

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7240  
**COMPANY NAME** : VERTICE BERHAD  
**FINANCIAL YEAR** : March 31, 2022

## **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	:	The functions and responsibilities of the Board are set out in the Corporate Governance Overview Statement of the Annual Report 2022	
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

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating Committee reviews the CV and other relevant information of the Chairman prior to his/her appointment. The recommendation of the Nominating Committee is then tabled to the Board for approval with other Board members sharing public information where applicable such as reputation, intellectual integrity, leadership skills, contribution to society, etc of the Chairman.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Board is Tun Arifin Bin Zakaria, an independent, non-executive director. The Executive Director is Mr. Law Ngia Meng. There is currently no CEO in the Company. There are clear and distinct separation of duties and responsibilities between the two positions.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Mr. Ooi Guan Hoe is the Chairman of the Audit Committee, both Dato' Dr. Hj Shamsul Anwar Bin Sulaiman and Mr. Chai Hann Linn are the Chairman of the Nomination and Remuneration Committees respectively while Tun Arifin Bin Zakaria is the Chairman of the Board.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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

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

Application	:	Applied	
Explanation on application of the practice	:	The Company Secretary is Ms Chin Li Thing, a member of MAICSA. She briefs the Board on the latest updates of Listing Requirements, Code of Corporate Governance and other relevant rules and guidelines. She recommends relevant training/seminars for Board members to keep themselves up-to-date with the latest developments in regulatory compliances.	
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

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 1.6

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	:	Meeting materials are emailed to the Directors approximately one week before meeting. Minutes of meeting are circulated and confirmed correct by the Board and Committee at their following respective meetings.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	Applied	
<b>Explanation on application of the practice</b>	:	The board charter is periodically reviewed and published on the company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 Code of Conduct and Ethics of the company is contained in the Employees Handbook and published on the company’s website.	
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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Whistle Blowing Policy (the “Policy”) and the Policy requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Policy also aims to provide for the reported matters to be investigated and dealt with.</p> <p>The Board is aware that the Policy strengthens and supports good management and demonstrates accountability, provides good risk management and sound corporate governance practices. In addition to that, the Board believes that having the Policy in place increases investors’ confidence in the Company.</p> <p>The Whistle Blowing Policy is available on the Company’s website at <a href="http://www.vertice.com.my">www.vertice.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Group's present governance structure and sustainability framework, the Board maintains regular oversight of sustainability matters, including material environmental, social and governance ("ESG") topics. The Board is also accountable for the ultimate supervision of sustainability performance. This oversight includes the presentation of reports and data on material topics such as occupational safety and health, talent management, energy consumption and emissions. The latter two are monitored from the perspective of business and operational cost, productivity as well as contribution to climate change impacts.</p> <p>The aforementioned approach enables more informed decision making by the Board i.e. in measuring progress achieved against key performance indicators or targets, in setting broad goals and strategies and in considering how sustainability impacts both financial values as well as stakeholder value creation.</p> <p>The Board integrates sustainability considerations that address stakeholders' expectations in the implementation of the Group's strategies, business plans, major plans of action and risk management, in order for the Group to remain competitive, be more resilient and adaptable to changes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company's annual Sustainability Report provides a detailed account of the Group's sustainability strategies, performance and initiatives that are available for both internal and external stakeholders.</p> <p>The Sustainability Report covers the Company's management approach towards a wide range of ESG topics, the evaluation of the said management approach, the results achieved, relevant lessons learnt and future plans going forward.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is updated on the progress of the Group's sustainability priorities and initiatives through participation in the quarterly updates by Risk Management Committee on Enterprise Risk Management Report and annual approval on Sustainability Report.</p> <p>The Board is mindful of the need to keep abreast of external trends and has agreed to devote more time for learning and sharing of sustainability matters and practices.</p> <p>The Board continues to broaden its knowledge base on ESG related matters through a wide range of training programmes as well as other related engagements, ranging from sustainable finance, climate change, and general ESG training and development programmes.</p> <p>Going forward, ESG related risks such as risks arising from climate change including physical, transitional and legal risks are being progressively embedded into the Group's risk register. From the risk register, the Board is able to develop an oversight and mitigation measures for the said risk factors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board had via the Nomination Committee, reviewed the Board and Board Committees to assess the Board's performance in addressing the Company's material sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Management plays an active role in managing sustainability strategies and initiatives in the Group.</p> <p>The Management ensures alignment of the Group's sustainability considerations with the business operations of the Group in all projects undertaken. Sustainability considerations are reviewed by an external risk management consultant and updated to the Risk Management Committee from time to time.</p>



### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee assesses the experience, the tenure, and diversity required collectively for the Board and ensures that it is refreshed so that it can discharge its duties effectively.</p> <p>During the financial year, Dato' Sri Hj Wan Adnan Bin Wan Mamat, Dato' Dr Hj Shamsul Anwar Bin Sulaiman, Mr. Chai Hann Lin and Mr. Ooi Guan Hoe were appointed as an Independent Non-Executive Director. Whilst, Mr. Law Ngia Meng was appointed as Executive Director.</p> <p>Nomination Committee annually reviews the performance of those Director who is seeking re-election based on competency, preparedness and independence.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has 6 independent directors out of a total of 8 directors	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	The Board has adopted a policy which limits the tenure of independent directors to nine years without further extension.

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied	
Explanation on application of the practice	:	Board and senior management comprise people from various professional background, business experiences, having diversified skills in managing their respective portfolios. The Company adopts the policy of right person for the right job.	
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

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For the appointment of new director(s), the Nomination Committee will rely on various sources such as recommendations from existing directors, major shareholders, and independent sources.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The performance of retiring Directors who are recommended for re-election at the forthcoming AGM would be assessed through the Board and Board Committee evaluation which includes the independence of Independent Non-Executive Director, if any.</p> <p>The profile of the Directors who are due for retirement and eligible for re-election is set out in the 2022 Annual Report of the Company.</p> <p>The information on Directors standing for re-election and the justification from the Board to support the re-election of Directors are disclosed in the Explanatory Notes to the Notice of 15th Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nominating Committee Chairman is Dato’ Dr. Hj. Shamsul Anwar Bin Sulaiman, an Independent, Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to set a definite target and time frame to achieve this. Instead, the Company is taking a stance that it will consider appointing female directors if conditions of candidates match the search criteria of the Company. However, it is important to note that the Company does not discriminate against female candidates.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently does not adopt any policy on boardroom diversity, such as gender and age. The Board is of the view that while it is important to promote diversity, the normal selection criteria of a Director based on effective blend of competency, skills, experiences and knowledge in areas identified by the Board should remain a priority	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Each Board member is required to complete the Board Skills Matrix Form, Board and Board Committee Evaluation Form, and Directors' Evaluation Form. Such self-assessment will be tabled to the Board
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Remuneration Committee members are all independent, non-executive directors. The remuneration of directors is recommended by the Remuneration Committee, tabled to the Board and approved by the shareholders. The remuneration of senior management is recommended by the Remuneration Committee and approved by the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 7.2

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 reviews and recommends matters relating to the remuneration of board and senior management. The Committee has written Terms of Reference published on the company's website.	
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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The range and aggregate remunerations received by Directors for the financial year ended 31 March 2022 are categorized as follows:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Law Ngia Meng	Executive Director	-	-	45,000	-	-	6,750	51,750	-	-	45,000	-	-	6,750	51,750
2	Wong Kwai Wah	Executive Director	-	-	570,000	-	-	85,500	655,500	-	-	570,000	-	26,079	85,500	681,579
3	Ibrahim Bin Sahari	Executive Director	-	-	540,000	-	-	81,000	621,000	-	-	540,000	-	24,150	81,000	645,150
4	Tun Arifin Bin Zakaria	Independent Director	188,100	12,610	-	-	-	-	200,710	188,100	12,610	-	-	-	-	200,710
5	Dato' Sri Hj Wan Adnan Bin Wan Mamat	Independent Director	46,000	800	-	-	-	-	46,800	46,000	800	-	-	-	-	46,800
6	Law Ngia Meng	Independent Director	10,000	-	-	-	-	-	10,000	10,000	-	-	-	-	-	10,000
7	Chai Hann Lin	Independent Director	25,000	1,600	-	-	-	-	26,600	25,000	1,600	-	-	-	-	26,600
8	Ooi Guan Hoe	Independent Director	24,000	1,600	-	-	-	-	25,600	24,000	1,600	-	-	-	-	25,600

