

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3018
COMPANY NAME : Olympia Industries Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has a pivotal role in the stewardship of its direction and operations of the Group toward enhancing shareholders' value and ensuring long term sustainable development and growth of the Group.</p> <p>In discharging their responsibilities, the Board considers all aspects of the operations of the Group and in particular the following areas:</p> <ul style="list-style-type: none">• Reviewing strategies to ensure viability of business.• Overseeing the performance of the business of the Group.• Identifying and implementing appropriate measures to manage risks.• Reviewing the adequacy of the Group's management information and internal control system.• Group's management information and internal control system. <p>The Board Charter sets out the specific responsibilities to be discharged by the Board members collectively, and the individual roles expected from them. It is also to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The Board Charter is available on the Company website at www.oib.com.my</p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:</p> <ol style="list-style-type: none">1. Audit Committee2. Nomination Committee3. Remuneration Committee4. Risk Management Committee |

| | | |
|--|--|--|
| | The activities of each Committee are set out in the Corporate Governance Overview Statement of the Annual Report 2019. | |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 | : | Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar, the Chairman of the Board is responsible for instilling good corporate governance practices and providing leadership in ensuring effectiveness of the Board. He is also responsible for the orderly conduct of meetings and facilitating matters between the Company and its investors. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 1.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The positions of the Chairman and the Group Managing Director are held by two different individuals. The Chairman, Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar is an Independent Non-Executive Director while the Group Managing Director is Tan Sri Dato' Yap Yong Seong.</p> <p>The Chairman is responsible for instilling good corporate governance practices and providing leadership in ensuring effectiveness of the Board, orderly conduct of meetings and facilitating matters between the Company and its investors.</p> <p>The Group Managing Director is responsible for the development and implementation of policies/strategies approved by the Board and managing the day-to-day operations of the Group. He is also responsible in ensuring integrity and effectiveness of the corporate governance process of the Board.</p> <p>The respective duties and responsibilities of the Chairman and the Group Managing Director are specified in the Board charter.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by qualified Chartered Secretaries who are Associate members of The Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Company Secretaries will update the Board on any regulatory changes and developments in corporate governance and the Main Market Listing Requirements of Bursa Securities and any other rules and regulations which is relevant to the Company.</p> <p>.</p> <p>The Company Secretaries have attended training programmes and seminars during the year under review for continuous professional development and technical knowledge enhancement.</p> <p>The Company Secretaries' responsibilities are also set out in the Board Charter.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.5

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | All Board and Board Committee meetings follow an agenda which, together with set of meeting papers containing information for each item on the agenda, are distributed to the Board / Board Committee members within a reasonable period prior to the meeting to ensure that Directors have sufficient time to evaluate the matters and be prepared for discussion at the meetings. However, sensitive or urgent matters may be tabled during the meetings. All proceedings of meetings including issues raised, deliberations and decisions of the Board as well Directors who abstained from deliberating or voting, are properly recorded. Minutes of the meetings are usually circulated to appropriate Directors for comments before confirmation by the Board/ Board Committees at their subsequent respective meetings. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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 specifies the roles and responsibilities of the Board, Board Committees, Chairman, Group Managing Director, Executive Director, Non-Executive Directors, Independent Directors including Senior Independent Director and Company Secretaries. There is also a schedule of Matters Reserved for the Board in the Board Charter.</p> <p>The Board Charter is available on the Company's website at www.oib.com.my</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 Board has the Code of Conduct of Directors to assist the Directors in defining ethical standards in the performance of their duties and is available on the Company's website at www.oib.com.my</p> <p>The Company has a set Code of Conduct and Discipline for its employees to observe as it seeks to establish and maintain appropriate administrative procedures to provide efficient and effective operation within the Company.</p> <p>The above Codes have been updated to include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.</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 : | The Group has a Whistle-Blowing Policy which aims to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group and the employees making such reports will be protected from reprisal. Details of the Policy are available on the Company's website at www.oib.com.my | |
| Explanation for departure : | | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 4.1

