

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9962
COMPANY NAME : Gromutual Berhad
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible in leading the Group towards achieving its Vision, which is made possible by the Board in assuming among others the following roles and responsibilities:</p> <ol style="list-style-type: none">1. Reviewing and approving the overall strategic plans and direction of the Company and Group<ul style="list-style-type: none">- The Board, through Audit Committee, reviews the financial performance and financial/non-financial information provided by the Head of Accounts Department of the Company and Group on quarterly basis. The financial performance of the group and company of the current quarter and the cumulative quarters to date of the current year are compared to the corresponding quarter of preceding year to provide an indication of the state and performance of the group and company. Reasons for the decline and increase in various financial indicators are analysed and deliberated during the meetings to determine if any change in the strategic plans and decision is required to address any shortcomings.2. Overseeing the Conduct of the business operations and financial performance of the Company and Group<ul style="list-style-type: none">- The Executive Directors are responsible for managing the businesses of the Group in the development and implementation of strategies adopted by the Board and the financial and operational performance of the Group. The Executive Directors meets with Management or representatives of respective operating units and segments to discuss and monitor on the progress of issues

encountered. Thereafter, the performance is reported to Audit Committee and the Board on quarterly basis.

3. Identifying principal risks and maintaining a sound system of internal control and mitigation measures

- The key business risks are managed primarily by Executive Directors through their participation in the operations and their regular meetings with the Management to ensure the adequacy and integrity of the system of internal control and risk management. Changes or emergence of new key business risks identified are highlighted to the Executive Directors at the meetings for final decision on the formulation and implementation of effective controls. Such key risks and the mitigation measures will then be reported to the Audit Committee and the Board by the Executive Directors.

Further explanation on such process are disclosed in the annual report's Statement on Risk Management and Internal Control.

4. Succession planning

- The Nominating committee is tasked by the Board with the duty of succession planning through appointments of the members, training requirements and annual review of the composition and/or performance of Board, Board Committees and individual Directors. While the Remuneration Committee is tasked to review the Remuneration Policy to enable the Company to attract and retain Directors and Senior Management.

5. Reviewing the adequacy and the integrity of the management information and internal controls system of the Company and Group

- The Audit Committee reviews the system of internal control of the Group through the internal audit function. The review of internal control systems of the Group by the internal audit function which is outsourced is conducted based on the internal audit plan approved. The results of the review are reported to the Audit Committee and subsequently to the Board. Further information in the Internal Audit Function is disclosed in the Audit Committee Report and Statement on Risk Management and Internal Control located in the annual report.

6. Reviewing Corporate Governance Compliance

- The Audit Committee assists Board in the review of the draft Corporate Governance Statement in assessing the current standings of the corporate governance practices. The Board formulate new action plans from time to time to enhance and promote good and recommended

