CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	5226
COMPANY NAME	**:**	Gabungan AQRS Berhad
FINANCIAL YEAR	**:**	December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of good corporate governance practices within the Company and its subsidiary companies ("Group") as a fundamental part of discharging its responsibilities to safeguard shareholders' investments and to protect the interests of all stakeholders. In discharging its fiduciary duties and leadership functions, the Board is guided by the Code of Conduct and Ethics, Whistle-Blowing Policy, Anti-Corruption Policy as well as the terms of reference of the Board Committees which are published on the Company's Corporate website at http://www.gbg.com.my/. These outline the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, the Managing Directors/Group Chief Executive Office and Management. The Board also has reserved a formal schedule of matters for its decision making to ensure that direction and control of the Company are firmly in its hands. It has also set the strategic direction of the Company, exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Company. Its role can be summarised by the following: • Reviewing and adopting a strategic plan for the Group. • Overseeing and evaluating the conduct of the Group's business. • Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. • Establishing a succession planning for Board and senior management including appointing, training, fixing the compensation of, and where appropriate, replacing Key Senior Management.

	• Overseeing the development and implementation of stakeholders' communications policy for the Group to ensure an effective, transparent and regular communication with its stakeholders. • Reviewing the adequacy and the integrity of the management information and internal control system of the Group including systems for compliance with applicable laws, regulations, rules, directives, and guidelines. • Formulating of corporate policies and strategies. • Approving key matters such as financial results as well as major investments and divestments, major acquisitions and disposals and major capital expenditure in accordance with the limits of authority. • Annual Assessment of the Board, Board Committees and individual Directors. In line with its overall responsibility for the proper conduct of the Group's business, the Board is also responsible for establishing the Group's business goals and strategic directions, setting operating goals and performance targets for Management and monitoring the achievement of those operating goals and performance targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal control and risk management processes.	
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.

Application	:	Applied
Explanation on application of the practice	:	The Chairman, Y.M. Tunku Alizan bin Raja Muhammad Alias is primarily responsible for the leadership and management of the Board, ensuring the Board and Board Committees carry out their responsibilities in the best interest of the Company. The role and responsibilities of the Chairman are stated in the Paragraph 2.3.2 of the Board Charter, which is available on the Company's website at http://www.gbg.com.my/. During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed. He also ensures that every Board resolution is put to vote and the will of majority prevails. Overall, the Chairman is responsible for providing leadership to the Board, controls the orderly and effective functioning of the Board, ensures the integrity and effectiveness of the governance processes of the Board and consults with the Board promptly over any matter that is pertinent to the Company and of concern to the Company.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The clear division of roles and responsibilities of the Chairman and Group CEO are explained clearly in Paragraphs 2.3.2 and 2.3.3 of the Board Charter, which are available on the Company's website at http://www.gbg.com.my/. For the position of Chairman, Y.M. Tunku Alizan bin Raja Muhammad Alias leads and manages the Board by focusing on strategy, governance, compliance and also to ensure the Board's decisions have already been implemented whereas the Group CEO, Dato' Azizan bin Jaafar focuses on the day-to-day management and the business of the Group, and is responsible for the implementation of the Board's policies and decisions. The distinct and separate roles of the Chairman and Group CEO with their clear division of responsibilities as mentioned above, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.
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 1.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is supported by three (3) Company Secretaries who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. They are responsible for providing Directors with advice on compliance and corporate governance issues. The Board is regularly updated by the Company Secretaries on new changes to the statutory and regulatory requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities. The Company Secretary attends the Board and Board Committee meetings and ensures the meetings are properly convened and deliberations at those meetings are well captured and minuted. All Directors have access to the advice and services of the Company Secretaries in carrying out their duties. The Company Secretaries also undertake the statutory duties as prescribed under the Companies Act 2016 and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").	
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 1.5

