

CORPORATE GOVERNANCE REPORT

STOCK CODE : OFI 7107
COMPANY NAME : Oriental Food Industries Holdings Berhad
FINANCIAL YEAR : March 31, 2019

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	:	<p>The Board undertakes responsible for the proper stewardship of the Group to provide reasonable assurance for the success of the Group on sustainable manner. The Board is tasked with realisation of long term and sustainable shareholders' value and safeguarding the interests of stakeholders.</p> <p>This Board Charter is established to promote high standards of Corporate Governance and sets out the composition, roles, responsibilities and processes of the Board and its committees. It also ensures that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members. The Board strives to collectively lead and is responsible for the success of the Group by providing entrepreneur leadership and direction. The Board acknowledges that it is the ultimate decision making body of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Tan Sri Dato' Azizan Bin Husain.</p> <p>As Chairman of the Board, Tan Sri Dato' Azizan Bin Husain who is the Independent and Non-Executive Director is responsible for the governance, orderly conduct and effectiveness of the Board.</p> <p>The Chairman represents the Board to the shareholders, to act as facilitator at the meetings of the Board, to ensure that no Board member dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board members are forthcoming.</p> <p>The Chairman also ensures that decisions are taken on a sound and well-informed basis, and that Directors receive the relevant information on a timely basis.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Chairman is held by Tan Sri Dato' Azizan Bin Husain, an Independent Non-Executive Director, while the position of the Group Managing Director is held by Datuk Seri Son Chen Chuan and the Group CEO of the Company is Datuk Son Tong Leong.</p> <p>The role and responsibilities of the Independent and Non-Executive Chairman are distinct and separate from the duties and responsibilities of the Group Managing Director and Group CEO.</p> <p>The principal role of the Chairman of the Board is to manage and to provide leadership to the Board. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the Management of the Company, through the Group Managing Director and Group CEO.</p> <p>The Group Managing Director and Group CEO is responsible for the performance of the Company, as dictated by the board's overall strategy.</p> <p>The role of the Chairman, Group Managing Director and Group CEO are described in the Board Charter, which is available on the Company's website at www.ofih.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by Company Secretaries who are Licensed Secretaries (LS) licensed by the Registrar of Companies and Malaysian Institute of Chartered Secretaries & Administrators (MAICSA), satisfy the qualification as prescribed under Section 235(2) of the Companies Act 2016 and have the requisite experience and competency in company secretarial matters.</p> <p>The Company Secretaries of the Group are responsible for the compliance of listing and related statutory obligations, recording of minutes as well as one of the sources of information to provide advice to the Board and relevant committees on issues relating to compliance with laws, rules, procedures and regulations that may affect the Group. The Board as a whole is responsible for appointment and removal of Company Secretaries.</p> <p>The Company Secretary attends all Board and Board Committee meetings and ensures accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<ul style="list-style-type: none"> • All Board and Board Committee meetings dates are prepared and agreed on in advance by the Board through an annual tentative calendar to ensure that all members are able to attend the scheduled meetings. • All Board members receive notice of upcoming Board and Board Committee meetings and the agenda of the meeting at least two (2) weeks prior to the meeting. • All Board members are furnished with board papers consisting of comprehensive information to be discussed at the meeting in accordance with the agenda. • All materials related to the business of the Board and Board Committee at a scheduled meeting are distributed in hard copy at least seven (7) days prior to the meeting date. • Board meetings are conducted in person. • Senior staff members shall normally attend all Board and Board Committee meetings to present and brief the Board or Board Committee on matters tabled at the respective meetings. • The Non-Executive Directors have unrestricted access to hold discussions with the Internal and External Auditors. • If and when necessary, the Board may seek independent professional advice at the Company's expense relating to their duties and responsibilities as directors. <p>The Company Secretaries of the Company shall record minutes of the meetings for circulation to the members which will be confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled meeting unless otherwise determined.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	: Applied
Explanation on application of the practice	<p>This Board Charter ("Charter") has been adopted by the Board of Directors ("Board") of Oriental Food Industries Holdings Berhad ("the Company") and its subsidiaries ("the Group") on 27 May 2019, in accordance to the Malaysian Code of Corporate Governance 2017 ("MCCG 2017").</p> <p>The Board strives to collectively lead and is responsible for the success of the Group by providing entrepreneur leadership and direction as well as management oversight. The Board acknowledges that it is the ultimate decision making body of the Group.</p> <p>This Charter sets out the composition, roles, responsibilities and processes of the Board and is to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members.</p> <p>The Board Charter covers the following key areas:</p> <ol style="list-style-type: none">1. Board Composition, Size and Tenure2. Independence of Directors3. Board's Roles and Responsibilities4. Directors Remunerations5. Separations of the Role of the Chairman, Group Managing Director and Group Chief Executive Officer6. Role of the Company Secretary7. Board Committee8. Risk Management and Audit Committee9. Nomination Committee10. Remuneration Committee11. Board Activities and Processes12. Board Meetings13. Directors' Training14. Board, Board Committee and Member Assessments15. Access to Information and Independent Professional Advice