	<p>corporate governance practice.</p> <p>7. Sustainability Management</p> <ul style="list-style-type: none"> - The Board had established a formal Sustainability Framework, detailing the governance structure and process to be implemented by the Management for the identification, prioritisation, monitoring and reporting of material sustainability matters pursuant to the Main Market Listing Requirements. <p>Please refer to the Sustainability Statement on the management of material economic, environmental and social risks and opportunities.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 responsible for instilling good corporate governance, the overall leadership and efficient functioning of the Board. The responsibilities of the Chairman are clearly identified in the Board Charter, which includes, amongst others the following:</p> <ul style="list-style-type: none"> - to provide leadership to the Board; - to ensure orderly and effective conduct of Board and shareholders' meetings; - to lead discussion on the strategies and policies recommended by the Management; - to facilitate the effective contribution of all Directors at Board meetings; - to ensure effective communication with shareholders and relevant stakeholders; - to set the Board agendas and ensure the Board members receive complete and accurate information in a timely manner; and - to lead the Board in establishing and monitoring good corporate governance practices <p>Further details on the roles and responsibilities of the Chairman of the Board is stated in Para 4(d) of the Board Charter, accessible through the Company website at www.gromutual.com</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman, Managing Director and CEO are distinct and separated to ensure a balance of power and authority. The clear distinction of roles and responsibilities of Chairman, Managing Director and CEO are defined in the Board Charter [Para 4(d)] which is available on the Company's website at www.gromutual.com.</p> <p>In particular, the Managing Director is responsible for:</p> <ul style="list-style-type: none"> • to lead the management team and ensure the efficiency and effectiveness of the operations for the Group and control systems are in place; • to implement the Board's strategies or policies and make the operational decisions. • to assess business opportunities and develop the business directions and strategies of the Group for the Board's approval; • to ensure effective communication with shareholders and relevant stakeholders; and • to keep the Board informed of salient aspects and issues concerning the Group's operations. <p>The following positions are held by the following different individuals:-</p> <ul style="list-style-type: none"> - Chairman: Tan Hon Kiat @ Tan Hoon Siong - Managing Director ("MD"): Teo Yu Hong - Deputy MD Cum CEO: Chew Kwee Hiok (f)
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 Company Secretaries appointed by the Company are Yong May Li (f) (SSM PC No. 202008000285) (LS 0000295), an Affiliate Member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and a licensed Company Secretary from Tricor Corporate Services Sdn. Bhd and Tham Yap Mey (f) (MIA29389) (SSM Practicing Certificate No. 202008001870), a member of Malaysian Institution of Accountants (MIA) and the Association of Chartered Certified Accountants (ACCA).</p> <p>The appointment of the Company Secretaries are based on the capability and proficiency determined by the Board.</p> <p>All Directors have accessed to the advice and services of the Company Secretaries who are responsible to ensure proper Board procedures are followed and that all applicable rules and regulations are complied with and updates of new rules and regulations are provided to the Board from time to time.</p> <p>The Company Secretaries coordinate and attend all Board and its Committee meetings and general meetings. They record the deliberations, in terms of the issues discussed and the conclusion made by the Board in discharging their duties and responsibilities and on the proceedings of the general meetings.</p> <p>The Company Secretaries also assisted the Board to ensure the adherence of the Board policies and procedures, rules, relevant law and practices on Corporate Governance.</p> <p>The Company Secretaries observe and undertake continuous professional education (CPE) and trainings to keep abreast with the latest regulatory requirements and developments.</p> <p>A summary of the Roles and Responsibilities of the Company Secretaries is included in the Board Charter [Para 5], which is accessible on the Company's website at www.gromutual.com.</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 1.5

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 meeting materials, made up of the minutes of the previous board and committees’ meetings and board papers, are circulated at least five (5) business days in advance before the board meetings in accordance to the Board Charter [Para 4(f)] that are made available on the Company’s website at www.gromutual.com.</p> <p>The draft copy of the minutes is circulated by the Company Secretary in a timely manner for review and the content of the minutes will be tabled for confirmation as correct records for the deliberations and decisions made during subsequent meeting and formally acknowledged by the Chairman of the Board or Board Committee.</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>The Board Charter was first adopted on 29 August 2016 and was last reviewed on 30 November 2020. The Board Charter is subject to review and updates from time to time to ensure that they remain consistent with the Board's objective, current law and practices. A copy of the latest Board Charter is available on the company's website at www.gromutual.com.</p> <p>The Board Charter sets out the composition, roles, functions, responsibilities and powers of the Board and the Board Committees of the Company. The Charter further defines the specific responsibilities and matters reserved for the Board, the delegation of authorities by the Board to the Managing Director and Chief Executive Officer (including further delegation to the Management), coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefits of the Company and its shareholders.</p> <p>The respective roles and responsibilities and matters reserved for the board are stated in Para 4(a) to 4(e) of the Board Charter.</p> <p>Salient features of the Board Charter:</p> <ul style="list-style-type: none">• Matters reserved for the Board - identifies matters for determination and/or approval by the Board as follow:<ol style="list-style-type: none">1. Corporate plans and programmes;2. New ventures;3. Material acquisitions and disposals of undertakings and properties;4. Changes to the management and control structure within the Company and its subsidiaries, including key policies, procedures and authority limit

