

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : GBGAQRS  
**COMPANY NAME** : GABUNGAN AQRS BERHAD  
**FINANCIAL YEAR** : December 31, 2017

### **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 roles and responsibilities of the Board of Directors (“Board”) are set out in the Board Charter and the Board Committees’ roles and responsibilities in discharging its functions which had been delegated by the Board as set out in each respective Board Committees’ Terms of Reference (“TOR”), which are available for viewing on the Company’s website at <a href="http://www.gbg.com.my/about/corporate-governance">http://www.gbg.com.my/about/corporate-governance</a>.</p> <p>The values and Boards’ roles and responsibilities inclusive of the above mentioned are also available under the Board’s Policies and Proceedings in the Company’s Corporate Policy Manual.</p> <p>The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company and its subsidiaries.</p> <p>“Corporate Mission, Vision and Core Values” are adopted across the Company to promote and implement good corporate culture within the Company which reinforces ethical, prudent and professional behaviour.</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 Chairman, Y.M. Tunku Alizan bin Raja Muhammad Alias is leading the Board in its collective oversight of management, is responsible for the overall functioning of the Board. The role of the Chairman of the Board is set out in the Paragraph 2.3.2 of the Board Charter, include the following:-</p> <ul style="list-style-type: none"><li>- chair Board meetings;</li><li>- establish the agenda for, and frequency of, Board meetings (together with the CEO where appropriate);</li><li>- chair meetings of members, including the Annual General Meeting;</li><li>- ensure the Board's decisions have been implemented;</li><li>- be the link between the Board and the CEO/senior management;</li><li>- review matters of concern to the Company together with the CEO;</li><li>- develop a Performance Agreement with the CEO and review his or her performance against this Agreement</li><li>- provide guidance and mentoring to the CEO; and</li><li>- provide a proposal to the Remuneration Committee on remuneration of the CEO.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The clear division of roles and responsibilities of the Chairman and Group CEO are explained clearly in Paragraph 2.3.2 of the Board Charter, which is available on the Company's website at <a href="http://www.gbg.com.my/about/corporate-governance">http://www.gbg.com.my/about/corporate-governance</a>.</p> <p>The positions of Chairman, Y.M. Tunku Alizan bin Raja Muhammad leads and manages the Board by focusing on strategy, governance, compliance and also to ensure the Board's decisions have already been implemented whereas the Group CEO, Dato' Azizan bin Jaafar manages the business and operations of the Company.</p> <p>The distinct and separate roles of the Chairman and Group CEO with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</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 1.4

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 three Company Secretaries who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. They are responsible for providing Directors with advice on compliance and corporate governance issues.</p> <p>The Board has unrestricted access to the advice and services of Company Secretaries.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies, procedures and compliance with the relevant regulatory requirements. The Company Secretaries are responsible in monitoring and ensuring compliance with the policies and procedures for the Board as well as Board Committees.</p> <p>The Company Secretaries also undertake the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To facilitate the Directors' time management, a scheduled meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting.</p> <p>The Notices for Board Meetings and Board Committees' Meetings are sent to the Directors' via email at least seven (7) working days prior to the meeting. Further, the Company Secretaries will ensure the circulation of proper notice of meetings together with the agenda and meeting materials will be in timely manner to allow reasonable time for Directors to view the Board papers and Board Committees' papers.</p> <p>The deliberations and decisions at Board and Board Committees' meetings are well documented in the minutes, including matters where Directors abstained from voting and deliberation.</p> <p>Minutes of Directors' meeting and board committees' meetings would be distributed to all Directors and Board Committees' on a timely basis for review and thereafter for confirmation at the next board meeting and board committees' meetings. The signed board minutes and board committee's minutes are properly filed in the respective minute books and kept in the registered office 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

