

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0190
COMPANY NAME : EVERS SAFE RUBBER BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board of Directors ("the Board") is responsible for the oversight and overall management of Eversafe Rubber Berhad ("Eversafe Rubber" or "the Group"). To ensure the effective discharge of its function and responsibilities, the Board established an internal governance model to delegate specific powers of the Board to the relevant Board Committees, the Managing Director, Directors and the Senior Management of the Company and its subsidiaries. The Board has set out various key policies such as the Board Charter, the Code of Conduct and the Whistleblowing Policy which are available for reference on the Group's website – http://www.eversafe.com.my</p> <p>The Board meets at least four (4) times a year, with additional meetings held as and when required by the Board to discuss amongst others the administration and implementation of matters delegated to the Management which is overseen by the Board. Management's proposals which are reserved for the Board's approvals will be discussed at the Board Meetings where the Board members will have ample time and opportunity to peruse and discuss the proposal as well as seek clarification from the Management team. This practice is put in place to ensure Management's strategies are in line with the Group's business targets for the year and also for future medium and long-term basis.</p> <p>To enable the Board to discharge its role and functions effectively, the Board has established the following committees:</p> <ul style="list-style-type: none">• Audit Committee• Nominating Committee• Remuneration Committee

	The roles and responsibilities of each Committee are set out in the Terms of Reference which is made available on the Group's website – http://www.eversafe.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

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

Practice 1.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Board is headed by an Independent Non-Executive Chairman, Tan Sri Dato' Dr. Sak Cheng Lum, who is responsible for the effective performance of the Board. As provided under the Group's Board Charter, the Chairman is responsible, amongst others to:</p> <ul style="list-style-type: none"> a) Leadership of the Board, leading Board meetings and discussions, ensuring the Board's effectiveness on all aspects of its role, setting Board agenda and ensuring adequate time is available for discussion of all agenda; b) Ensuring the provision of accurate, timely and clear information to members of the Board; c) Encouraging active participation and allowing dissenting views to be freely expressed; d) Ensuring effective communication with shareholders and stakeholders and their views are communicated to the Board as a whole; e) Facilitating the effective contribution of non-executive directors and ensuring constructive relations between the executive and non-executive directors; f) Managing the interface between the Board and Management; and g) Leading the Board in establishing and monitoring good corporate governance practices in the Group. <p>The responsibilities of the Chairman are set out in the Board Charter which is made available on the Group's website – http://www.eversafe.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

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

Practice 1.3

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

Application :	Applied
Explanation on application of the practice :	<p>The positions of the Chairman and the Chief Executive Officer (CEO) are held by two (2) distinct individuals. The Chairman is Tan Sri Dr. Sak Cheng Lum while the CEO is Mr. Cheah Siang Tee.</p> <p>The Board has delegated to the CEO and the Management, the authority and responsibility for implementing the policies, strategies and decisions adopted by the Board. The CEO acts as the conduit between the Board and the Management in ensuring success of the Company's governance and management functions. The CEO, and the Management team have the executive responsibility for the day-to-day operations of the Group's business.</p> <p>The positions of the Chairman and the CEO are separately held to ensure balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations.</p> <p>The responsibilities of the CEO are set out in the Board Charter which is made available on the Group's website – http://www.eversafe.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

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>The Board is supported by two (2) experienced and qualified Company Secretaries namely Chong Lay Kim (SSM PC No. 202008001920) (LS 0008373) and Yeng Shi Mei (SSM PC No. 202008001282) (MAICSA 7059759).</p> <p>The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Group's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation</p> <p>The Board has full and unrestricted access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Group's expense in order to discharge their duties effectively. The Company Secretaries also keep the Board updated on changes in the Listing Requirements and directives issued by the regulatory authorities, and the resultant implications to the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries keep abreast of the evolving capital markets environment, regulatory changes and developments in Corporate Governance through continuous training programmes and attendance of relevant conferences and seminars organised by the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), Securities Commission, Companies Commission of Malaysia and other relevant training organisations.</p> <p>The Company Secretaries have a direct functional reporting line to the Board and has been accorded with appropriate standing and authority to enable them to discharge their duties in an impartial and effective manner. In order to ensure that the Company Secretaries maintain a high quality of service to the Board, the services of the Company Secretaries are evaluated by the Board annually.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter which is made available on the Group's website – http://www.eversafe.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