	<ul style="list-style-type: none"> • Roles Profile – clearly defines the roles and responsibility of the Board, the Board Committees, Chairman, Managing Director, and CEO, as well as Board’s expectation of the Chairman and Board Committees (governed by the Terms of Reference) • Power delegated to Management – defines that the power and authority delegated to Managing Director who is assisted by CEO to manage the Company and its business within levels of authority specified by the Board. • Directors Assessment/Board Evaluation – sets out the requirement for the Nominating Committee to assess the effectiveness of Individual Directors through self and peer-assessment, the Board as a whole and its Committees on an annual basis. • Commitments by Directors – sets out the requirement for the Director to notify the Chairman of the Board before accepting any new directorship and indication of time that will be spent on the new appointment. <p>The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.</p> <p>The Board does not identify and appoint a Senior Independent Director from among its members as the Chairman, Managing Director, and CEO can be fully and directly accessed by shareholders and other stakeholders and concerns may be conveyed as such.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Code of Ethics and Conduct has been adopted on 27 November 2017 and published on the company's website accordingly at www.gromutual.com.</p> <p>The Board established the Code of Ethics and Conduct ("the Code") of the Group to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. The Code sets out the principles and standards of business ethics and conduct of the Group that is applicable to Directors and all employees of the Group (Top-Down approach).</p> <p>The principles of the Code include:</p> <ol style="list-style-type: none">1. Compliance with laws and regulations;2. Avoid conflict of interest;3. Respect confidentiality;4. Exhibit good personal behaviours:<ol style="list-style-type: none">i. Integrityii. Punctuality and good time managementiii. Legitimate use of Gromutual group's property and fundiv. Acceptance of tokensv. Discrimination and harassment5. Health and safety <p>The Code also provides guidance on the reporting of violations by the Directors and employees with reference made to the Whistle Blowing Policy established by the Board.</p> <p>The Code will be reviewed by the Board periodically to ensure that it continues to remain relevant and appropriate.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistle-blowing Policy was first adopted by the Company on 26 February 2016 and last reviewed on 18 May 2020.</p> <p>The Board encourages employees and other interested parties to disclose concerns about any improprieties including illegal, unethical or improper business conduct within the Group. The Whistle-Blowing Policy provides and facilitates a mechanism for any employee and other related parties to report any concern about possible improprieties in matters of financial reporting, compliance and other malpractices, in confidence, at the earliest opportunity, and in an appropriate manner. The identity of the whistle-blower will be kept confidential and such whistle-blower will also be protected against reprisal for disclosing any improper conduct committed or to be committed.</p> <p>The Whistle-Blowing Policy is administered by the Group’s top management and overseen by the Audit Committee. The email address of the Key Senior Management is provided for reporting malpractices within the organisation and the email address for Chairman of the Board and Chairman of Audit Committee are also provided for reporting malpractices by independent third party.</p> <p>The Whistle-Blowing Policy is posted under the “About”, “Corporate Governance” section on the Company’s website at www.gromutual.com for ease of access for reporting by employees and other interested parties of the Group.</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

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	:	<p>The Board currently comprises of 2 Executive Directors, 4 Non-Independent Non-Executive Directors and 3 Independent Non-Executive Directors (i.e. 3/9) which satisfies Paragraph 15.02(1) of the MMLR which states that “a listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.”</p> <p>The Board consists of qualified individuals with diverse experience, background and knowledge to enable them to discharge their duties and responsibilities effectively. The independent directors are made up of professionals in the field of accounting, taxation and finance. The independence and objectivity of the independent directors were assessed by Nominating Committee prior to their appointment based on nomination and selection process with the results of the review are reported to the Board for consideration and decision.</p> <p>The independent directors had demonstrated their independence and objectivity during the Board and Board committees’ proceedings whereby their objectivity and genuine concerns were expressed during the meetings.</p> <p>Actions/transactions proposed or taken by the Management and the Board were critically reviewed and challenged by the independent directors and their view asserted as they carried out their roles as independent element within the Board.</p> <p>Based on the effectiveness and independence evaluation of the Board and Board Committees conducted for Financial Year ended 31 December 2020 by the Nominating Committee, the Nominating Committee was of the opinion that the Board and its Committees have provided satisfactory and transparent discussions at all time while at the same time discharging their duties aligned with their respective Terms of References in assisting in Board’s decision making.. Furthermore, the Independent Directors are subjected to independent</p>