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 Charter is publicly made available on the Company's website at <a href="http://www.gbg.com.my/about/corporate-governance">http://www.gbg.com.my/about/corporate-governance</a>.</p> <p>The roles and responsibilities of the Board, Chairman, Management and the Board Committees are set out clearly in the Company's Board Charter and also in the Corporate Governance Overview Statement of the Annual Report.</p> <p>The Board Charter which was adopted under the Board's Policies and Proceedings of the Company's Corporate Policy Manual since the Company was listed. Nonetheless, the Board was in the opinion that it was suffice for the time being as it provide a clear understandings of the roles and responsibilities of the Board, Chairperson, Management and the Board Committees.</p> <p>Moving forward, the Board will evaluate on the needs to review the Board Charter for the purpose of clarity and consistency with the Malaysian Code on Corporate Governances as well as the Terms of Reference of the Board Committees.</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 Code of Ethics of the Company, together with the Management's responsibilities is published on the Company's website at <a href="http://www.gbg.com.my/about/corporate-governance">http://www.gbg.com.my/about/corporate-governance</a>.</p> <p>The Company has laid out the Policy Statement in the Code of Ethics by being ethical, business and lawful conduct of the Board and be responsible to the following parties:-</p> <ol style="list-style-type: none"><li>1. Clients;</li><li>2. Contractors and Suppliers;</li><li>3. Employees;</li><li>4. Communities; and</li><li>5. Shareholders.</li></ol> <p>Moving forward, the Company would review and enhance the principles periodically</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 established and adopted a Whistleblowing Policy, to provide an avenue for raising concerns related to potential improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The Whistleblowing Policy provides a grievance procedure where the employee can approach either the Audit Committee Chairman, Mr. Loo Choo Chong or Senior Independent Director, Datuk Kamarudin bin Md Ali to communicate or furnish of the potential improprieties information take place in the Company.</p> <p>As far as the Company's concern, there has not been any report reported to the Company and the contacts person mentioned above.</p> <p>Moving forward, the Board will take initiative to periodically to review and enhance the Whistle Blowing Policy for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance and to incorporate greater protection against both employees and stakeholders.</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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board of the Company consists of seven (7) Directors, comprising four (4) Independent Non-Executive Directors and three (3) Executive Director of which each of the Executive Directors also serves as Group Chief Executive Officer, Group Deputy Chief Executive Officer and Group Chief Financial Officer respectively.</p> <p>The four (4) Independent Non-Executive Directors out of the total number of the Board's member made up the Board to comprise a majority independent directors.</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 4.2**

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Director Independence Policy specifies that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director.</p> <p>Moving forward, the Board would consider to revise the Independence Policy to retain an independent director beyond nine years and twelfth years subject to the shareholder's approval as per the requirement of the Malaysian Code on Corporate Governance.</p>

### 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 criteria for the appointment process and annual assessment of Directors are contained in the Terms of Reference of the Nomination Committee. The Nomination Committee shall recommend to the Board of Directors, the candidates for all directorships to be filled by the shareholders or the Board of Directors.</p> <p>In making its recommendations, the Nomination Committee should consider the following criteria of the candidates’:-</p> <ul style="list-style-type: none"><li>- qualification;</li><li>- skills, knowledge, expertise and experience;</li><li>- specialist knowledge and technical skills;</li><li>- professionalism;</li><li>- integrity; and</li><li>- in the case of candidates for the position of independent non-executive directors, the nomination committee should also evaluate the candidate’s ability to discharge such responsibilities/ functions as expected from independent non-executive directors and time commitment to the Company.</li></ul> <p>During the financial year ended 31 December 2017, the following Directors were appointed:-</p> <ul style="list-style-type: none"><li>- Y.M. Tunku Alizan bin Raja Muhammad Alias was appointed on 17 March 2017 as Independent Non-Executive Chairman of the Board.</li><li>- Ms. Ow Yin Yee was appointed on 12 October 2017 as Executive Director.</li></ul> <p>The above appointments were proposed by an Executive Director.</p> <p>All appointments will be assessed based on the merits of each candidates and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board and workforce.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has yet to establish and adopt a Gender Diversity's policy. However, as at 12 October 2017, the Company appointed one (1) female Director of which accounted for 14.3% of Board members.	
		The Board is putting its efforts in getting other suitable female candidate who could meet the objective criteria, merits and with due regard for diversity in skills, experience, age and cultural background to join the Board. This will achieve our gender diversity composition.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board would adopt a new Gender Diversity's policy and also will consider sourcing new directors via different director's recruitment agencies.	
<b>Timeframe</b>	:	Within 3 years	

