board Committees for FYE2020 including the review of the effectiveness of each individual Director. One-to-one interviews and questionnaires with each of the Directors are carried out to ensure candid and objective evaluations.3. The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, areas for improvement, areas that need more attention and to assess the overall effectiveness of the Board, Board Committees and individual Directors.4. The key areas covered in the questionnaires are:<ol style="list-style-type: none">I. <u>Board Performance Assessment</u><ul style="list-style-type: none">• Composition & Quality of the Board• Assessment of Board Chairman• Boardroom Activities• Ethics and Compliance• Board Meeting Process and ProceduresII. <u>Audit and Risk Committee Assessment</u><ul style="list-style-type: none">• Composition and Quality of Audit and Risk Committee• Oversight of the financial reporting and internal controls• Risk Management• Audit Committee Meeting Process and Procedures• Ethics and ComplianceIII. <u>Nomination & Remuneration Committee Assessment</u><ul style="list-style-type: none">• Composition and Quality of Nomination and Remuneration Committee

	<ul style="list-style-type: none"> • Oversight of appointment/election and performance evaluation of director and senior management • Oversight of remuneration roles and responsibilities • Committee Meeting Process and Procedures <p>IV. <u>Individual Director Assessment</u></p> <ul style="list-style-type: none"> • Fit and Proper • Contribution and Performance • Calibre and Personality <p>5. In discussing the findings, the Board considered its performance generally and concluded that the Board and its Committees continued to discharge their responsibilities and duties effectively.</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 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	:	<ol style="list-style-type: none"> 1. The remuneration of Directors is reviewed by the Nomination and Remuneration Committee prior to making its recommendation to the Board for approval. Factors such as the Directors duties and responsibilities as Directors and members of Committees, time commitment and other matters are considered. The guidelines for determining the level of remuneration for Directors are clearly defined in the Nomination and Remuneration Committee's Terms of Reference which is available under the 'Investor' section of the Company's website. 2. In evaluating the Group MD's remuneration, the Nomination and Remuneration Committee takes into account corporate financial performance including accomplishment of strategic objectives. The Nomination and Remuneration Committee recommends to the Board the remuneration package of Group MD and it is the responsibility of the Board to approve the remuneration package of Group MD, with the Group MD concerned abstaining from deliberation and voting on the same. The Nomination and Remuneration Committee also carried out the annual review of the overall remuneration of senior management, reflecting their contributions for the year, whereupon relevant recommendations would be submitted to the Board for approval. 3. To ensure that the level and composition of remuneration for Group MD and senior management is appropriate and not excessive, the Board regularly compares the remuneration of Group MD and senior management with that provided by similar organisations operating in comparable markets, taking into account the skills and experience of the relevant individuals, their responsibilities and performance.
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 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 Remuneration Committee was established on 23 November 2011. On 30 March 2017, the Remuneration Committee was combined as Nomination and Remuneration Committee for the purpose of convenience and practicality. The Nomination and Remuneration Committee is governed by a detailed Terms of Reference to ensure that remunerations of Directors and senior management are in line with market practice, competitive, performance-based and in line with corporate objectives and strategy. The Nomination and Remuneration Committee Terms of Reference is published on the Company's website under the 'Investors' page.	
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	:	The detailed fees and benefits in-kind paid and payable to individual Directors are disclosed in the Company's Annual Report 2020 under the Corporate Governance Overview Statement.	
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 NRC and the Board are of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it is in the best interests of the Company to not disclose the remuneration of the Company's top 5 key management personnel. Hence, the NRC and Board concluded that the disclosures of senior management's remuneration that include 5 key management personnel made in the Audited Financial Statements are adequate and in compliance with Paragraph 17 of MFRS 124.	
<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	:	N/A

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	:	<ol style="list-style-type: none">1. Encik Azizan bin Mohd Noor, a Senior Independent Non-Executive Director was appointed as Audit and Risk Committee Chairman on 17 November 2003. He is a member of the Institute of Chartered Accountants England & Wales (ICAEW), a member of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA).2. He is not the Chairman of the Board.3. He is also a member of the Nomination and Remuneration 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 8.2

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 and Risk Committee members are former key audit partners within the cooling-off period of at least 2 years. The profiles of Audit and Risk Committee members are disclosed in Our Board of Directors section of 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