Intended Outcome

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

Practice 4.2

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

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

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>It is the Board's policy that the tenure of an Independent Director shall not exceed a cumulative term of 9 years. In the event such Director is to remain as Independent Director for a cumulative term of more than 9 years, the Board shall first justify and obtain shareholders' approval. The tenures of Independent Directors are stated in Paragraph 3(a) of the Board Charter.</p> <p>As at the date of this Report, Mr. Yeoh Beng Sang, the independent director who was appointed on 24 November 2004 and has served the Board of the Company for a tenure of more than 12 years. Apart from him, Encik Azahar Bin Baharudin, is another independent director who was appointed on 28 February 2011 and has served the Board of the Company for a tenure of more than 9 years.</p> <p>The basis of justification for retention of Mr. Yeoh Beng Sang and Encik Azahar Bin Baharudin who both have served the Board for a cumulative term of more than 9 years were disclosed under Explanatory Note 6 of Notice of Annual General Meeting in the Annual Report.</p> <p>The Company does not have policy mentioning the term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs as long as their independence are maintained.</p> <p>Based on the above justification, the Board recommends and supports the continuity of the office of Mr. Yeoh Beng Sang and Encik Azahar Bin Baharudin as an Independent Directors to the Company. The Company will seek shareholders' approval through a single tier voting only without the two-tier voting at the forthcoming 18th AGM 2020 as the Board is of the view that the two-tier voting is incompatible with</p>

	section 291 of the Company Act 2016 which requires a simple majority to pass the ordinary resolution and treating all shareholders with voting rights ranking <i>pari passu</i> without discriminating them as “Large Shareholder” or otherwise.	
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	:	

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>For the financial year ended 31 December 2020, there was no appointment of new director or senior management ("SM"). The Nominating Committee shall continue to identify and to assess candidates who possesses the required skills, experience and knowledge to be appointed as new SM or director to enhance diversity of the existing Board (diversity criteria established by the Board includes but not limited to age, ethnicity, skills, experience and gender diversity). The candidates for the new directorship are to be sourced from the existing Board members, Management and/or major shareholder and also external independent services, such as, recommendations from external auditors and other professional service providers.</p> <p>The nomination/recruitment process and stages for the appointment of new director of the Group are included in the Terms of Reference of the Nominating Committee. The nomination process involves the following five (5) stages:</p> <ul style="list-style-type: none">i) Identification of candidates;ii) Evaluation on the suitability of candidates;iii) Meeting up with candidates;iv) Final deliberation by Nominating Committee; andv) Recommendation to Board <p>The Terms of Reference of Nominating Committee is available for viewing at company's website at www.gromutual.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	It is the Board's policy of diversity that diversity of age, ethnicity and gender to be preserved within the Board. Presently, the Board has one (1) female executive director in compliance with its policy on diversity. The Board's policy of diversity is included in section 4(a) of the Board Charter.
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 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial year ended 31 December 2020, there was no appointment of director or Senior Management.</p> <p>In adopting this practice introduced by MCCG, the Nominating Committee's Terms of Reference stated that in identifying candidates for appointment of Directors, the Company shall rely on the recommendations from the existing Board members, Management and/or major shareholders and also external independent services. The independent services include but not limited to, recommendations from professional service providers and financial institutions of individuals with required skills, experiences and knowledge as well as diversity profile required.</p> <p>The existing non-executive directors were sourced and identified through major shareholders, members of the Board and recommendations from professional service providers and financial institutions.</p> <p>The Terms of Reference for the Nominating Committee is available for viewing at company's website at www.gromutual.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Nominating Committee is chaired by an Independent Non-Executive Director, Mr Yeoh Beng Sang. As included in the duties of Nominating Committee enlisted in the Terms of Reference, the Nominating Committee, led by the Chairman, is responsible for the followings:</p> <ul style="list-style-type: none">(a) Review the existing mix of Board and Senior Management (“SM”) diversity;(b) Review the Board’s succession planning and assess new appointments of members or SM;(c) Review and carry out evaluation for Board, Board Committees, Individual Director and Independence of Independent Director on annual basis;(d) Recommend the re-election of retiring directors in accordance with the Company’s Constitution <p>The Chairman of the Nominating Committee reports promptly to the Board on the outcome of the committee meetings.</p> <p>The Nominating Committee, led by Chairman, has conducted review on the performance of the Board, Board Committees, Individual Directors, and the Independence of Independent Directors (the details of the assessment are further disclosed in Practice 5.1 of this CG Report) during the financial year under review. In reviewing on the independence and continuity of the Independent Directors who had served the Board of the Company for a tenure of over 9 years, the Chairman of the Nominating Committee, being the director subjected to review, abstained from the conduct of review and elected fellow member of Nominating Committee to chair for the said review to ensure that the committee’s independence is preserved, and fair review was performed.</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