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Under the Terms of Reference of the Nomination Committee for appointment of new directors, the Nomination Committee does not specify on terms that they may source candidates to act as a Director of the Company via executive search firms or recommendation from other directors.</p> <p>Appointment of Board is recommended by our Nomination Committee based on merits, skills and experience required. In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board Members, Management, and major shareholders. The Nomination Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>The NC and the Board has yet to utilise the independent sources.</p> <p>Moving forward, the Board would consider sourcing new directors via different director's recruitment agencies whenever the Board requires new appointment of directors.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board would review the Terms of Reference of Nomination Committee for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance.
<b>Timeframe</b>	:	3 years



**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 Nomination Committee is chaired by an Independent Non-Executive Director, Mr. Muk Sai Tat.	
<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 Nomination Committee carries out the annual Board Effectiveness Evaluation (BEE) encompasses the assessment on the effectiveness of the Board as a whole, the effectiveness of each board committee and individual directors. The Company's BEE was conducted annually and the summary of the result was presented to the Nomination Committee and Board consideration. The Company's BEE exercise processes included questionnaires.</p> <p>The current practice of evaluating the Board by peer review has been objective and is deemed to have achieved the desired result of ensuring the effectiveness 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

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 Remuneration Committee's ("RC") principle objective is to evaluate, deliberate and recommend to the Board a remuneration policy of the Executive Directors ("EDs") that is fairly guided by market norms and industry practice. The RC also recommends to the Board, the EDs' remuneration and benefits based on their individual performances and that of the Group.</p> <p>The RC reviews the remuneration packages, reward structure and fringe benefits applicable to the EDs' on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the EDs with each individual Director abstaining from decision in respect of his own remuneration. The remuneration for Non-Executive Directors ("NEDs") comprises annual fees and reimbursement of expenses for their services in connection with the Board and Board Committee meetings. Fees and benefits payable to NEDs are deliberated and decided by the Board as a whole before it was presented for approval by shareholders at the AGM.</p> <p>In establishing the level of remuneration for the EDs, the RC may access to packages offered by comparable companies within the same industry and may also obtain independent advice if deem necessary. The Board believes that the remuneration policy is fairly govern the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain talented individuals to serve as Directors of the Company.</p> <p>The Terms of Reference of the RC are available for viewing at the Company's corporate website.</p> <p>Same goes for Senior Management where their remuneration packages evaluated and fairly guided by the market norms and industry practices.</p>

	<p>The senior management’s remuneration packages are determined by the EDs but subject to the Board’s approval.</p> <p>Moving forward, the Board also will adopt a revised policy and procedures into the RC’s Terms of Reference to further define the evaluation and recommendation on the senior management’s remuneration package periodically (if necessary) as part of the board’s approval.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	:	
<p><b>Timeframe</b></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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") to review and recommend matters relating to the remuneration of the Board.</p> <p>The RC's Terms of Reference ("TOR") are available on the Company's website.</p> <p>The said TOR stated the requirement of RC to review and deliberate on the remuneration of executive directors in all its forms, drawing from outside advice as necessary and the executive directors shall play no part in decisions on their own remuneration. Determination of remuneration packages of non-executive directors, including non-executive chairman, should be determined by the Board of Directors as a whole and the individuals concerned should abstain from discussing their own remuneration.</p> <p>The Board would review the RC's TOR for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance and also to include senior management.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Detail disclosure on named basis for the remuneration of individual directors is in the Corporate Governance Overview Statement of the Company's Annual Report.  The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emolument are disclosed on Page 61 of the Corporate Governance Overview Statement in the Company's Annual Report.
<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 7.2**

