

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 7017  
**COMPANY NAME** : Komarkcorp Berhad  
**FINANCIAL YEAR** : April 30, 2021

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has primary responsibility to shareholders for the welfare of the Company and is responsible for the business and the affairs of the Company. The Company recognises the importance of the Board in providing a leadership and sound base for good corporate governance in the operations of the Company.</p> <p>The principal roles of Directors includes, amongst others:</p> <ul style="list-style-type: none"><li>- review and adopt a strategic plan for the Company;</li><li>- oversee the conduct of the Company's business to evaluate whether the business is being properly managed;</li><li>- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;</li><li>- develop and implement an investor relations programme or shareholder communication policy for the Company; and</li><li>- review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</li></ul> <p>The Company's Board Charter, which also available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>, has clearly stated the roles and responsibilities of the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is chaired by YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad, an Independent Non-Executive Director, who is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The Chairman’s responsibilities include the following:</p> <ul style="list-style-type: none"><li>- manage the interface between Board and Management;</li><li>- ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li><li>- lead the Board in establishing and monitoring good corporate governance practices in the Group;</li><li>- ensure the integrity of the governance process and issues; and</li><li>- functioning as a facilitator at meetings of the Board to ensure that discussions result in logical and understandable outcomes.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The position of Board Chairman and Executive Director are held by different Individuals. The Chairman of the Company is YM Tengku Ezuan Ismara Bin Tengku Nun Ahmad whereas the Executive Director is Mr Roy Ho Yew Kee.</p> <p>There is a clear division of responsibilities between two roles, which is clearly defined in the Board Charter, to ensure that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a qualified and competent Company Secretary, Mr Tan Tong Lang (MAICSA 7045482). The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators and is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016.</p> <p>The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Malaysia's Main Market Listing Requirement ("MMLR") as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.</p> <p>The Company Secretary attended all Board and Board Committees meetings and ensured that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and recorded accordingly.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company endeavours to issue the agenda and board papers in sufficient time of at least seven (7) days prior to Board meetings. This will allow the Directors to review the issues to be deliberated upon and where necessary, obtain any further explanation required to facilitate the decision-making process and the meaningful discharge of their duties.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes by the Company Secretary, including matters where Directors abstained from voting or deliberation. The meeting minutes will be circulated to the Board and Committees and confirmed as a correct record of the proceedings by the Board and Board Committees at their following respective meetings.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a formalised Board Charter, which sets out the roles, functions, composition, and processes of the Board. The Board Charter provides guidance to the Board, Board Committees, Directors and Management of the Company in the fulfilment of its roles, duties and responsibilities which are in line with MMLR and the principles of Malaysian Code on Corporate Governance (“<b>MCCG</b>”).</p> <p>The Board Charter is reviewed as and when necessary to keep it up to date with changes in regulations and best practices and ensures its effectiveness and relevance to the Board’s objectives.</p> <p>The Board Charter is made available on the Company’s website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board aims to establish a corporate culture, which engenders ethical conduct that permeates throughout the Company, through a set of Code of Conduct, to be adhered by all individuals employed by the Group.</p> <p>The Code of Ethics and Conduct ("<b>the Code</b>") provide guidance for the Group's Directors and employees in living up to the Group's high ethical business standards and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group.</p> <p>The Board has set up the Anti-Corruption Policy ("<b>the Policy</b>"), which spells out the rules of conduct by which all directors and employees should adhere to, to consistently conduct themselves with the highest ethical standards, and in compliance with all applicable laws and regulatory requirements for the prevention of corruption, bribery and extortion.</p> <p>The Code and the Policy are made available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has set up a whistleblowing policy to support the Company's values and to provide a transparent and confidential process for all dealings with concerns.</p> <p>The whistleblowing policy is designed to enable for all stakeholders including but not limited to employees, customers, suppliers, government bodies and financial institutions to raise genuine concerns of possible improprieties perpetrated with the Group.</p> <p>If any employee believes reasonably and in good faith that malpractice exists in the workplace, the employee should report to the line manager, the Group's Chairman or Audit Committee Chairman immediately.</p> <p>The whistleblowing policy is made available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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	:	More than half of the Board members are 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 4.2

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.