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	:	<p>In line with the Terms of Reference of Nominating Committee on the conduct of annual evaluation of the Board, its committees, individual directors and independence of independent director, the Board, through Nominating Committee and facilitated by the Company Secretary, has conducted the following formal evaluations through prescribed evaluation forms and criteria established during the financial year under review:</p> <ul style="list-style-type: none">- Performance of individual directors through self-assessment and peer assessment (Broad criteria: Contribution to interaction; Quality input; Understanding of Role;- Board and Board Committees' effectiveness (Broad criteria: Board mix and composition; Quality of information & decision making; Boardroom Activities; Composition of Committees; experience; provide useful recommendations; discharging of responsibilities; Communication); and- Independence of independent directors through self-assessment (Broad criteria: independency and objectivity) <p>The above evaluations had been carried out and deliberated by the members of the Nominating Committee and the outcome was presented by the Chairman of Nominating Committee to the Board on 30 November 2020.</p> <p>Further disclosure in regard to the assessments undertaken and detail criteria used for such assessment are disclosed in the CG Overview Statement in annual report as required under Paragraph 15.08A(3)(c).</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

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

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

Practice 6.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board through Remuneration Committee is responsible for the determination of procedure for the development of Remuneration Policy as stated in the Terms of Reference of Remuneration Committee. The objective of the policy enables the Company to attract and retain directors and senior management with the relevant experience and expertise required to run the Group successfully.</p> <p>The Remuneration Policy for Executive Directors and Senior Management provide that the remuneration of Executive Directors and Senior Management shall be recommended by the Remuneration Committee for Board's approval based on the performances, experiences and level of responsibilities undertaken by each of the Executive Directors and Senior Management.</p> <p>The remuneration package for Executive Directors and Senior Management based on the Remuneration Policy are as follow:</p> <ul style="list-style-type: none">(i) Basic salary – fixed sum(ii) Bonus – which will be declared based on the performance (Net Profit before tax) of the Group as a whole and calculated based on basic salary; and(iii) Performance Bonus/Special Bonus – calculated based on the performance (Net Profit after tax) of the Group as a whole and allocated in accordance to individual involvement and performance. <p>As provided in the Terms of Reference of Remuneration Committee, the Board as a whole determines the remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. The Non-Executive Directors are paid a fixed fee, which is subject to the approval of shareholders at Annual General Meeting.</p>

	<p>Additionally, all directors are also given meeting allowance as part of directors' benefits with estimated capping amount subjected to approval of shareholders at the Company's Annual General Meeting.</p> <p>The Remuneration Policy for Executive Directors and Senior Management will be reviewed and revised from time to time when needs arise with the last revision updated and adopted at Remuneration Committee Meeting held on 30 November 2020 and is made available for download on the company's website at www.gromutual.com.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</p>	<p>:</p>

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	:	<p>The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Senior Management so as to attract, retain and motivate the Directors. The Remuneration Committee reviews the remuneration policy of the Directors annually and revises the said policy from time to time when needs arise.</p> <p>The Remuneration Committee members comprises wholly of Non-Executive Directors. The composition of the Remuneration Committee is stated in the Corporate Information of the Annual Report</p> <p>The Remuneration Committee operates under clearly defined Terms of Reference which stipulate the duties and authorities of the committee. The Terms of Reference of Remuneration Committee are published on the company's website at www.gromutual.com.</p> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors. The Executive Director concerned would abstain from discussion and decision on his own remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors including the Non-Executive Chairman based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a fixed fee which subject to the approval of shareholders at Annual General Meeting.</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