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	:	<ol style="list-style-type: none">1. The Audit and Risk Committee has reviewed the cost effectiveness, independence, objectivity and expertise of the external auditors annually via a detailed questionnaire as well as the feedback from the business units evaluating the performance of each assigned audit team and to thereafter, make the appropriate recommendations to the Board.2. The Audit and Risk Committee manages the relationship with the Company's external auditors on behalf of the Board. The Audit and Risk Committee considers the re-appointment, remuneration and terms of engagement of the external auditors annually. The review covers the independence and service level of the external auditors which include, among others, the quality of work, timeliness and non-audit services provided.3. In May 2020, the Audit and Risk Committee had undertaken an annual assessment of the overall performance of the Company's external auditors, Messrs. Ernst & Young PLT including independence, objectivity and professionalism. The auditors have also in February 2020, declared and confirmed that they are and have been independent throughout the conduct of the audit engagement for the Company during the financial year in accordance with the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants. The FY2021 Audit Plan outlines the external auditors' scope of work and proposed fees for the statutory audit, assurance-related review and review of the Statement on Risk Management and Internal Control.4. Having considered the outcome of the annual assessment of Messrs. Ernst & Young PLT, the Board, had in July 2020, approved the recommendation for the shareholders' approval to be sought at the Company's forthcoming 48th Annual General Meeting on the re-appointment of Messrs. Ernst & Young PLT as external auditors of the Company.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is 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	:	At present, the Audit and Risk Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. Datuk Anuar bin Ahmad, an Independent Non-Executive Director of the Company was appointed to the Committee on 26 June 2020. Puan Rozana Zeti binti Basir, a Non-Independent Non-Executive Director of the Company resigned from the Audit and Risk Committee on 24 July 2020.

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	:	<ol style="list-style-type: none"> The Audit and Risk Committee presently consists of 3 members namely, Encik Azizan bin Mohd Noor, Dato' Rosman bin Abdullah and Datuk Anuar bin Ahmad. The Audit and Risk Committee members collectively possess a wide range of necessary skills and knowledge to discharge their duties. The Chairman of Audit and Risk Committee is a member of Institute of Chartered Accountants England & Wales (ICAEW), Malaysia Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). The relevant qualifications and experience of each of the members of the Audit and Risk Committee are set out in Our Board of Directors section in the Company's Annual Report 2020. All Audit and Risk Committee members have undertaken continuous professional development and during the FYE2020, the various trainings relevant to their role as Audit and Risk Committee members are listed as follows: <table border="1" data-bbox="507 1361 1407 2000"> <thead> <tr> <th>Audit and Risk Committee Member</th> <th>Training Attended</th> <th>Date Held</th> </tr> </thead> <tbody> <tr> <td>ENCIK AZIZAN BIN MOHD NOOR (Chairman)</td> <td> <ul style="list-style-type: none"> Global Investor Week organized by Capital Dynamics Sdn Bhd Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad Anti-Money Laundering & Counter Financing of Terrorism (AMLCFT) Essentials for Boards, Partners & Senior Officers organized by Malaysian Institute of Accountants 2019 Forum on Corporate Governance in The Capital Market – Building and Sustaining A Robust Malaysian Capital Market organized by Malaysian Institute of Corporate Governance Audit Oversight Board Conversation with Audit Committees organized by Securities Commission Malaysia </td> <td> <ul style="list-style-type: none"> 14 Apr 2019 10 Oct 2019 31 Oct 2019 5 Nov 2019 8 Nov 2019 </td> </tr> </tbody> </table> 	Audit and Risk Committee Member	Training Attended	Date Held	ENCIK AZIZAN BIN MOHD NOOR (Chairman)	<ul style="list-style-type: none"> Global Investor Week organized by Capital Dynamics Sdn Bhd Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad Anti-Money Laundering & Counter Financing of Terrorism (AMLCFT) Essentials for Boards, Partners & Senior Officers organized by Malaysian Institute of Accountants 2019 Forum on Corporate Governance in The Capital Market – Building and Sustaining A Robust Malaysian Capital Market organized by Malaysian Institute of Corporate Governance Audit Oversight Board Conversation with Audit Committees organized by Securities Commission Malaysia 	<ul style="list-style-type: none"> 14 Apr 2019 10 Oct 2019 31 Oct 2019 5 Nov 2019 8 Nov 2019
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	Audit and Risk Committee Member	Training Attended	Date Held
		<ul style="list-style-type: none"> • Fraud Risk Management - 'Whose Responsibility Is It?' organized by Malaysian Institute of Corporate Governance • Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn Bhd (in-house) • Corporate Board Leadership Symposium 2020 - Sustainability and Digitalization: A New Normal organized by Malaysian Institute of Accountants • Members' Breakfast Talk on 'Why Sustainability Matters?' organized by Malaysian Institute of Corporate Governance 	<p>14 Nov 2019</p> <p>8 Jan 2020</p> <p>12 Feb 2020</p> <p>25 Feb 2020</p>
	DATO' ROSMAN BIN ABDULLAH	<ul style="list-style-type: none"> • Half Day Seminar on Board Evaluation & Effectiveness Assessment organized by Malaysian Institute of Corporate Governance • PowerTalk #5 - Say on Pay: What do Boards Need to Know? organized by Institute of Corporate Directors Malaysia • Budget 2020 Leading into 12th Malaysia Plan (Post Budget Dialogue with YB Lim Guan Eng, our Minister of Finance) organized by Ministry of Finance • Talk on Section 17(A) of MACC Act organized by Messrs Thomas Philips 	<p>11 Jun 2019</p> <p>13 Aug 2019</p> <p>23 Nov 2019</p> <p>21 Feb 2020</p>
	DATUK ANUAR BIN AHMAD <i>(Appointed on 26 June 2020)</i>	<ul style="list-style-type: none"> • CG Advocacy Programme - Cyber Security in the Boardroom training organized by Bursa Malaysia Berhad • MIA Thought Leadership Lecture: Leading with Ethics organized by Malaysian Institute of Accountant • Management-Internal Training for CCM organized by Willis Towers Watson • 2020 National Budget Briefing by BDO Malaysia organized by ENRA Berhad • Workshop on MFRS Update by KPMG organized by Petronas Dagangan Berhad • Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn Bhd (in-house) 	<p>27 Jun 2019</p> <p>25 Jul 2019</p> <p>23 Sept 2019</p> <p>18 Oct 2019</p> <p>3 Dec 2019</p> <p>8 Jan 2020</p>
	PUAN ROZANA ZETI BINTI BASIR <i>(Resigned on 24 July 2020)</i>	<ul style="list-style-type: none"> • Security Technology Conference 2019: Driving Malaysia Towards Digital Government organized by Technology Depository Agency Berhad • Corporate Liability - New Section 17A of Malaysian Anti-Corruption Commission Act 2009 organized by Boardroom Corporate Services Sdn Bhd (in-house) 	<p>10 Oct 2019</p> <p>8 Jan 2020</p>
Explanation for departure :			