<b>Application</b>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Encik Ihsan Bin Ismail ("<b>Encik Ihsan</b>") has served the Company for a cumulative term of more than twelve (12) years and agreed to continue in office as Independent Non-Executive Director.</p> <p>The Nomination Committee ("<b>NC</b>") and the Board of Directors of the Company, after having assessed the independence of Encik Ihsan, consider him to be independent based on amongst others, the following justifications:</p> <ul style="list-style-type: none"><li>a) He fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and therefore was able to bring independent and objective judgment to the Board's deliberations;</li><li>b) He has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interest of the Company;</li><li>c) He has no potential conflict of interest, whether business or non-business related with the Company;</li><li>d) His experience enables him to provide the Board with a diverse set of experience, expertise, skills and competence;</li><li>e) He has been with the Company for long period of time and therefore understand the Company's business operations which enable him to participate actively and contribute during deliberations or discussions at Remuneration Committee ("<b>RC</b>") , NC, Audit Committee ("<b>AC</b>") and Board meetings; and</li><li>f) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and Shareholders.</li></ul> <p>In view thereof, the approval of the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance will be sought for Encik Ihsan to continue in office as Independent Non-Executive Director at the forthcoming 25<sup>th</sup> Annual General Meeting ("<b>AGM</b>") of the Company.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance and benefits of boardroom diversity in terms of age, gender, nationality, ethnicity and socio-economic background. The appointment of Board and Senior Management of the Company are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Group adheres strictly to the practice of non-discrimination of any form.</p> <p>The NC has the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the mix of skills, knowledge, experience, diversity (including gender diversity), background, integrity, competence, time commitment and independence in order to meet the strategic objectives and business requirements of the Group.</p> <p>Currently, there is no female Director on the Board of the Company.</p> <p>The Board has in place a Diversity Policy which is available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted a diversity policy including gender diversity which through the policy, the Group is committed to create a culture that promotes equal employment opportunity and eliminate any form of discrimination, racism, harassment and victimisation in the organisation.</p> <p>The members of the Board with their combined business management and professional experience, knowledge and experience provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.</p> <p>The Board currently does not comprise of any female Director since the resignation of the previous female Independent Non-Executive Director on 1 July 2020.</p> <p>However, a female representation will be considered when suitable candidate is identified.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The proposed appointment of a new member to the Board will be deliberated by the full Board based upon the recommendation of the NC.</p> <p>Before making the recommendations, the NC will evaluate a candidate by considering the following or seek professional advice from independent search firms, if necessary:</p> <ul style="list-style-type: none"><li>- skills, knowledge, expertise and experience;</li><li>- commitment (including time commitment) to effectively discharge his/her role as a Director;</li><li>- professionalism;</li><li>- boardroom diversity including gender, age, professional background and experience diversity;</li><li>- character, integrity, commitment (including time commitment) and competence; and</li><li>- in the case of candidates for the position of Independent Non-Executive Directors, the Committee will evaluate the candidate's ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is chaired by En Ihsan Bin Ismail, who is an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC had carried out annual assessment on the effectiveness of the Board as a whole, the Board Committees and the performance of each individual Director for the financial year ended 30 April 2021. The evaluation process was based on self- assessment and the assessment results were deliberated and presented to the Board. The results of the assessments have been tabled during the NC meeting for the deliberation purpose.</p> <p>Based on the annual assessment conducted during the financial year, the NC was satisfied with the existing Board composition and concluded that each Director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Company in terms of time and participation during the year under review, and recommended to the Board the re-election of the retiring Directors at the forthcoming Company's AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that the level and composition of remuneration of Directors and Senior Management should 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.</p> <p>The Company has in place a Directors' Remuneration Policy which set out the criteria applied in recommending the remuneration package of the Directors of the Group. The RC reviews and recommend to the board the remuneration packages and fees of non-executive directors.</p> <p>The remuneration packages for the Executive Directors and key senior management are reviewed based on individual responsibilities, skills, experience and performance in the group.</p> <p>The Remuneration Policy is available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a RC which comprises three (3) Independent Non-Executive Directors.</p> <p>The RC reviews and recommends to the Board annually on the Board's remuneration package that reflect their respective contributions for the year, and which depend on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>The Terms of Reference of RC is accessible on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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	:	The detailed disclosure on named basis for the remuneration of individual directors are disclosed in the Corporate Governance Overview Statement in the Annual Report 2021.	
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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board is of the view that the disclosure on a named basis of the top five (5) Senior Management officers may lead to an invasion of privacy and may expose named officers to an unwarranted attention. Nonetheless, the remuneration of senior management is disclosed on the Annual Report 2021 in the range of below RM100,000, without reflecting the names of the individuals.
	:	The Board wishes to give assurance that the Group is highly cognisant on market norms and does strive to ensure that the remuneration accorded to Key Senior Management is competitive and not unduly excessive.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**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.