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 of the remuneration of Directors during the financial year ended 31 December 2020, distinguishing between Executive and Non-Executive Directors are disclosed in the Corporate Governance Overview Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Key Senior Management team of the group is headed by Mr Teo Yu Hong, who is the MD of the Group. He is assisted by Ms Chew Kwee Hiok (f), the Deputy MD Cum CEO of the Group and Mr Teo Ah Bah @ Teo Chuang Kwee, an Executive Director of the subsidiaries.</p> <p>The detailed disclosure on name basis of the remuneration package of key senior management is disclosed in the Corporate Governance Overview Statement.</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

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company complied with the requirement that the Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>During the financial year under review and up to the date of this Report, the Chairman of the Audit Committee is Mr. Wong Wen Tak, an Independent Non-Executive Director whereas the Chairman of the Board is Mr. Tan Hon Kiat @ Tan Hoon Siong.</p> <p>Mr Wong possesses strong financial literacy skills to enable him to be an effective Audit Committee Chairman. He is a partner of an external audit firm in Malaysia, member of Malaysian Institute of Accountants and Fellow Member of Institute of Chartered Accountants in England and Wales. Please refer to the Directors' Profile section of the Annual Report for further details of the Chairman of the Audit Committee.</p> <p>A summary of activities of the Audit Committee, led by the Chairman, are disclosed in the Annual Report under the Audit Committee Report.</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 8.2

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	:	To avert the concerns on the independence of external auditor affected by the appointment of former key audit partners, the Terms of Reference of the Audit Committee includes a requirement that 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 per item 1(g). The Terms of Reference is available for viewing on Company's website at www.gromutual.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>Item 2(a) of the Terms of Reference of Audit Committee requires the Audit Committee to review the suitability and independence and matters concerning the appointment and dismissal of the external auditors. It is the practice of the Audit Committee to conduct the assessment of the suitability and independence of external auditors before the commencement of the audit fieldworks and at the conclusion of the audit, through review of the engagement, the non-audit fees, the Planning Report and Final Report for the audit, private session with the external auditors without the presence of the Management as well as the External Auditors Assessment Form. The criteria for the External Auditors Assessment include quality of services, sufficiency of resources, communication and interaction, independence, objectivity and professional skepticism.</p> <p>For the financial year ended 31 December 2020, the Audit Committee has assessed the suitability and independence of external auditors based on the above reviews and private sessions as well as the External Auditors Assessment Form and was satisfied and agreed with the written representation by the external auditors in their Planning Report and Audit Completion Report for the audit that the external auditors' independence was not compromised and that the External Auditor had conducted independently in accordance with the terms of all relevant professional and regulatory requirements. Having regarded the results of review performed and considered the external auditors had performed audit services to the Company satisfactorily in term of quality and timeliness throughout their engagement periods and had put in place an internal quality control processes to mitigate quality as well as independence and objectivity risks, the Audit Committee and the Board is of the opinion that the external auditors are suitable and able to deliver the assurance engagement professionally and diligently with sufficient level of independence under the relevant laws and regulations and will recommend their reappointment to the Board, upon which the shareholders' approval will be sought at the forthcoming AGM.</p> <p>The nature of non-audit services provided by the external auditor and</p>