	16. Relationship of the Board with the Management 17. Relationship with Shareholders & Investors 18. Review of the Charter The Board Charter is available on the Company's website at www.ofih.com.my .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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	: <p>The Company's Code Conduct is intended to apply to every director, employee, customer and vendor of Oriental Food Industries Holdings Berhad ("the Company") and its subsidiaries ("the Group").</p> <p>The Code of Conduct is an established standard to ensure that working environment and condition are safe and healthy, workers are treated with respect and dignity, and business operations are conducted ethically.</p> <p>The fundamental in adopting the code is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it operates. If a law of the country conflicts with a rule or policy set out in this code, affected personnel should comply with the law. Besides, the code encourages affected personnel to go beyond legal compliance and adopt international recognised standard in order to advance business ethics and control.</p> <p>The Group is open to receive input from stakeholders in the continue development and implementation of the Code of Conduct adopt the best practice where possible.</p> <p>The Company upholds the highest standards of integrity, transparency and accountability in the conduct of the group's businesses and operations to ensure business sustainability.</p> <p>The objective of the Code is to achieve the following objectives:</p> <ul style="list-style-type: none">• To conduct in an ethical, responsible and transparent manner.• To enhance long-term shareholder value.• To strive the recruit and retention of the most competence people, offer them competitive terms and conditions of service, and maximise their personal progression through training and