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

Measure :		
Timeframe :		

Intended Outcome

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	:	<ol style="list-style-type: none">1. Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group's Enterprise Risk Management ("ERM") framework is generally aligned with the principles of MS ISO 31000:2010 Risk Management – Principles and Guidelines to ensure the Group's assets are well-protected and shareholders' value enhanced. The ERM framework adopted by the Group encompasses the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control around continuously improving risk management capabilities. Risk assessment, monitoring and review of the various risks faced by the Group are a continuous process within the key operating units with Risk Steering Committee ("RSC") (formerly known as Risk Management Committee) which is a sub-committee of the Audit and Risk Committee, playing a pivotal oversight function.2. The RSC comprises of Board representatives from KFima and Fima Corporation Berhad (the Group's listed subsidiary) and members of senior management.3. The Group's business units identifies the present and potential critical risks the Group faces including their action plans to manage these risks which the same are presented at the RSC's meeting by the Group Internal Audit.4. RSC meets on a yearly basis and reviews the risk exposures of the business units in respect to its business areas, operations, and finance and ensures that the risk management mechanisms and responses are adequate relative to the Group's strategy and objectives.5. The Group's internal audit function is undertaken by Group Internal Audit ("GIA") which reports directly to the Audit and Risk Committee and administratively to the Group MD. The GIA is independent of the activities its audits and audits are performed with impartiality, proficiency and due professional care.6. Notwithstanding, the Board retains the overall risk management responsibility in accordance with best practice of the Malaysian Code on Corporate Governance, which requires the Board to identify principal risks and ensure the implementation of appropriate systems to manage these risks.