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application :	Applied	
Explanation on application of the practice :	<p>The Board recognises that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.</p> <p>The Notice of Meetings, agenda as well as comprehensive set of Board papers are circulated at least five (5) days before the meeting unless the Directors agree to a shorter notice. This enables the Directors to prior peruse the matters to be deliberated upon, and if necessary, further information are provided at the meeting for deliberation and informed decision making.</p> <p>The deliberations and decisions at Board and Board Committees' meetings are well documented in the minutes. The Company Secretaries will circulate the draft minutes of meetings for the Board and Board Committees' review in a timely manner. Upon receipt of which, all Directors would ensure that minutes of Board meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstains from voting or deliberating on a particular matter. All records of the proceedings of Board meetings and resolutions passed are kept in the minutes books kept by the Company Secretaries.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 2.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board has formally adopted a Board Charter that sets out the respective roles and responsibilities of the Board, Board Committees and Management and the standard of conduct expected of individual Directors. Aside from defining the specific responsibilities of the Board, it also serves to enhance coordination and communication between the Management and the Board and more specifically, to clarify the accountability of both the Board and the Management for the benefit of the Group and its shareholders.</p> <p>The Board Charter is reviewed periodically or as and when changes occur to ensure that it reflects the current needs of the Group. More information on the Board Charter can be found on the Group’s website.</p> <p>The Board Charter is accessible for reference on the Group’s website – http://www.eversafe.com.my</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Group's Code of Conduct and Ethics is based on principles relating to sincerity, integrity, responsibility and corporate social responsibility. The Code of Conduct and Ethics was formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:-</p> <ul style="list-style-type: none"> • To establish a standard ethical behaviour for Directors, officers and employees of the Group and its sales representatives, third-party business associates, and contractors based on trustworthiness and values that can be accepted, held or upheld by any one person; • To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating the Group. <p>The Code of Conduct and Ethics promotes integrity and ethical conduct in all aspects of the Group's operations, including, but not limited to, privacy and confidentiality of information. It also sets out prohibited activities or misconduct such as accepting gifts, bribes and dishonest behaviour.</p> <p>The Code is periodically reviewed by the Board and is updated as and when necessary.</p> <p>The Code of Conduct and Ethics is made available on the Group's website – http://www.eversafe.com.my</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 3.2

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

Application :	Applied	
Explanation on application of the practice :	<p>The Group's Whistleblowing Policy was established to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Group may be exposed. The Whistleblowing Policy applies to all our employees, Directors, shareholders, consultants, vendors, contractors, third-party agencies or parties with a business relationship with the Group or its subsidiaries.</p> <p>The Whistleblowing Policy is intended to provide protections of concerns raised regarding the Group, such as the following non-exhaustive list:</p> <ul style="list-style-type: none"> a) Fraud b) Bribery c) Corruption d) Criminal breach of trust e) Abuse of power f) Theft or embezzlement g) Misuse of company's property h) Non-compliance with procedure <p>The Whistleblowing Policy and its disclosure procedure are accessible to the public for reference on the Group's website. Such misconducts may be reported directly to the Chairman of the Audit Committee through a written submission via post or email to whistleblower@eversafe.com.my.</p> <p>The Group's Company Secretaries who receive the report will conduct a preliminary assessment before tabling the completed assessment to the Audit Committee during the Audit Committee meeting. Upon completion of the assessment and subsequent investigation, the whistleblower will be notified of the outcome.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application :	Applied
Explanation on application of the practice :	<p>The Board comprises eight (8) members, four (4) of which are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Executive Directors with one of them also functioning as the CEO. The Independent Non-Executive Directors are as follows:</p> <ul style="list-style-type: none"> a) Tan Sri Dato' Dr. Sak Cheng Lum b) Mr. Ng Meng Kwai c) Tuan Haji Mohd Isa bin Haji Mohd Talib d) Ms. Ong Beow Chieh <p>The Independent Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement or the ability to act in the best interests of the Group.</p> <p>They provide independent judgment, experience and objectivity without being subordinated to operational considerations and help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.</p> <p>The Board undertakes to assess the independence of its Independent Directors upon appointment, annually and when any relationship develops.</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 :	Not Applicable	
Explanation on application of the practice :		
Explanation for departure :	No independent director(s) serving beyond 9 years	
<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 application of the practice :	The Group does not have in place any official policy which limits the tenure of its Independent Directors to nine years. However, the Nominating Committee has taken cognisance of Practice 4.3 of the MCCG 2017 in their consideration for recommendation to the Board of Directors who are retiring at each Annual General Meeting for re-election. In the event of an Independent Director who has served a cumulative term of more than 9 years, the Board will justify and seek shareholders' approval should it wish to retain such Director as an Independent Director. Notwithstanding the above, in view that the Company has achieved its listing status approximately only 4 years ago, the Board will ensure that it puts in place official policies in order to govern the maximum term of Independent Directors in due course.	
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 4.4

