

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3441
COMPANY NAME : Johan Holdings Berhad
FINANCIAL YEAR : January 31, 2018

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	:	<p>The Board is responsible for oversight and overall management of the Company with an ultimate accountability and responsibility for the performance of the Company and promote legitimate interests of the Company, its shareholders and other stakeholder.</p> <p>The Board delegated certain responsibilities and duties to the Board Committees. All the Board Committees discharge their duties and responsibilities within the terms of reference approved by the Board.</p> <p>The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. The authority matrix clearly delineates relevant matters and applicable limits which require the Board's approval and which the Board may delegate to the Management.</p> <p>The Board meets quarterly to review and monitor the Group's financial and operational performance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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 Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders.</p> <p>The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"> • leading the Board in the oversight of management; • long range strategic planning for the Group; • representing the Board to shareholders and to chair and to ensure the efficient organisation and conduct of the Board and/or meeting of the shareholders; • ensuring the integrity of the governance process and issues; • functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions take place and that relevant opinions among members is forthcoming; • ensuring that all Directors are enabled and encouraged to participate in its activities; • guiding and mediating Board actions with respect to organisational priorities and governance concerns; and • performing other responsibilities assigned by the Board from time to time.
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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Chairman of the Board, Tan Sri Dato' Tan Kay Hock also acts as the Chief Executive Officer. Tan Sri Dato' Tan Kay Hock was appointed as the Chairman and Chief Executive of the Company since year 1981. From then, Johan Holdings Berhad rapidly diversified away from its tin mining business and transformed into a Malaysian-grown regional and international group within five (5) years' time.</p> <p>In view of the experience and extensive knowledge of Tan Sri Dato' Tan Kay Hock on the Group's businesses and operations, the Board is of the view that it is in the interest of the Company to maintain Tan Sri Dato' Tan Kay Hock's dual role as Chairman and Chief Executive Officer.</p> <p>There is clear segregation of responsibilities between the Chief Executive Chairman and the Group Managing Director to ensure a balance of power and authority. The Chief Executive Chairman is responsible for long range strategic planning for the Group whilst the Group Managing Director has overall responsibility in managing the Group's business.</p> <p>In addition, the Independent Non-Executive Directors are able to provide unbiased and independent view, advice and judgement to fulfil a pivotal role in corporate accountability.</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

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 the Company Secretary who is suitably qualified, competent and capable of carrying out the duties required.</p> <p>The primary responsibilities of the Company Secretary include:-</p> <ul style="list-style-type: none"> • provide support to the Board in fulfilling its fiduciary duties; • ensure compliance with regulatory requirements; • ensure adherence to board policies and procedures, rules, relevant laws and the best practice of corporate governance; • attend Board meetings and general meetings, and ensure the proper recording of minutes; • ensure proper upkeep of statutory registers and records. 	
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>All Directors are provided with an agenda and a set of Board papers prior to each Board Meeting. Board papers are required to be circulated at least 5 market days prior to the date of each Board meeting to enable the Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting. Board members are supplied with full, timely and accurate information necessary to enable them to discharge their responsibilities.</p> <p>The deliberations and decisions at Board meeting are well documented in minutes. The status of actions taken with reference to the previous minutes of meetings is updated in the matters arising for the Board's notation.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Board Charter which provides guidance for Directors and Management regarding the responsibilities of the Board, Board Committee and the Management. The Board Charter is reviewed regularly to ensure it complies with legislation and best practices, and remains relevant and effective in light of the Board's objective. The Board Charter was last reviewed in March 2018.</p> <p>The Board Charter is available on the Company's website at www.johanholdings.com</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Code of Ethics for Company Directors and a Code of Conduct and Ethics for all the employees. Both codes are available on the Company's website at www.johanholdings.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has formalised a Whistleblower Policy which enables employees and stakeholders to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements. Any concern should be raised with immediate superior or reported to the Group Chairman & Chief Executive Officer. The findings on investigation performed on complaints received together with the proposed course of action will be reviewed by the Audit Committee for a decision.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently comprises two (2) Independent Non-Executive Directors out of the five (5) members.	
		Nevertheless, the Board comprises a majority of Non-Executive Directors who are not involve in the operations of the Company. All the Non-Executive Directors have a varied background and experience to provide diverse perspective and insights to the Board deliberation. The Board is satisfied with the current Board composition and is of the view that the composition fairly reflects the interest of the minority shareholders of the Company.	
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Dato' Ahmad Khairummuzammil Bin Mohd Yusoff ("Dato' Ahamd K.") has served the Board for more than 12 years. Annual shareholders' approval were obtained for Dato' Ahamd K. to continue to act as an Independent Non-Executive Directors of the Company since 2014. During his tenure, Dato' Ahamd K. has continued to exercise his independence and carried out his professional duties in the best interest of the Company.</p> <p>At the forthcoming 2018 Annual General Meeting ("AGM"), the Board will seek shareholders' approval to retain Dato' Ahamd K. as Independent Non-Executive Director but not based on the two-tier voting process as this is not provided in the Company's Constitution. The Board will take steps to review the Company's Constitution before proposing any amendments to the Company's Constitution at 2019 AGM.</p> <p>Mr Ooi Teng Chew has served the Board for more than 9 years. Upon assessment and recommendation of the Nominating Committee, the Board has recommended for the shareholders' approval at the forthcoming 2018 AGM, for Mr Ooi Teng Chew to continue to act as an Independent Non-Executive Director of the Company.</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