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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company had disclosed the top five senior management's remuneration component in band width of RM50,000 on named basis.  Detail disclosure on is available in the Corporate Governance Overview Statement of the Company's Annual Report.	
<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 7.3 - 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>	:	The Chairman of the Audit Committee, Mr. Loo Choo Hong, is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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>	:	None of the members of the Board were former key audit partners within the cooling-off period of two (2) years before appointed as a member of the Audit Committee ("AC").  The Board would review the Terms of Reference of the AC for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance and to include the provision of " <i>Any former key audit partner must have observed a cooling-off period of at least 2 years before one is eligible for appointment as AC members</i> ".
<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>In the fourth quarter 2017, the External Auditors, Messrs BDO ("BDO") presented to the Audit Committee ("AC") to review its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. This formed part of the AC's assessment of the suitability, objectivity and independence of BDO on an annual basis.</p> <p>The External Auditors also have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the MIA.</p> <p>Based on the outcome of the assessment, the AC is to decide whether or not to recommend to the Board for shareholder's approval to be sought on the re-appointment of external auditors at the forthcoming Eighth Annual General Meeting.</p> <p>The Board would review the AC's Terms of Reference to establish a specific policies and procedures to further asses the suitability, objectivity and independence of the external auditor for the purpose of clarity and consistency with the Malaysian Code on Corporate Governance and also to include senior management.</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>	:	The Audit Committee ("AC") comprises wholly of Independent Non-Executive Directors. This is also provided in the Terms of Reference of the Audit Committee.

### 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>	:	The members of the Audit Committee (" <b>AC</b> ") possessed with the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile in the Company's Annual Report.  All members of the AC had undertaken continuous professional development. The details of the training and seminars attended by the AC are disclosed in the Company's Annual Report.	
<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>Risk Management Committee ("<b>RMC</b>") has been set up to oversee and ensure the effective implementation of the following documents as per the Risk Management and Internal Controls Policy adopted by the Board and any other framework suggested deemed fit including the setting of risk appetite and risk tolerance set by the Board to ensure that risk management and internal controls across the various risk classes are managed effectively:-</p> <ul style="list-style-type: none"><li>• Risk Register;</li><li>• Risk Profile;</li><li>• SWOT Analysis;</li><li>• Incident Records;</li><li>• Insurance Claims;</li><li>• Strategic Plan;</li><li>• Project Performance Report and Forecast;</li><li>• Forecast Cash Flow Statement;</li><li>• Internal Audit Report;</li><li>• Financial statements;</li><li>• External Auditors' Report;</li><li>• Investment Analyst Report;</li><li>• Risk Management Training Program; and</li><li>• Any other experts' reports and analysis that may be specified at the Board's discretion.</li></ul> <p>Starting from year 2017, RMC has increased its frequency of meetings with the Managing Directors or Management representatives from both Property and Construction Division at least once every quarter (if necessary) to deliberate on the findings and recommendations of the risk observed for all projects.</p> <p>Hence, the Board and the RMC worked closely with the Senior Management to identify, evaluate, manage and report major risks that affecting the Company and its subsidiaries as well as the measures taken, and also to review the adequacy and effectiveness of the internal control on an ongoing basis. The Board is of the view that the system of internal control and risk management is in place during the financial year, is sound and sufficient to safeguard the Group's assets</p>

	<p>and the interests of various stakeholders.</p> <p>Moving forward, the Board would consider review the Risk Management and Internal Control Policy to revamp and make effective framework or policies and procedures enhancement, for more consistent and applicable approach as recommended by the Malaysian Code on Corporate Governance.</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**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Details of the feature of risk management and internal control framework, which include the governance, processes and measurement of the risk, are disclosed in the Company’s Annual Report.</p> <p>Adequacy and effectiveness of the key risk management and internal control processes are also reviewed and disclosed under the Statement on Risk Management and Internal Control of the Company’s Annual Report.</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 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	On 23 November 2017, the Board had approved and regularised the composition of the Risk Management Committee (" <b>RMC</b> "). Currently, RMC comprises of majority independent directors (" <b>IDs</b> ") of four (4) IDs out of six (6) committee members.