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 :	<p>In assessing the suitability of any candidate for the directorship, the Nominating Committee will take into consideration the candidate's reputation, educational background, skills, knowledge, expertise, competence and experience that is in line with the Group's business operations, age, time commitment, independence and integrity.</p> <p>As a result, the Group's Board of Directors has a diverse set of skills, experience and knowledge necessary to govern the Group towards achieving its intended goals and objectives. On top of that, it also enables the Board to carry out its responsibilities effectively and ensures accountability. In areas where the Board may not possess the required expertise, the Board would be able to garner advice from its consultants in the required field.</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 :	Applied
Explanation on application of the practice :	<p>The Board supports the gender boardroom diversity as recommended under the MCCG and recognises the importance of encouraging and developing female talent at all levels. Currently, Ms. Ong Beow Chieh is the sole female director on the Board, representing 12.5% of the total Board members.</p> <p>The Board continues to search for suitable female candidates to fill in the directorship positions. Apart from the nominations which the Nominating Committee may receive from Directors and Committee members for the pool, potential candidates may also be sourced from relevant bodies and/or the regulator(s), as well as other independent sources. No timeframe has been set for the search concerned.</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 4.6

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 :	<p>The Group has in place its procedures and criteria for appointment of new directors. It has been a practice of the Group that the Nominating Committee will source candidates through:</p> <ul style="list-style-type: none"> a) Open advertising or the services of external advisers b) Careful consideration of candidates from a wide range of background and skills as considered appropriate c) Thorough review of candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote the position. <p>All candidates for appointment are first considered by the Nominating Committee, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities required to manage the businesses of the Group effectively, with the aim of meeting the current and future needs of the Board composition. The Nominating Committee also evaluates the candidates' character and ability to commit sufficient time to the Group. Other factors considered for appointment of an Independent Director will include the level of independence of the candidate.</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 4.7

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 comprises: a) Tan Sri Dato' Dr. Sak Cheng Lum (Chairman) b) Mr. Cheah Eu Lee c) Mr. Ng Meng Kwai Tan Sri Dato' Dr. Sak Cheng Lum is the Independent Non-Executive Chairman of the Board.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application :	Applied	
Explanation on application of the practice :	<p>The Board, via the Nominating Committee, assesses the effectiveness of the Board, the Board Committees, and the contribution of each individual Director.</p> <p>The Nominating Committee carries out the Board effectiveness evaluation exercise annually by evaluating the existing balance of skills, knowledge, experience and diversity and then recommending new appointments to the Board, if the need arises.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 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 :	<p>The Remuneration Committee is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of Executive Directors to ensure that it commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Remuneration Committee is guided by market norms and industry practices when making recommendations for the compensation and benefits of Directors and Senior Management.</p> <p>The Group's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the businesses of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration</p> <p>The remuneration policy is available in the Remuneration Committee's Terms of Reference which is made available on the Group's website – http://www.eversafe.com.my</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>The Remuneration Committee comprises:</p> <ul style="list-style-type: none">a) Tan Sri Dato' Dr. Sak Cheng Lum (Chairman)b) Tuan Haji Mohd Isa bin Haji Talibc) Dato' Seri Cheah Eu Kiat <p>The Remuneration Committee's responsibilities include reviewing and recommending the remuneration framework and package for the Executive and Non-Executive Directors, determining the policy for and scope of service agreement for the Executive and Non-Executive Directors, termination payment and compensation commitments as well as recommending to the Board any performance related pay schemes for Executive Directors and/or any other persons for consideration.</p> <p>In addition to this, the Remuneration Committee is also responsible to produce any reports as may be required from time to time, to consider the appointment of the services of advisers or consultants as it deems necessary to fulfil its responsibilities as well as to review any major changes in the remuneration policy and employee benefit structures for senior management throughout the Group, and if deemed fit, recommend them to the Board for consideration.</p> <p>The Remuneration Committee's Terms of Reference is made available on the Group's website – http://www.eversafe.com.my</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