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Chairperson of the Audit Committee ("AC") was Miss Tan Lay Ching who resigned on 1 July 2020 and Mr Teh Foo Hock was redesignated as Chairman of AC on 17 August 2020 and he has subsequently resigned on 30 April 2021. Both were not the Chairman of the Board during the time they act as the Chairman of the AC.</p> <p>Currently, the AC was chaired by Mr Chan Chee Peng. He is not the Chairman of the Board.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>Currently, none of the members of the Board are former key audit partners of the Company.</p> <p>The Terms of Reference of the AC is available at the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the suitability, objectivity and independence of the external auditor and to make subsequent recommendations to the Board on the appointment or reappointment or termination of the external auditor.</p> <p>In safeguarding and supporting External Auditors independence and objectivity, the Company has in place an External Auditors Assessment Policy. The policy set forth the procedures relating to the appointment of the external auditors, annual assessment and non-audit engagement. The policy is available on the Company's website at <a href="http://www.komark.com.my">www.komark.com.my</a>.</p> <p>The AC has reviewed and monitored the nature, extent and level of fees for non-audit services rendered by the external auditor to ensure independence and objectivity of the external auditor.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As at the date of this report, the AC comprises of three (3) members, All of whom are Independent Non-Executive Directors.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the AC are financially literate and assist the Board in overseeing and scrutinise the process and quality of the financial reporting and ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards. The qualification and experience of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2021.</p> <p>The AC members have attended relevant training to ensure that they are abreast of relevant developments in accounting and auditing standards, practices and rules. Trainings attended by AC members during financial year ended 30 April 2021 is disclosed in Corporate Governance Statement in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of managements to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.</p> <p>Significant issues related to internal controls and risk management are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.</p> <p>Details of the Group's risk management and internal control framework are set out in its statement on Risk Management and internal control of the Company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group’s risk management and internal control framework and the adequacy and effectiveness of this framework is disclosed in the Statement of Risk Management and Internal Control which can be found in the Company’s Annual Report 2021.	
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.

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



### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced internal audit firm which is independent of the activities of audits, namely Indah Corporate Governance Sdn. Bhd. ("<b>the internal auditor</b>"). The internal auditor reports directly to the AC and has direct access to the Board through the Chairman of the AC.</p> <p>The internal auditor has adequate resources and appropriate standing to undertake their work independently and objectively to provide reasonable assurance to the AC with regard to the adequacy and effectiveness of risk management, internal control and governance processes.</p> <p>Details of the internal audit function are set out in the AC Report in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>This is the Group's internal audit function, which reports directly to the AC, is outsourced to Indah Corporate Governance Sdn Bhd. The Engagement Director is Ms Tay Lee Hoon who has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Member of the Malaysian Institute of Accountants and a Member of the Chartered Tax Institute of Malaysia.</p> <p>The number of staff deployed for the internal audit reviews ranges from 3 to 4 staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Some of them are members of the Institute of Internal Auditors Malaysia. The internal audit reviews were conducted using a risk-based approach and were guided by the International Professional Practice Framework.</p> <p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>Further details are disclosed in the AC Report of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of providing effective communication platforms to provide accurate, timely transparent and valuable insights on the Company's performance and position to its stakeholders.</p> <p>Information is made available to the shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") and the Company's website, <a href="http://www.komark.com.my">www.komark.com.my</a>. The AGM also provides the platform for dialogue and interaction with shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable, as the Company is not a large company as defined under MCCG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of the 24 <sup>th</sup> AGM of the Company held in year 2020 was issued more than twenty-eight (28) days prior to the meeting. This was to ensure that shareholders were given sufficient time to read and consider the resolutions to be resolved.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Barring any unforeseen circumstances, all Directors are committed to attend the meeting of members of the Company.</p> <p>The presence of all Directors presented opportunities for the shareholders to engage with each Director and allowed the shareholders to raise questions and concerns to the Directors directly.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In line with the Government's initiative to curb the spread of Covid-19 and Securities Commission's Guidance Note, the Group will conduct its 25 <sup>th</sup> AGM on a virtual basis through live streaming and online remote voting.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

Click or tap here to enter text.