	the quantum of the fees was also reviewed by the Audit Committee and was satisfied that the provision of these services did not in any way compromise their independence.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance to the Terms of Reference of the Audit Committee, the members are expected to be financially literate. The members of the Audit Committee consist of members who have a wide range of necessary skills to discharge its duties, i.e. Partner or ex-partner of audit firms and management consultancy firm and experiences in the banking and financial sector. Additionally, majority of the members are professional chartered members of local and international accounting bodies as well as accountant and/or chartered secretaries and/or licensed tax agent. The details of the experiences and professional memberships of the members of the Audit Committee are disclosed in the Annual Report under the Profiles of the Board of Directors.</p> <p>During the financial year ended 31 December 2020, the members of Audit Committee undertook continuous professional development(s) and trainings as required by the respective professional bodies which are relevant to the field of accounting, auditing, taxation, and regulatory developments. The details of the training attended are disclosed in the Annual Report's Corporate Governance Overview Statement</p> <p>Furthermore, in the annual assessment of the Board Committees, one of the criteria of assessment is to assess if the members of the Audit Committee have sufficient and relevant expertise in fulfilling their role. Through the assessment conducted, the Nominating Committee was of the opinion that the committees have the right mix of expertise, experience and skills and are able to discharge their responsibilities and duties well and efficiently.</p> <p>Please refer to the Audit Committee Report for the activities performed by the Audit Committee in accordance with the Terms of</p>

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls as well as internal audit mechanism to safeguard shareholders' investment and the Company's assets.</p> <p>The Board assumes the ultimate responsibility for risk management and internal control and establishes the risk appetite of the Group. Identifying, evaluating and managing any significant risks faced by the Group is an ongoing process which is undertaken in various stages:- (i) by Executive Directors; (ii) by Management; (iii) by Internal Auditors; and (iv) by the Audit Committee, which assesses and analyses any findings of the internal audit and external audit and reports to the Board. This process is continuously improved and has been in place for the year under review and up to the date of approval of this annual report.</p> <p>The details of the risk management and internal control system within the Group, including the process of identification, assessment and monitoring of key business risks are disclosed in the Statement on Risk Management and Internal Control.</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

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	:	Identifying, evaluating and managing any significant risks faced by the Group is an ongoing process which is undertaken in various stages:- (i) by Executive Directors; (ii) by Management; (iii) by Internal Auditors; and (iv) by the Audit Committee, which assesses and analyses any findings of the internal audit and external audit and reports to the Board. This process is continuously improved and has been in place for the year under review and up to the date of approval of this annual report. Please refer to the Statement on Risk Management and Internal Control for the detailed disclosures on the risk management and internal control system as well as the opinion of the Board on the state of the risk management and internal control system within the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In ensuring the internal audit function is effective and able to function independently, the Terms of Reference of the Audit Committee provides that the oversight role of the Audit Committee includes the followings:</p> <ul style="list-style-type: none"> - Consider all proposals by management and review the suitability and independence regarding the appointment, transfer or dismissal of the internal auditors and recommend to the Board for approval; - Review the adequacy of the competency and relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work; - Review the audit plan and work programme of internal audit; - Review the internal auditors' report, their findings of internal audit work and management's response; and - Review the process and any evaluations on risk management and internal controls by the internal auditor and authorise the commission investigation to be conducted by the internal auditors as it deems fit. <p>The oversight role of the Audit Committee and the activities undertaken by the Audit Committee on the internal audit function during the financial year is disclosed in Statement on Risk Management and Internal Control.</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	:	<p>The internal audit function of the Company is outsourced to NeedsBridge Advisory Sdn Bhd and report directly to the Audit Committee and has unrestricted access to the Group’s employees and documents in the performance of their engagement. The details of the internal audit function and oversight role of the Audit Committee on the function are disclosed in the Statement on Risk Management and Internal Control, which include but not limited to, the details of the engagement letter, review of the outsourced internal audit function’s resources and continuous professional developments.</p> <p>The engagement director of the outsourced internal audit function is a Certified Internal Auditors (“CIA”) accredited by the Institute of Internal Auditors Global. The outsourced internal audit function is manned by one (1) engagement director, three (3) senior manager/managers and nine (9) senior consultants/consultants as at the date of this Report. An engagement team of three (3) members was deployed by the outsourced internal audit function for the internal audit carried out during the financial year, led by a manager and senior consultant/consultant(s) who are members of professional accounting bodies and/or possess Bachelor Degree in Finance and/or Accounting.</p> <p>The Internal audit is carried out, in all material aspects, in accordance to the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>Please refer Statement on Risk Management and Internal Control for detailed disclosure on outsourced internal audit function.</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 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 is committed in ensuring that the communications with the shareholders are effective, transparent and timely. To achieve the Board has included a section in Board Charter on "Investor Relations and Shareholder Communication" which list out the channels of communication implemented, amongst others, the followings:</p> <ol style="list-style-type: none">1. Timely release of announcements and disclosures to Bursa Securities2. Conduct dialogues with financial analysts (if necessary).3. Conduct press conference (if necessary)4. Encourage full participation of shareholders at Annual General Meetings5. Usage of Company website (www.gromutual.com) to enable shareholders, investors and members of the public to access information about the Company, investor relations activities, announcements made to Bursa, and media releases. <p>The Board Charter is available for download at www.gromutual.com on regulating information conveyed through the above communication channels.</p> <p>During the financial year under review, the Board provided timely disclosure of all material information of the Group to the shareholders through release of quarterly financial results, announcements and distribution of Annual Reports. Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website and Company's website at www.gromutual.com.</p> <p>The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group.</p> <p>The 17th General Meetings (the "GM") held during the year 2020 for financial year ended 31 December 2019 also serves as the communication platform between the shareholders and the Board.</p>