	<p>development.</p> <ul style="list-style-type: none"> • To provide all employees a safe, secure, healthy and conducive workplace culture and environment, where the values and mutual and reciprocal respect, trust and confidence and upheld and activities promoted. • To provide quality products and services that meet customers and consumers expectation. • To uphold highest professional and ethical relationship for mutual benefit with our suppliers, contractors, service providers, financial institutions and other entity which has business relations with the Company. • To comply with all applicable laws and regulations laid down and to participate in project promulgated by government for industry and social development. <p>The Board members were provided with the Code of Conduct for Company Directors as established by the Companies Commission of Malaysia upon their appointment to the Board.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established a Whistleblowing Policy approved by the Boards on 28 May 2013 and subsequently revised on 1 June 2018 and 27 May 2019.</p> <p>The Whistleblowing Policy allows employees to discreetly disclose concerns about genuine illegal, unethical or improper business conduct within the Company. In this manner, the employees can help the Company to monitor and keep track of such illegal, unethical or improper business conduct within the Company which otherwise may not be easily detected through normal process or transaction.</p> <p>This Policy is administered by the Group's Top Management and overseen by the Risk Management and Audit Committee. Employees and other interested parties are able to report their concerns related to matters covered by the Company's Code of Conduct.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has seven (7) Directors comprising an Independent Non-Executive Chairman; two (2) Independent Non-Executive Directors; one (1) Non- Independent Non-Executive Director and three (3) Executive Directors.	
		The Board is aware on the requirement that at least half of the Board comprises independent directors. The Board will continue to look for a suitable candidate to fill up the position is on-going but has yet to identify any suitable candidate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment on the independence status of the Independent Non-Executive Directors who have served the Company for more than twelve (12) years. In accordance to the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and based on the evaluation, the Board of Directors has recommended Datuk Jeffery Ong Cheng Lock, Mr. Lim Hwa Yu and Tan Sri Dato' Azizan Bin Husain, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years since 14 May 2007, 23 February 1999 and 8 June 2000 respectively to continue to act as Independent Non-Executive Directors subject to the shareholders' approval through a two-tier voting process at the 23rd AGM of the Company.</p> <p>The last approval to continue in office as an Independent Non-Executive Director for the above three (3) Directors were sought and approved at the 22nd AGM held on 29 August 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not adopted
Explanation on adoption of the practice	:	Not applicable.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Company's practice on recruitment, retention, training and development does not discriminate on the basis of race, ethnicity, national origin, religion, sex, gender expression, age, height, weight, and marital status.</p> <p>The Company employs, appoints, promotes, develops and rewards its employees on the basis of an individual's merit or his abilities and achievements.</p> <p>The Nomination Committee is entrusted with the task of proposing and recommending new nominee(s)/candidate(s) for the Board. It also undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies and effectiveness of the Board as a whole and the contribution of each Individual Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has no female member.</p> <p>The NC is aware of the requirement of gender diversification highlighted in Malaysian Code on Corporate Governance 2017 ("MCCG 2017).</p> <p>The Board has yet to set a formal policy formalising its approach to boardroom diversity. However, the Board confirmed that the evaluation of the suitability of candidates is solely based on the candidates' competency, experience, integrity, commitment, and qualification.</p> <p>The Board believes in equality regardless of race or gender. At OFIH, female employees are given equal opportunities to progress and hold important positions in various department and division of the Company.</p> <p>Presently, the Company has female employees holding senior management and managerial positions. This serves as a source of inspiration to other employees to see female leadership and allows prospective employees as well as current employees to see that ascension in the Company is possible.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>There was no new appointment of Directors.</p> <p>The Board delegated specific responsibilities to the Nomination Committee ("NC") which has established its Terms of Reference. The function of the NC includes:</p> <ul style="list-style-type: none">• To determine the core competencies and skills required of board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;• To review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent;• To recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;• To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board;• To consider in making its recommendations, candidates for directorships proposed by the Group Managing Director and Group Chief Executive Officer and, within, the bounds of practicality, by and other senior executive or any Director or shareholder;• To recommend to the Board, Directors to fill the seats on Board

	<p>Committees;</p> <ul style="list-style-type: none"> • To undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this in the Annual Report; • To assist the Board to implement a procedure to be carried out by the Nomination Committee annually for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contributions and performance of Directors and Board Committee members; • To review the term of office and performance of Audit Committee annually; • To introduce such regulations or guidelines, procedures to function effectively and fulfil the objective of the Committee. <p>The Board will consider utilising independent sources to identify suitably qualified candidates should the need arises.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied.	
Explanation on application of the practice	:	The Chairman of the Nomination Committee is Datuk Jeffery Ong Cheng Lock, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied.	
Explanation on application of the practice	:	The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee member through questionnaire and performance evaluation forms.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Remuneration Committee has been entrusted to ensure that the Company's directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain Directors to run the Company successfully.</p> <p>The Company has yet to put in place a written policies and procedures on the determination of the remuneration of directors and senior management.</p> <p>The remuneration package of the Senior Management (Senior Managers, Manager and Head of Department) are determined by the Group Managing Director and Group CEO. The reason being that the Senior Management are evaluated at Company level on their performance through performance ratings through an Annual Performance Appraisal Form.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has established a Remuneration Committee ("RC") comprising of three (3) Independent Directors. The remuneration of the Board was discussed by the RC. Written Terms of Reference of the RC is available on the Company's website at www.ofih.com.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by disclosure in range for the remuneration of individual directors.</p> <p>In view of the above, there is no disclosure of the remuneration of individual directors on named basis as such disclosure would not be in the best interest of the Company due to the following reasons:-</p> <ul style="list-style-type: none"> (a) Confidentiality of personal information (b) Breach of personal data protection (c) Personal security concerns for the Director and their family members (d) Create dissention <p>As an alternative to this Practice, the remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments were disclosed in the Corporate Governance Overview Statement in the Annual Report 2019.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The board is of the opinion that such disclosure may cause tension and unhealthy competition among senior management. In addition, disclosing Senior Leadership remuneration would be disadvantageous to the Company, given the competitiveness in the market for talent and due to the confidentiality of remuneration packages.</p> <p>The board has opted to disclose the top two (2) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.00 but not on named basis, due to sensitivity and privacy issues.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not adopted
Explanation on adoption of the practice	:	The remuneration of the senior management will only be disclosed in bands as mentioned in Practice 7.2.