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	:	To facilitate the Directors' time management, a scheduled meeting calendar is prepared and circulated in advance of each new year which is usually circulated to the Board by end of the calendar year. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting. The Notices for Board Meetings and Board Committees' Meetings are sent to the Directors via email at least seven (7) working days prior to the meeting. Further, the Company Secretaries will circulate the proper notice of meetings together with the agendas and meeting materials at least five (5) business days before the meeting date or in a timely manner, via electronically if necessary, to allow reasonable time for Directors to view the Board papers and Board Committees' papers. The deliberations and decisions at Board and Board Committees' meetings are well documented in the minutes, including matters where interested Directors are abstained from voting and deliberation. The minutes of Board meetings are circulated to all Directors on a timely basis for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from all the members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Actionable items would be recorded as matters arising until they are eventually resolved. Signed copies of the minutes were kept in the minutes book maintained by the Company Secretary.
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board is guided by the Board Charter which is an authoritative policy documents that sets out the Board's strategic intent, authority and terms of reference. It also serves as a primary reference for the Directors of their fiduciary duties as directors of the Company which outlines the duties and responsibilities of the Board, matters reserved for the Board's deliberation and decision-making, and those matters which the Board may delegate to the Board Committees. The Board Charter is made available on the Company's website at http://www.gbg.com.my/. The Board will periodically review the Board Charter and make any changes whenever necessary to ensure they remain consistent with the Board's objectives, current law/regulations, good governance practices and in compliance with the Malaysian Code on Corporate Governance.
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 3.1

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 Group has in place a Code of Conduct and Ethics that is applicable to Directors and employees of the Group. The Code of Conduct and Ethics is accessible on the Company's website at http://www.gbg.com.my/. The Code of Conduct and Ethics sets out the standards of good conduct and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices. All Directors and employees of the Group are required to observe the Code of Conduct and Ethics which provides guidance as to the ethical conduct to be complied to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. Pursuant to the amendments made to the Malaysian Anti-Corruption Commission Act 2009, the Board approved an Anti-Corruption Policy and Anti-Corruption Framework ("**ACPF**") on 21 May 2020. The Board had on 25 February 2021 and 28 April 2021 reviewed the ACPF to ensure that the standards of corporate behaviour are updated and continue to be relevant. The Anti-Corruption Policy is available on the Company's website at http://www.gbg.com.my/. The Company had also conducted a few engagement activities to create awareness on the ACPF to ensure the Group's employees understand the significance of potential violation within or outside of the organisation.
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.

Application	:	Applied
Explanation on application of the practice	:	The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required. Included in the policy are the grievance procedures and the independent persons to which report on any suspected wrongdoing maybe reported for further investigation. On 26 November 2020 and 28 April 2021, the Board approved a revised Whistle-Blowing policy to reflect the changes required to align with the Anti-Corruption Policy and Anti-Corruption Framework as well as to the changes in the composition of the Company. The Whistle-Blowing Policy is available for reference on the Company's website at http://www.gbg.com.my/.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	At the Tenth Annual General Meeting held on 12 August 2020, the resolution to retain Mr. Loo Choo Hong as Independent Director of the Company was defeated by simple majority. Therefore, Mr. Loo Choo Hong was re-designated as Non-Independent Non-Executive Director on 12 August 2020. Mr. Loo Choo Hong resigned from office as Non-Independent Non-Executive Director of the Company on 12 August 2020. Puan Latifah binti Abdul Latiff was appointed as Independent Non-Executive Director on 26 August 2020 . With the appointment of Puan Latifah binti Abdul Latiff, the Board size of the Company remains unchanged at seven (7) Directors comprising four (4) Independent Non-Executive Directors and three (3) Executive Directors of which each of the Executive Directors also serves as Group Chief Executive Officer, Group Deputy Chief Executive Officer and Group Chief Financial Officer respectively. The four (4) Independent Non-Executive Directors out of the total number of the Board's members made up the Board to comprise of majority independent directors.
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 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	Our Board takes cognisance of the best practice of MCCG on the tenure of Independent Director which shall not exceed a cumulative term of nine (9) years and if the Board intends to retain the Independent Directors beyond nine (9) years, it should justify and seek annual shareholders' approval. Shareholders' approval had been sought at the last Annual General Meeting ("AGM") for Datuk Kamarudin bin Md. Ali who has attained his nine years term on 6 July 2020, to continue in office until the conclusion of the forthcoming AGM. Mr Muk Sai Tat was appointed as an Independent Non-Executive Director of the Company on 2 November 2012 and therefore, will have served the Board in that capacity for a cumulative term of nine (9) years by 2 November 2021. Hence, prior approval should be obtained from the shareholders at the forthcoming AGM before he reaches the nine (9) years term limit on 2 November 2021. The Board through the Nomination Committee has undertaken relevant assessment and recommended Datuk Kamarudin bin Md and Mr Muk Sai Tat to continue to serve as Independent Non-Executive Directors of the Company based on the following justification:- (a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements ("MMLR") of Bursa Securities and thus, they would be able to function as check and balance, provide a broader view and bring with them an element of objectivity to the Board. (b) They have not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or their ability to act in the best interests of the Company. (c) They have no potential conflict of interest, whether business or non-business related with the Company.