	Further details of the risk management and internal control frameworks can be found under the Statement on Risk Management and Internal Controls, at pages 106 to 113 of the Company's 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

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	:	<ol style="list-style-type: none">1. The Group's risk management framework is generally aligned with the principles of MS ISO 31000:2010 Risk Management – Principles and Guidelines, encompassing the features such as risk management processes, organizational oversight i.e. the accountability and responsibility for each reporting functions, and continual improvement of the framework. The framework provides the foundation and arrangement for the Group in managing the risks adequately. Systematic approach and process in managing risks and risk mitigation plans such as risks identification, evaluating, treating, monitoring, reviewing and reporting have been developed and further defined in the risk management policies and procedures which offers guide to risk owners in implementing effective and efficient risk management aligned with the business objectives.2. The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to the ever-evolving business environment.3. The Audit and Risk Committee provides oversight on governance, internal control system and financial matters while the Risk Steering Committee provides oversight over risk management. The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:<ul style="list-style-type: none">• Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators.• Reviews of specific transactions, projects or opportunities are also discussed between the management and the Board as and when required. This allows the Board and management to manage potential risks.• The Audit and Risk Committee deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also escalated to the Audit and Risk Committee to enable monitoring of the actions.

	Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group is provided at pages 106 to 113 of the Company's 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

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 Audit Committee was renamed as Audit and Risk Committee ("the Committee") on 30 May 2019. The Committee's primary objectives is to provide additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforce the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process as well as to overseeing the risk management matters relating to the Company and its subsidiaries in order to assist the Board to govern and minimise the overall risk exposure 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

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	:	<ol style="list-style-type: none"> 1. The Audit and Risk Committee is supported by the GIA which provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes implemented by the business units. 2. GIA reports directly to the Audit and Risk Committee to ensure impartiality and independence. GIA communicates to management on audit observations noted in the course of their review and performs monitoring on the status of actions taken by the operating units. GIA is governed by a Charter approved by the Audit and Risk Committee that sets out the purpose, roles, scope and responsibilities of the GIA. 3. GIA's responsibilities include providing reports to the Audit and Risk Committee and raising any significant issues with the Audit and Risk Committee at the Audit and Risk Committee meeting held on a quarterly basis. Matters of concerns raised by the Audit and Risk Committee at the meeting were minuted and documented by the Company Secretary. Through the Audit and Risk Committee meetings, Audit and Risk Committee reviews the effectiveness of audit activities including audit follow-ups, the approved Annual Audit Plan, resources, training and budget as well as other matters related to internal auditing. <p>Further details of the internal audit function can be found in the Statement on Risk Management and Internal Controls at pages 106 to 113 of the Company's 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 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–

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

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. GIA is independent of the Group's business operations and has a mandate set out in its Audit Charter approved by the Audit and Risk Committee. GIA performed its audit functions in accordance with the guidelines of the Institute of Internal Auditors Malaysia ("IIAM") and the annual Audit Plan approved by the Audit and Risk Committee each year. The Audit Plan covers the scope of the audit work and resources needed to perform such work.2. The Internal Audit Charter emphasize on its independency and objectivity and shall remain free from interference by any elements in the Group. GIA has no direct operational responsibility or authority over any of the activities audited.3. Declaration on the relationship status of GIA personnel with any members within the Group and parties having business relationship with the Group is made during the recruitment process handled by the Group Human Resource & Administration Department ("GHRA"). All GIA personnel have confirmed that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Name and qualifications such as academic and professional qualifications were disclosed/provided during the recruitment process and vetted by the GHRA. Such information was documented and made available for reference. This is in line with the requirements of the Company's Code of Conduct and Employee Handbook.4. GIA consists of 6 executives, all of whom are qualified and possess the required expertise and experience. GIA through the Audit and Risk Committee meeting regularly updates and notified the Audit and Risk Committee number of current GIA resources and the status of current and future internal audit activities. GIA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conference/trainings/seminars.5. GIA is headed by Encik Muhammed Erman bin Mat Zoki who has over 12 years of working experience in the areas of audit and risk management. He holds a Bachelors Degree in Accountancy (Honours) from Universiti Utara Malaysia and International