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed to ensure that the Directors of the Company possess a broad balance of skills, knowledge, experience, background, independence and diversity. The Nominating Committee is responsible to recommend to the Board for the appointment of new Directors and it endeavour to ensure that gender, ethnicity and age diversity will be taken into account in nominating quality candidates to be appointed to the Board. Selection of senior management also based on objective criteria and merit, with due regard to diversity in skills, experience, age, cultural background and gender.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently does not have any gender, ethnicity and age policy or target. The criteria to be used by the Nominating Committee in the selection and appointment process is mainly to ensure the Board comprises a good mix of skill and experience of Directors to discharge its responsibilities in an effective and competent manner, as well as the candidates' competencies and ability to commit sufficient time to the Company's matters.	
		The Board is supportive of gender diversity in the boardroom as recommended by the MCCG 2017 to promote the representation of women in the composition of the Board. The Board will endeavour to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new directors to be appointed on the Board. Presently, Puan Sri Datin Tan Swee Bee is the only female Director comprised in the Board of five (5) Directors.	
<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 Nominating Committee is responsible for identifying and recommending suitable candidates to be appointed to the Board. There were no new appointments made for the financial year ended 31 January 2018.</p> <p>Moving forward, the Nominating Committee will rely on varied sources to identify candidates to be appointed to the Board, including utilising independent sources.</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 Chairman of the Nominating Committee, Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, is the Senior Independent Director identified by 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	:	For the financial year ended 31 January 2018, an annual evaluation was undertaken to assess the effectiveness of the Board, each Board Committee and each individual Director. The process was internally facilitated and conducted through evaluation forms circulated to the Board. The duly completed evaluation forms were collated and the results were tabled to the Nominating Committee. Based on the results, the Nominating Committee satisfied that the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, core competencies and other qualities. The Nominating Committee was also satisfied that each of its Directors has the character, experience, integrity, competence and time to effectively discharge their respective role. The results and the findings from the Nominating Committee were reported 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

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have a formalised remuneration policies and procedures for Directors and Senior Management. In determining the remuneration of Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the remuneration is reflective of their experience and level of responsibilities.	
		The Directors' fee and benefits have been reviewed by the Remuneration Committee and the Board has recommended that the Directors' fee and benefits for the shareholders' approval at the forthcoming Annual General Meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration Committee is authorised by the Board to oversee and review the level and composition of Directors' and Senior Management's remuneration The Terms of Reference of the Remuneration Committee is available on the Company's website at www.johanholdings.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	Each Director's detailed remuneration is disclosed in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it is not to the Company's advantage or best interest for such disclosure considering the highly competitive market for talents in our industry.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Dato' Ahmad Khairummuzammil Bin Mohd Yusoff, who is an Independent Non-Executive Director, and not the 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

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	:	<p>The Audit Committee comprises 3 members, all of whom are Non-Executive Directors and with a majority of Independent Directors. None of the members of the Audit Committee were former key audit partner of the Company's external auditors within the cooling-off period of 2 years.</p> <p>The Terms of Reference of the Audit Committee was amended to reflect the requirement of a former key audit partner to observe a cooling-off period of at least 2 years before he can be considered for appointment as an Audit Committee member.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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>Procedure is in place for the Audit Committee to conduct annual evaluation of external auditor to assess their suitability, objectivity and independence.</p> <p>The Audit Committee has obtained written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	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 8.5

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

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

Application	:	Applied	
Explanation on application of the practice	:	The members of the Audit Committee have the necessary skills to discharge its duties and are financially literate. The profiles of the members are provided in the 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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established the risk management and internal control framework and policies to identify, evaluate and manage the principal risk of the corporation's business.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has a well-defined and effective risk management framework in alignment with ISO 31000:2009. To ensure the adequacy and effectiveness of the system of risk management and internal controls, the framework and policies will be regularly reviewed by the Board in response to changes in the regulatory and business environment.</p> <p>The Board, via the Audit Committee (AC), reviews the Group's risk profile and ensure that the principal risks identified, evaluated and reported by Management are managed within the Group's risk appetite and risk tolerance. The risk scorecard & risk register will be tabled at the AC meeting half-yearly to ensure key risks and control strategies are deliberated and implemented. The Board is assisted by Management to ensure that internal controls and risk management practices are implemented for managing the principal business risks of the Group.</p> <p>During the financial year under review, internal control and risk-related matters which warranted the attention of the Board, were highlighted via the AC meeting to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has an independent internal audit function, reporting directly to the Audit Committee. Internal audit findings of operating units of the Group and investigations carried out by internal audit department are table at the Audit Committee Meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	A statement on the Internal Audit function with the required disclosure is available under the Audit Committee Report in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established Corporate Disclosure Policies and Procedures in relation to provision of accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by investors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable as the Company is not a large Company as defined by the Malaysian Code on Corporate Governance 2017.	
<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	:	The notice for the forthcoming Annual General Meeting is given to shareholders on 31 May 2018, more than 28 days before the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended the Company's Annual General Meeting held on 21 June 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. The Company's General Meeting has always been held within the Klang Valley.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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