	(d) There are significant advantages to be gained from a long-serving Independent Director as they have many years of experience with incumbent knowledge of the Company and the Group's activities and corporate history, and have provided invaluable contributions to the Board in their roles as an Independent Non-Executive Directors.	
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 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 acknowledges the importance of diversity in terms of skills, profiles, age, ethnicity, gender, business experience and personal skills of the Directors and Senior Management. Having a range of diversity brings the necessary perspective, experience and expertise required to achieve effective stewardship and management of the Company's operation. The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations to the Board of Directors. Therefore, in making its recommendations, the Nomination Committee should consider the following criteria of the candidates:- • qualification; • skills, knowledge, expertise and experience; • specialist knowledge and technical skills; • professionalism; • integrity; and • in the case of candidates for the position of independent non-executive directors, the nomination committee should also evaluate the candidate's ability to discharge such responsibilities/ functions as expected from independent non-executive directors and time commitment to the Company. All appointments will be assessed based on the merits of each candidates and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and workforce.
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 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	The Group's Gender Diversity Policy is available on the Company's website at http://www.gbg.com.my/. Puan Latifah binti Abdul Latiff was appointed as Independent Non-Executive Director on 26 August 2020. The Company is not classified as "Large Company". However, with the newly appointed female Independent Non-Executive Director, the Board currently has two (2) female Directors or 28.57% of the Board are women. This has reflected the Board's commitment towards achieving a more gender-diverse Board. The Board will, from time to time, review its composition and size for diversity in skills, experience, cultural background, gender and age.
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 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	The Board considers a variety of sources for the identification of suitable candidates. The Board may rely on recommendations from the existing Board members, Senior Management, major shareholders as well as other independent sources. During the financial year 2020, the Company has appointed Puan Latifah binti Abdul Latiff as an Independent Non-Executive Director of the Company. The Board will ensure that all Directors are appointed on merit, in line with standards as set out in Paragraph 2.20A of the MMLR of Bursa Securities. Although the selection/identification of candidates of appointment was made based on the recommendation from existing Board members, the Board decisions are still made objectively in the best interest of the Company taking into the account the diverse skills, expertise and perspective of the current Board members.	
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 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 Nomination Committee is chaired by an Independent Non-Executive Director, Mr. Muk Sai Tat.	
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee (NC) carries out an annual evaluation of the effectiveness of the Board as whole, the Board Committees and the contribution or performance of each individual Director. The NC also assists the Board in assessing the independence of the Independent Directors annually. The annual evaluation, which was internally facilitated, involves individual Director and Committee members completing separate evaluation performance questionnaires regarding processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation is guided by the 3rd Edition of the Corporate Governance Guidebook issued by Bursa Malaysia. The assessment consists of the following: ▪ Performance Evaluation Sheet - Individual Director's Self/Peer Evaluation; ▪ Board and Board Committee Evaluation Form; ▪ Audit Committee Evaluation Form; ▪ Audit Committee Members' Self and Peer Evaluation Form; and ▪ Independent Directors' Self-Assessment Checklist. The assessment and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board meeting held thereafter. These assessments and evaluations carried by the NC are properly documented. The Board is satisfied with the results of the annual assessment. The Board views that the current size and the existing composition of the Board are sufficient and well balanced, cater effectively to the scope of the Group's operations and there is appropriate mix of knowledge, skills, attributes and core competencies in the Board. As presently constituted, the Board has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.
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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a Remuneration Policy to determine the remuneration of its Director and Senior Management. The details as set out in the said policy is available on the Company's website at http://www.gbg.com.my/. The remuneration of Executive Directors and Senior Management are determined at levels which enabled the Company to attract and retain Executive Directors and Senior Management with the relevant experience and expertise to manage the business of the Group effectively. The Remuneration Committee ("RC") reviews the Board's remuneration policy and terms of service of each Executive Director annually taking into consideration the market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group. The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly or annual fees and a meeting allowance for each Board of Directors' Meeting attended. Determination of remuneration packages of Non-Executive Directors, is a matter of the Board as a whole. Hence, Individual Director is not allowed to participate in the discussion of his / her own remuneration.
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 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 Board has in place a Remuneration Committee which comprises solely of Non-Executive Directors. Remuneration Committee's primary responsibilities include establishing, reviewing and recommending to the Board the remuneration packages of each individual Executive Director and Senior Management to ensure that their remuneration should commensurate with their responsibilities and commitment. The authority, duties and responsibilities of Remuneration Committee are provided in the Terms of Reference, which is available on the Company's website at http://www.gbg.com.my/.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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	:	Detailed disclosure on named basis for the remuneration of individual Directors which include their fees, salary, bonus, benefits in-kind and other emoluments are provided in the Corporate Governance Overview Statement in the Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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	:	Applied	
Explanation on application of the practice	:	The Company had disclosed the top five Senior Management's remuneration component in band width of RM50,000 on named basis. Detail disclosure is available in the Corporate Governance Overview Statement of the Company's Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - 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, Puan Latifah binti Abdul Latiff, is an Independent Non-Executive Director and is not the Chairman of 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
There is an effective and independent Audit Committee.