**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 Internal Audit operates independently under a charter mandated by the Audit Committee (“AC”) that gives unrestricted access to review all activities across the Group.</p> <p>The Internal Audit reports directly to the Audit Committee. The Audit Committee approves the Group Internal Audit’s annual plan, monitors the progress of the completion of the Audit plan, as disclosed in the Audit Committee Report of the Company’s Annual Report.</p> <p>All Audit Reports are tabled to the Audit Committee and an Internal Audit Activity Report is tabled at every AC meeting, highlighting key issues and concerns arising from the audits conducted.</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>The Board has established an Internal Audit Function which is currently outsourced to a professional firm. The Audit Committee (“AC”) reviewed and approved the Internal Audit Plan, scope of work and fees for the Internal Audit Function in order to ensure that the internal audit functioned independently and effectively. Functionally, the Internal Auditors reported directly to the AC and they were responsible for conducting periodic reviews and appraisals of risk management and internal controls procedures of the Group. The performance of the Internal Audit Function was assessed by the AC.</p> <p>The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. The Audit Team was headed by a director who is assisted by a manager and supported by audit executive. The director in charge was a qualified accountant while the manager and executives were accounting graduates, from universities, with relevant audit experience and guidance/ direction. Further disclosure on the conduct of the internal audit function and performance assessment by the Audit Committee is reported in the AC report in the Company’s Annual Report.</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>Communication and engagement with stakeholders are made through various platforms i.e. media other than general meeting(s), press announcements, analyst briefings and via electronic means such as website.</p> <p>Stakeholders are encouraged to direct their inquiries via e-mail at <a href="mailto:enquiries@gbg.com.my">enquiries@gbg.com.my</a> or <a href="mailto:info@gbg.com.my">info@gbg.com.my</a>.</p> <p>Further the Board ensures the Company announces its quarterly results on timely basis to the shareholders and also make necessary announcement to its stakeholders.</p> <p>Investor relations activities such as events or meetings organized with fund managers &amp; analyst and interview by the media are attended by the designated senior management personnel. They are Group Chief Executive Officer (Dato' Azizan bin Jaafar), Group Deputy Chief Executive Officer (Dato' Ow Chee Cheoon) and Group Chief Financial Officer (Ms. Ow Yin Yee).</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>	:	<p>Corporate information is disseminated via the Company's website and announcements made via Bursa Malaysia Securities Berhad's website. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.</p> <p>The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.</p> <p>The Company has yet to adopt integrated reporting as integrated reporting is still new in the current market and is more applicable for large company of which the Company is not.</p>
<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>	:	<p>The Company has complied with statutory requirements of the Companies Act 2016 and the Listing Requirements with regards to timeline in sending out notice of Annual General Meeting to shareholders all these years.</p> <p>Further, the Notice convening the Eighth AGM is given to the shareholders at least 28 days before the date of holding the Eighth AGM to facilitate for the shareholders to attend and vote and conforming to the recommendations by the Malaysian Code on Corporate Governance.</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 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors and the Chairman of every Board Committee were present at the Seventh Annual General Meeting of the Company held on 22 May 2018 to address questions from shareholders.</p> <p>The Management and external auditors were in attendance to respond to shareholders' queries.</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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	In order to implement voting in absentia and remote shareholders' participation, the relevant provisions in the Company's Constitution convening of the general meetings would need to be updated to allow for shareholders to attend general meetings remotely in line with the expectations of the Malaysian Code on Corporate Governance.	
		Shareholders are encouraged to attend general meetings. Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within reasonable time. Shareholders are allowed to appoint any person as their proxies to attend, participate, speak and vote in his stead at a general meeting.	
		General meetings are held in the city centre and is accessible by public transport and not in remote location.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



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

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

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