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	:	There is a separation between the Chairman of the Board and the Risk Management and Audit Committee ("RMAC"). Both are chaired by different individuals. <ul style="list-style-type: none">• Chairman of the Board: Tan Sri Dato' Azizan Bin Husain• Chairman of RMAC: Mr. Lim Hwa Yu
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Risk Management and Audit Committee ("RMAC") has never till to-date appointed a former key audit partner as a member of the Committee. However, the RMAC had established this policy in its Terms of Reference of the RMAC as revised on 27 May 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Risk Management and Audit Committee scope of activities in regards to external auditor as specified in its Terms of Reference amongst others, include:</p> <ul style="list-style-type: none">• Review the scope of the external audit and internal audit to ensure no unjustified restrictions are imposed by the Management.• Liaise directly with the external auditors, the Management and the Board as a whole, particularly with regard to the Audit plan and Audit report. <p>The External Auditor, Messrs. Ernst & Young, represented that they are, and have been independent throughout the conduct of the audit engagement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management and Audit Committee comprises solely of Independent Directors as follows:</p> <ul style="list-style-type: none">• Mr. Lim Hwa Yu – Independent Non-Executive, RMAC Chairman• Tan Sri Dato' Azizan Bin Husain – Independent Non-Executive, RMAC Member• Datuk Jeffery Ong Cheng Lock – Independent Non-Executive, RMAC Member

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied.
Explanation on application of the practice	:	<p>Risk Management and Audit Committee members possess a wide range of necessary skills to discharge their duties effectively. They are financially literate taking into consideration their experience, educational background and exposure as Director in other public listed companies.</p> <ul style="list-style-type: none">• Mr. Lim Hwa Yu: Mr. Lim qualified as an Accountant from the United Kingdom in 1979. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom; Fellow of the Institute of Taxation, United Kingdom, and a Member of the Malaysian Institute of Accountants. He is a partner of a public accounting firm, H.Y. Lim & Co. He has extensive experience in the field of corporate planning and management.• Tan Sri Dato' Azizan Bin Husain: Tan Sri Azizan holds a B. A. Honours Degree and Diploma in Public Administration from the University of Malaya and a Post Graduate Diploma in Economics and Master in Urban and Regional Planning from the University of Colorado, Boulder, United States of America. Tan Sri Azizan started his career with the Ministry of Agriculture in 1967 and retired in 1999 as the Secretary-General in the Ministry of Defence, Malaysia. Prior to his retirement, he had progressed on and gained vast experience from various departments in the civil service. During his years with the Government Service, he has served as Assistant Secretary with the Centre for Development Studies and Economic Planning Unit in Prime Minister's Department, Director of Economic Planning Unit, Sabah, Sabah State Director of Development, Deputy Secretary-General with Ministry of Land and