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

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the Board members are former key audit partners of the External Auditors. The Audit Committee has adopted the Practice 8.2 of the Malaysian Code on Corporate Governance, and incorporated such policy into the External Auditors' Independence Policy of the Company. The External Auditors' Independence Policy is made available for reference on the Company's website at http://www.gbg.com.my/.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is 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	:	The external audit function under the purview of the Audit Committee is essential for all shareholders in ensuring the reliability of the Group's financial statements. The Board maintains a formal and transparent professional relationship with the Group's independent external auditors via the Audit Committee. The External Auditors, in supporting their independence, will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the Audit Committee of the Company during the financial year. For the financial year ended 31 December 2020, the Audit Committee undertook an assessment of the suitability and independence of the external auditors, using the evaluation form guided by the 3rd Edition of the Corporate Governance Guidebook issued by Bursa Malaysia by obtaining inputs from the external auditors, officers who have contact with the team of the external auditors and as well from the Audit Committee. Based on the results of the evaluation, the Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment to the shareholders' approval at the forthcoming Annual General Meeting.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The independent directors are important in ensuring the effectiveness of corporate governance practices of the Company. At present, the Audit Committee comprised solely of independent directors.

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application	:	Applied
Explanation on application of the practice	:	The members of the Audit Committee ("AC") has a mix of skill, knowledge and the appropriate level of expertise and experience which enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the AC. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in the Annual Report. All the members of the AC are financially literate and are able to understand, analyse and grasp complex issues brought to its attention including the financial reporting standards and processes. Members of the AC attended trainings and talks to keep them updated on developments of financial standards during the financial year 2020 which are disclosed in the Corporate Governance Overview Statement in the Annual Report. Further, AC members also received some updates on developments in accounting and governance standards presented by the External Auditors at AC 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
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 acknowledges its responsibilities for maintaining a sound and reliable system of internal controls within the Group, covering the financial controls, the operational and compliance controls, and risk management. This is a continuing process which includes risk assessments, internal controls reviews, and internal audit checks on the Group. The system of internal controls of the Group, by its nature are designed to provide reasonable but not absolute assurance against risk of material errors, misstatement, fraud, or losses occurring. The Audit Committee is responsible to assess the Group's internal control environment to determine the adequacy and effectiveness of the internal control system put in place by Management. The review covers the financial, operational and compliance controls. The Risk Management Committee ("RMC") assists the Board in reviewing the adequacy and effectiveness of risk management process of the Group as a whole. The RMC deliberates the risk reports and reviews responses to significant risks, risk rating and risk tolerance identified including non-compliance with applicable laws, rules, regulations and guidelines, and output from monitoring processes. The RMC will periodically review the process of identified risks and effectiveness of mitigation strategies and controls. The information on risk management and internal control are set out in the Statement on Risk Management and Internal Control in the Annual Report.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