	<p>Certificate of Risk Management from the Institute of Risk Management. He is also a member of IIAM.</p> <p>6. GIA activities are carried out in accordance with the approved annual Audit Plan and audit manual requirements.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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	:	<ol style="list-style-type: none">1. The Company has in place a Corporate Disclosure Policy to provide the Group with appropriate guidance to discharge its disclosure obligations and ensure that all communications to the public by the Company are timely, complete and accurate in accordance with all applicable laws and regulations. The Corporate Disclosure Policy is available on the Company's website under the Investors section.2. The Board also believes that constructive and effective investor relations are essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders and other stakeholders. Such information is communicated through the Company's general meetings, annual reports, circular to shareholders, various disclosures and announcements to Bursa.3. At the Company's Annual General Meeting, shareholders have the opportunity to hear directly from the Board and Group MD on the Group's performance and its strategic plans. All shareholders are encouraged to attend the Annual General Meeting and exercise their right to vote. Shareholders are also invited to ask questions related to the business of the meeting, and will be able to meet with Directors and the senior management.4. During the FYE2020, shareholders are also kept informed through regular updates to the Company's website, which houses a wide range of information about the Group including the annual report, financial results, corporate governance information such as Company's Constitution, Board Charter, Board Committees terms of reference and copies of the other corporate governance policies, individual profiles of Directors and senior management, general information about the Group's businesses, latest news/highlights, corporate profile and structure as well as sustainability report.5. Shareholders may send their enquiries and concerns to the Company by emailing directly to the Company at info@fima.com.my.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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	:	Choose an item.	
Explanation on application of the practice	:	N/A	
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 48th AGM of the Company is scheduled to be held on 29 September 2020 with the Notice of AGM is dated 28 August 2020, giving shareholders 28 days advance notice.</p> <p>In 2019, the Notice of AGM was issued to shareholders on 29 July 2019, which was 28 days prior to the AGM date.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is also circulated in a nationally circulated newspaper alongside with an announcement on the website of Bursa Malaysia and further uploaded on the Company's website at www.fima.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

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	:	<ol style="list-style-type: none">1. At the Company's 47th AGM held on 28 August 2019, all Directors in office on the meeting date, including the Chair of Board Committees were present in person to engage directly with shareholders and proxies along with senior management and the external auditors.2. During the 47th AGM, the Chairman of the meeting invited members to raise any questions on the agenda items tabled. Members have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers/respond are provided by the Chairman of the meeting and Group MD in order to allow the members to make informed voting decisions at the AGM.3. At the 47th AGM, each distinct issue is proposed as a separate resolution. All resolutions are put to the vote by electronic poll voting. Independent scrutineers are appointed for voting process and verify votes for each resolution. The results of the electronic poll voting are announced immediately to the members after the voting process is closed and subsequently, to Bursa. The summary of minutes of AGM together with the voting results are also available on the 'Investors' page of the Company's website.4. Key matters resolved at the 47th AGM are:<ul style="list-style-type: none">• Receipt of the audited financial statements for FYE2019.• Payment of final dividend for FYE2019.• Re-election of Directors who retire by rotation.• Re-election of Directors who retire by casual vacancy.• Payment of fees for Company's Non-Executive Directors.• Payment of fees for Non-Executive Directors who sit on the Boards of subsidiary companies.• Remuneration for the Non-Executive Directors.• Appointment of Messrs Ernst & Young PLT in place of retiring auditors, Messrs. Hanafiah Raslan & Mohamad as the Company's auditors.• Grant of a general mandate to enter into recurrent related party transaction with International Food Corporation Limited.• Grant of a general mandate to buy back the Company's shares.• Retention of Independent Non-Executive Directors who served the Board for a cumulative term of more than 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

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–

1. including voting in absentia; and
2. remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ol style="list-style-type: none"> 1. The Company had at its 47th AGM held on 28 August 2019 adopted electronic voting for all its resolutions. The voting was conducted on a poll in accordance with the Bursa Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process and Boardroom Corporate Services Sdn Bhd as independent scrutineers to validate the poll results. 2. As an alternative practice, shareholders who are unable to attend the Company's 47th AGM are allowed to appoint any person as their proxies to attend, participate, speak and vote in his/her stead at the said AGM. 3. At the Company's 47th AGM, 504 shareholders attended the AGM in person while 480 shareholders were represented by proxy. <p>The Company's 47th AGM was held at the Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur. This venue was easily accessible as it was familiar to most shareholders of the Company since several past AGMs were held at the same venue.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will undertake a further review on this matter to allow the shareholders to vote in absentia. However, due to the outbreak of the Covid-19 pandemic and in order to comply with the Government's directions on solid social distancing following the Covid-19 outbreak, the Company's forthcoming 48 th AGM will be conducted on a fully virtual basis through live streaming and online remote voting via remote participation and electronic voting ("RPEV") facilities. By leveraging on the RPEV facilities, the shareholders can participate remotely and cast their votes electronically.
Timeframe	:	Others

**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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