9	Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	Independent Director	10,000	800	-	-	-	-	10,800	10,000	800	-	-	-	-	10,800
10	Wong Kwai Wah	Non-Executive Non-Independent Director	5,000	-	-	-	-	-	5,000	5,000	-	-	-	2,371	-	7,371
11	Mohd Hatim Bin Abdullah	Independent Director	60,000	3,800	-	-	-	-	63,800	60,000	3,800	-	-	-	-	63,800
12	Dato' Dr. Azirul Salihin Bin Anuar	Independent Director	30,000	3,500	-	-	-	-	33,500	30,000	3,500	-	-	-	-	33,500
13	Yee Yit Yang	Independent Director	55,000	6,600	-	-	-	-	61,600	55,000	6,600	-	-	-	-	61,600
14	Dato' Mah Siew Kwok	Independent Director	30,000	3,000	-	-	-	-	33,000	30,000	3,000	-	-	-	-	33,000
15	Ham Hon Kit	Independent Director	10,000	2,000	-	-	-	-	12,000	10,000	2,000	-	-	-	-	12,000



**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 8.2**

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that remuneration information of senior management to be sensitive which may affect the Company’s efforts in competing and retaining executive talents.	
		Disclosure will be done using designation of the top 6 senior management, such as SM 1, SM 2, SM 3, SM 4, SM 5 and SM 6 in the bands of RM50,000 but not in component including salary, bonus, benefits in-kind and other emoluments.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Within 3 years	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	SM 1	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	50,001 to 100,000
2	SM 2	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	200,001 to 250,000
3	SM 3	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	50,001 to 100,000
4	SM 4	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	250,001 to 300,000
5	SM 5	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	200,001 to 250,000
6	SM 6	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	150,001 to 200,000

**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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr. Ooi Guan Hoe is the Chairman of the Audit Committee while Tun Arifin Bin Zakaria is the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the Audit Committee members is a former key audit partner	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee reviews the Audit Committee Report prepared by the external auditors on an annual basis. This allows the Audit Committee to form an opinion on the suitability, objectivity and independence of the external auditors. Furthermore, the provision of non-audit services by the external auditors is kept to a minimum amount.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All the Audit Committee members are Independent, Non-Executive Directors.



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit Committee members are from various backgrounds including financial, corporate, legal and business. The profiles of the Audit Committee members are provided in the Annual Report 2022. Training of the Audit Committee members are provided in the Corporate Governance Overview Statement.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The board has established an effective risk management and internal control framework. The Executive Board conduct regular meetings with all business unit heads from time to time to ensure all Group’s operations are in accordance with the corporate objectives, business direction, policies and strategies approved by the Board.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 10.2

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 key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

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

**Practice 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Risk Management Committee members are from various backgrounds including financial, corporate, legal and business. The profiles of the Risk Management Committee members are provided in the Annual Report 2022. Training of the Risk Management Committee members are provided in the Corporate Governance Overview Statement.