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

Practice 9.2
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 Group has a structured risk management framework in place, whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement. The Risk Management Committee is assisted by the Management to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board. Details on the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established a Risk Management Committee, comprising six (6) members with a majority of Independent Non-Executive Directors, to oversee the Group's risk management framework and policies. The Terms of Reference of the Risk Management Committee is available for reference on the Company's website at http://www.gbg.com.my/.

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 internal audit function is supported by an outsourced independent professional service provider, IA Essential Sdn. Bhd., to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively. The Audit Committee approves their audit plan and upon completion monitor the implementation progress of their audit recommendations. The internal auditors then perform their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. The Internal Audit findings including the recommended corrective actions, potential risks, implications and Management responses are presented directly to the Audit Committee. The details and summary of work of the internal audit function are further disclosed in the Audit Committee Report in the Company's Annual Report.	
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 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	:	The Internal Audit Function is outsourced to an external independent service provider, IA Essential Sdn. Bhd. ("IA Essential"). The head of the outsourced Internal Audit Function, Mr. Chong Kian Soon, is a Chartered Member of Institute of Internal Auditors Malaysia. He is supported by the engagement team of Internal Auditors who have the relevant professional qualifications such as accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee also reviewed the engagement between the Group and IA Essential to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	The Group believes that clear and consistent communication with investors promotes better appreciation of the Company's business and activities and allows the Group's business and prospects to be evaluated fairly. The Board communicates with stakeholders by way of: ▪ the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements; ▪ various announcements made to the Bursa Securities, which include announcements on quarterly results; ▪ the Company website; ▪ meetings with research analysts and fund managers if required to provide them with insight of business in Group and the industry; and ▪ Shareholders interaction during the general meetings. Furthermore, the Annual General Meeting ("AGM") remains a principal forum used by the Company for communication with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are encouraged to actively participate in the question-and-answer session. The Board, Key Senior Management and the External Auditors will present to answer and provide appropriate clarifications at the AGM. As such, stakeholders are also encouraged to direct their inquiries via e-mail at enquiries@gbg.com.my or info@gbg.com.my.
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board acknowledges that the MCCG encourages the adoption of integrated reporting based on a globally recognised framework to improve the quality of information available to investors and promote greater transparency and accountability. Recognising that integrated reporting is a journey which requires cross functional efforts, the Company will gradually build upon the necessary processes and systems to support the development towards integrated reporting.
		The Board is of the view that the current disclosures and dissemination of information with detailed narratives of the Group's financial and non-financial information to our various stakeholders are sufficient for making informed decisions. Corporate information is disseminated via the Company's website and announcements made via Bursa Malaysia Securities Berhad's website. The current Annual Report also provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, as well as Sustainability Statement form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Company has already applied this practice since financial year 2017 and at least 28 days' notice period is given before the date of holding Annual General Meeting.	
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 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 and the Chairman of every Board Committees were present at the Tenth Annual General Meeting of the Company held on 12 August 2020 to address questions from shareholders. Shareholders were invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general and meaningful responses were given to the questions raised.	
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 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company holds its past years' General Meetings at venue which is accessible by shareholders and not at remote locations. Shareholders who are unable to attend the Annual General Meeting are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. All resolutions set out in the Notice of Annual General Meeting were put to vote by poll. An independent scrutineer was appointed to validate the vote cast in the last Annual General Meeting. The outcome of the Annual General Meeting was then announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the Annual General Meeting were posted on the Company's website.	
		In view of the current COVID-19 pandemic and in the interest of the safety and health of shareholders, the forthcoming 11th Annual General Meeting of the Company will be conducted on a fully virtual basis via live streaming with online remote participation and voting to encourage shareholders to participate at the 11th Annual General Meeting of the Company from any locations.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

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

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