	<p>Regional Development, Deputy Director-General (Sectoral) Economic Planning Unit with Prime Minister’s Department, Director of Public Sector Companies Monitoring Division in the Ministry of Finance and Deputy Secretary-General (Operation) with the Ministry of Finance.</p> <ul style="list-style-type: none"> • Datuk Jeffery Ong Cheng Lock: Datuk Jeffery Ong is an Associate of the Institute of Business Administration, Australia and was formerly the Senior Director of Human Resources of Infineon Technologies, responsible for Recruitment, Compensation & Benefits, Welfare, Training, Employee Relations and Government Relations. He currently serves as the Council Member of the Federation of Malaysian Manufacturers (“FMM”), Chairman of FMM Malacca Branch, Member of the Malaysian Institute of Management, Member of the Malaysian Institute of Personnel Management and Member of the Malacca Industrial Skills Development Centre. Datuk Jeffery Ong was a Former Board Member of OSH National Council, Panel Member of the Industrial Court and the SOCSO Appellate Court. <p>Continuous professional developments for directors were included and disclosed in the Corporate Governance Overview Statement of the Annual Report 2019.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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 monitors risk through its Risk Management and Audit Committee. The overview of the risk management and internal control monitoring and framework were disclosed in the Statement of Risk Management and Internal Control in the Annual Report 2019.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied.	
Explanation on application of the practice	:	The risk management and internal control systems are outlined in the Statement on Risk Management and Internal Control in the Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established a Risk Management and Audit Committee ("RMAC"). The RMAC comprises of three (3) Independent Non-Executive Directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The internal audit function is outsourced and carried out by an independent professional firm, Needsbridge Advisory Sdn Bhd which is reporting directly to the Audit Committee. The engagement director of the Outsourced Internal Audit Function is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>The internal auditor function reports directly to the Risk Management and Audit Committee and presents the Internal Audit Reports to the Risk Management and Audit Committee.</p> <p>The details of the Risk Management and Audit Committee and its activities are reported in the RMAC Report in the Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied.
Explanation on application of the practice	:	The Company has disclosed in its Risk Management and Audit Committee report and the Statement of Risk Management and Corporate Governance that the internal audit function of the Group was outsourced to a professional consulting firm, Needsbridge Advisory Sdn Bhd to undertake independent, objective and systematic reviews of the internal control systems to evaluate its adequacy and effectiveness.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised the importance of effective, transparent and regular communication with its stakeholders to ensure that investors have a clear understanding of the business, its strategy, opportunities and risks so they can make informed investment decisions regarding the value of the company and its future prospects.</p> <p>These are several communication channels used to promote effective communication between the Company and its stakeholders:</p> <ul style="list-style-type: none">• Annual General Meeting• Announcement of Quarterly Group Financial Results and Analyst Briefing• Annual Report
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied	
Explanation on application of the practice	:	OFIH’s evaluation of the economic, environmental and social (“EES”) risk and opportunities coexistent with the Company’s corporate governance framework and corporate social responsibilities are detailed in page 19 to 28 of the Sustainability Statement of the Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Notice of the Oriental Food Industries Holdings Berhad's 23rd Annual General Meeting was given to shareholders more than 28 days prior to the date of the Annual General Meeting.</p> <p>The Notice and Annual Report are targeted to be circulated to the Shareholders on 31 July 2019, i.e. more than 28 days before the date of AGM to be held on 28 August 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended Oriental Food Industries Holdings Berhad's 22 nd Annual General Meeting held on 29 August 2018 as well as the past Annual General Meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not have large number of shareholders and has less than 100 shareholders who attend its AGM.</p> <p>Notice of general meeting and circular to shareholders will contain the relevant information pertaining to the resolutions to be tabled and shareholders may contact the Company for clarification by contacting the personnel whose emails and telephone numbers are published at the Company's website.</p> <p>As the technology for voting including voting in absentia and remote shareholders' participation are not easily available, the alternative practice is that the Company has adopted poll voting, in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, at its 22nd AGM held on 29 August 2018 for all resolutions proposed. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p> <p>The 22nd AGM was held at the Tiara Melaka Golf and Country Club, Melaka, which is easily assessable to all shareholders.</p> <p>The Board and Senior Management are always present at General Meetings and make themselves available to the Shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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