**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 11.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board outsourced the internal audit function of the Company to an independent external party to assist the Audit Committee to provide assurance to management and the Board that all internal controls are in place, adequate, and functioning effectively within the acceptable level of expectations.</p> <p>Details of the Internal Audit functions and activities are set out in the Statement of Risk Management and Internal Control of Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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

The board should disclose—

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

Application	:	Applied				
Explanation on application of the practice	:	<p>The internal audit functions and activities are set out in the Statement of Risk Management and Internal Control of the Annual Report 2022.</p> <p>The internal audit function has been outsourced to an independent external party and reports to the Audit Committee directly. This reporting structure gives the internal audit function the authority needed and unrestricted access to all operations, records, property and personnel of the Group to promote independence and objectivity. The audit personnel are free from any relationships or conflicts of interest.</p> <p>The internal audit function for the financial year ended 31 March 2022 consists of 5 personnel and the person responsible for internal audit is as follow:</p>				
		<table><tr><th>Director-in-charge</th><th>Qualifications</th></tr><tr><td>Mr. Ramnath R Sundram</td><td><ul style="list-style-type: none"><li>Member of Association of Chartered Certified Accountants (ACCA)</li><li>Member of Malaysian Institute of Accountants (MIA)</li></ul></td></tr></table>	Director-in-charge	Qualifications	Mr. Ramnath R Sundram	<ul style="list-style-type: none"><li>Member of Association of Chartered Certified Accountants (ACCA)</li><li>Member of Malaysian Institute of Accountants (MIA)</li></ul>
	Director-in-charge	Qualifications				
	Mr. Ramnath R Sundram	<ul style="list-style-type: none"><li>Member of Association of Chartered Certified Accountants (ACCA)</li><li>Member of Malaysian Institute of Accountants (MIA)</li></ul>				
	<p>The internal audit function is guided by the International Professional Practice Framework (“IPPF”) 2017.</p>					
Explanation for departure	:					
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.						
Measure	:					

<b>Timeframe</b>	:		
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**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 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company publishes its corporate announcements, quarterly results, and annual reports on its website. Information regarding the Company's businesses, trends, and other information is also available on the website. Stakeholders can communicate with the Company through the "Contact Us" section on the website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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 12.2**

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

Application	:	Applied	
Explanation on application of the practice	:	Press releases are made as and when there are major developments in the Company. Social and charitable events are reported in the Annual Reports as and when such events took place in a particular financial year.	
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**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Notice of AGM will be advertised in the major local newspapers at least 28 days prior to the meeting. The Annual Report 2022 will be despatched to shareholders latest by 28 July 2022; giving the required notice of at least 28 days prior to the meeting on 25 August 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Board members attended the previous AGM which was held on 28 September 2021. They have also confirmed their attendance for the forthcoming AGM to be held on 25 August 2022, barring unforeseen circumstances.</p> <p>The Chairman of the Board conducts the meeting and acts as facilitator and direct the respective committee chairman to provide meaningful response to questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	All agendas are properly and clearly briefed to the shareholders prior to the question and voting sessions. Shareholders are given every opportunity to raise questions pertinent to the respective agendas. Each agenda is put to vote after all questions raised by shareholders are answered. The AGMs are normally held in common, easily accessible areas within KL and PJ.  Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence at general meetings.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board ensured that sufficient opportunities were given to shareholders to raise questions relating to the affairs of the Company by providing ample time for the Question-and-Answer session during the 14th AGM held on 28 September 2021.</p> <p>The shareholders and proxy holders were able to rely on real time submission of typed text to exercise their rights to communicate in a virtual meeting by submitting questions or remarks in relation to the agenda items into the text box given in the live stream player.</p> <p>The Directors of the Company had responded to relevant questions addressed to them during the 14th AGM. The representatives of the external auditors were also invited to the 14th AGM to respond to the queries raised by the shareholders, if any.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the COVID-19 pandemic, the 14th AGM was held virtually using Remote Participation and Voting ("RPV") facilities hosted on the online meeting platform of ShareWorks Sdn. Bhd. at <a href="http://www.swsb.com.my">www.swsb.com.my</a> provided by ShareWorks Sdn. Bhd. in Malaysia allowed shareholders to pose questions to the Board and the Chairman of the Meeting via typed text in the query box.</p> <p>The shareholders submitted their questions at any time from the day of notice of the Meeting and up to the time when the Meeting was in progress.</p>
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of the 14th AGM has been uploaded onto the Company's website within 30 business days after the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **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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