	<p>During the GM, the shareholders are encouraged to raise questions and seek clarification on the business activities of the Group, agenda of the meetings and its proposed resolutions. The key matters raised and discussed during the AGM were also made available in the Company's website. It was noted that the submissions of proxy forms were also made available through the Share Registrar's website at https://www.tiih.online/.</p> <p>Shareholders, investors and members of the public may also forward their queries to the Company at Tel: 607-2121333, Fax: 607-2121222, Email: gromutualbhd@gromutual.com or to complete the Enquiry Form that are available in the Company's website.</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

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Gromutual Berhad is not a "Large Company" as defined under Malaysian Code on Corporate Governance as it is not a company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 billion as at the date of this Report.
	:	
<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 period given for the 18th Annual General Meeting (“AGM”) to shareholders prior to the meeting is more than the mandated period of 28 days before the AGM. The Notice will be sent on 26 April 2021 and the date of AGM is planned to be on 24 May 2021. Hence, the shareholders will have sufficient preparation time to make informed voting decisions at AGM as the Notice was sent via electronic communication (“e-communication”).</p> <p>The notice of the 18th Annual General Meeting will be advertised in The STAR newspaper.</p> <p>The Notice of the AGM includes the following</p> <ul style="list-style-type: none"> - place, date and time of the meeting - Resolutions that are tabled for approval and explanatory notes and information on the agenda items to be approved - Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the AGM
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

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	:	<p>All directors shall attend the general meeting to be held during the financial year under review so that the effective communication between the Board and the shareholders shall be established for those with oversight role (including but not limited to the Chairmen of Board Committees) to be present to answer any inquiry in person pertaining to the matters raised by the shareholders.</p> <p>Adequate time will be given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The external auditors shall also be present at annual general meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</p> <p>All directors including the Chairman of Audit, Nominating and Remuneration Committee will attend the 18th Annual General Meeting, to enable the respective Chairman of Committees and Directors to provide meaningful response to questions addressed to them.</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

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>There are approximately 2,500 shareholders in the Company.</p> <p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Constitution includes explicit right of proxy(ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on proxy's qualification.</p> <p>The Company did not in the past hold any meetings in remote location due to minimum number of participations from shareholders. Furthermore, it is easily accessible for shareholders to participate in the general meetings in Johor Bahru hence any leverage of technology i.e. online voting or webcast would not be cost effective to the Company.</p> <p>Due to the Covid-19 pandemic outbreak, the Company had decided that the appointment of proxy(ies) can be made electronically via Share Registrars' website, TIIH Online at https://tiih.online. This electronic voting option allows real time appointment of proxy(ies) without discerning those shareholders in remote locations and from other countries.</p> <p>Amidst the pandemic, the Company is mindful of the feasibility to hold remote meeting or fully virtual meeting should the MCO be extended/continued till the date of AGM proposed to be in May 2021, to meet their obligations under the law and enforcement by the authorities.</p> <p>Further announcement and notification shall be made upon any changes of the AGM details to the shareholders.</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	:	

**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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