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 :	A detailed disclosure on named basis for the remuneration of individual directors is included in the Group's Annual Report 2020 under the Corporate Governance Overview Statement. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	
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 :	<p>The Group's remuneration structure for its key senior management is intended to attract, retain and motivate. The present disclosure in the Group's Annual Report 2020 contains the remuneration details of the Group's Executive Directors, namely Dato' Seri Cheah Eu Kiat, Eu Ah Seng and Mr. Cheah Siang Tee, who are the three (3) highest remunerated key senior management of the Group.</p> <p>The Board is of the view that the disclosure of the remuneration of other key senior management personnel who are not Directors would not be in the best interest of the Group given the competitiveness in the market for talent.</p>	
<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 and the Chairman of the Board are helmed by two distinct individuals which allows the Board to objectively review the Audit Committee's findings and recommendations. The Chairman of the Board is Tan Sri Dato' Dr. Sak Cheng Lum while the Chairman of the Audit Committee is Mr. Ng Meng Kwai.	
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 :	At present, none of the members of the Audit Committee was a key audit partner in the last 2 years before being appointed.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application :	Applied
Explanation on application of the practice :	<p>The Audit Committee is responsible for the annual assessment of the competency and independence of the external auditors. Having assessed their performance, the Audit Committee will recommend their re-appointment to the Board, who will then seek the shareholders' approval at the Annual General Meeting ("AGM") for their re-appointment as external auditors for the financial year ending 31 December 2021.</p> <p>The review of the external auditors shall include:</p> <ul style="list-style-type: none">a) the audit plan and scope of their audits, including any changes to the planned scope of the audit planb) their evaluation of the system of internal controlsc) the audit fee and on matters concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditorsd) the assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Adopted
Explanation on adoption of the practice :	The Audit Committee comprises wholly of Independent Non-Executive Directors. The Audit Committee members do not participate in the day-to-day management of the Group and do not engage in any business dealings or possess business relationship with the Group. This allows the Audit Committee members to exercise their lodgement objectively whilst acting in the best interest of the Group.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Audit Committee members possess a wide range of skills and experience derived from their core background professions in law, business, accounting, financial and commercial disciplines. All members of the Audit Committee are financially literate and well equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the Audit Committee in accordance with the Terms of Reference of the Audit Committee. All members of the Audit Committee are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to actively participate during deliberations.</p> <p>The qualification and experience of each member of the Audit Committee are disclosed in the Profile of Directors section of the 2020 Annual Report of the Group.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 9.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control systems and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group's corporate objectives and strategies and to safeguard all its stakeholders' interests and protecting the Group's assets as well as to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate lifecycle.</p> <p>The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintained an on-going commitment for identifying, evaluating and managing significant risks faced by the Group systematically throughout the financial year under review.</p> <p>As a result, the Board had put in place a structured Risk Management system to manage key business risks. This framework together with the Group's system of internal control are designed to manage the Group's risks within its risk appetite rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The key components are as set out in the Statement of Risk Management and Internal Control in the Group's 2020 Annual Report.</p> <p>The Board annually 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 changes in the business environment.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application :	Applied	
Explanation on application of the practice :	The features of the Group's risk management and internal control framework is as set out in the Statement of Risk Management and Internal Control of the Group's 2020 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

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 :	The Group's Audit Committee is responsible for the effectiveness of internal control, risk management and governance process. As such, a separate Risk Management Committee was not established.

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 :	<p>The Group's internal audit function is carried out by our own in-house internal auditor, Mr. Leong Yew Wah. He is supported by an independent professional audit firm appointed by the Audit Committee to independently assess the adequacy and effectiveness of the corporate governance and internal control system as well as to provide an independent and objective report on its observations.</p> <p>The internal audit function will highlight its findings, recommendations, management's comments and action plan, via the issuance of an internal audit report directly to the Audit Committee. This report will then be tabled at Audit Committee meetings and thereafter to the Board for further deliberation.</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:-

- 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 :	Mr. Leong Yew Wah, our internal auditor as well as the outsourced internal audit firm are free from any conflict of interest with the Group that may impair their objectivity and independence. The outsourced internal audit firm has a direct reporting access to the Audit Committee and ultimately to the Board.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Group recognises the importance of communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.</p> <p>For this purpose, the Group has established a corporate website including the creation of an Investor Relations section to reach out to current and potential investors. It is the Group's practice to respond to shareholders' letters, phone calls and email enquiries in a timely manner. Whilst the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</p> <p>At the same time, the Group also announces its quarterly results on a timely basis to the shareholders and also make necessary corporate announcements to its stakeholders in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. On top of this, the Group also holds an Annual General Meeting which is also the principal event for dialogue with shareholders where the Directors are present in person to engage directly with the shareholders on any matters related to the operational, financial and administrative aspects of the Group.</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 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 :	The Group does not fall within the definition of Large Companies. Upon achieving such status, the Board shall then decide on the adoption of integrated reporting based on a globally recognised framework.	
<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 date of Notice of the Group's Sixth Annual General Meeting (AGM) is 26 April 2021 and the Sixth Annual General Meeting is scheduled to be held on 25 May 2021, which is more than 28 days' advance notice. This provides the shareholders sufficient time to consider the proposed resolutions to be tabled at the AGM. It also allows the shareholders to make necessary arrangement either to attend and participate in person or to appoint the corporate representatives, proxies or attorneys prior to the Meeting.</p> <p>On top of that, the Notice of AGM also includes administrative details and relevant explanatory notes to the proposed resolutions to enable the shareholders to make informed decisions when exercising their voting rights 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

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 :	Barring any unforeseen circumstances, all Directors of the Group will endeavour to attend all General Meetings. During these meetings, the Board of Directors which also includes the Chairmen of the Audit, Nominating and Remuneration Committees will be present to address any matters raised before 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 :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Group's Annual General Meeting will be held in Ipoh, Perak and not in a remote location.	
<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.