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board has 6 members; out of which 3 members (50%) are Independent Directors.</p> <p>The presence of Independent Non-Executive Directors helps in providing independent and constructive views, advice and opinions to the benefit of the investors, customers and other stakeholders.</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 4.2

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>Two (2) Independent Non-Executive Directors of the Company have exceeded their tenure as Independent Directors for more than 9 years.</p> <p>The Nomination Committee had conducted several evaluations on the Board, Board Committees and individual Directors and on the assessment of individual Directors, each Director is required to do an assessment on himself as well as assessing his fellow Directors individually (peer assessment).</p> <p>In the course of discussions at the meeting, the Director concerned will abstain from deliberations and then the conclusion will be presented to the Board for decision to recommend to shareholders in retaining the Director concerned as an Independent Non-Executive Director ("INED").</p> <p>The Board concurred with the Nomination Committee that, apart from meeting the independence criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Independent Directors have been able to demonstrate their independence and exercise objective judgement during Board deliberations. There are no relationships or circumstances which are likely to affect their ability to exercise independent judgement. Furthermore, a long-serving INED has tremendous insight and knowledge of the Company's affairs.</p> <p>The Board will seek shareholders' approval to retain the 2 Directors as Independent Directors after serving a cumulative term of 9 years at the forthcoming AGM.</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 4.3 - Step Up

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

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 4.4

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Nomination Committee is delegated with the responsibility of assessing, considering and recommending to the Board, suitable candidates for appointment as Directors. The recruitment of senior management staff is governed by the Company's Staff Policies and Procedures. Due regard for diversity in skills, experience, age, gender, and cultural background for any proposed appointment will also be given. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | The Company currently does not have a gender diversity policy for Board appointment. The Board adheres to the practice of non-discrimination of any form, whether based on age, race or gender, throughout the Group. This includes the selection of Board members. The Company believes in providing equal opportunity to candidates with merit. | |
| | | The Board through its Nomination Committee will consider female candidates for appointment. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

Intended Outcome

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

Practice 4.6

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the Nomination Committee. The existing Board members and major shareholders are the primary means to source for new Directors. The candidates are assessed thoroughly based on the required mix of skills, knowledge, experience, expertise and other required qualities.</p> <p>During the year, the Nomination Committee had reviewed Encik Izaddeen bin Daud's credentials and concluded that he is suitably qualified to replace Tuan Haji Hamdan bin Yahya, who retired as an Independent Non-Executive Director at the last Annual General Meeting in June 2019.</p> <p>The Board is open to referrals from external sources.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

Intended Outcome

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

Practice 4.7

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Nomination Committee is chaired by Tan Sri Dato' Nik Hashim bin Nik Ab Rahman, a Senior Independent Non-Executive Director of the Company. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.1

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>During the financial year, the Nomination Committee had amongst others, carried out annual evaluations on the effectiveness of the Board as a whole, Board Committees and individual Directors (including peer assessment) of the Company.</p> <p>The Board and Board Committees were evaluated in the areas of composition, quality of information and decision making as well as boardroom/board committee activities while the individual Directors were assessed on their background, contribution & performance as well as calibre and personality.</p> <p>On Peer assessment, the evaluation was based professional experience, industry knowledge, specific competencies, business acumen, strategic vision, integrity, attendance of and preparation for board meetings, teamwork, active participation and general contributions.</p> <p>Based on the findings, the average rating on each evaluation was relatively high with scores of between 3.5 and 4 (full score is 4). The Board is generally satisfied with the level of performance and effectiveness of the Board, Board Committees and individual Directors of the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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>Directors' remuneration are decided and reviewed in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for Executive Directors is aligned to individual and corporate performance.</p> <p>Non-Executive Directors are paid fees and benefits which are reflective of their responsibilities. As for senior management, yearly performance appraisal will be conducted by the Group Managing Director.</p> <p>Directors' fees and benefits payable to Non-Executive Directors recommended by the Remuneration Committee are subject to the approval of the shareholders at the annual general meeting of the Company.</p> <p>The Remuneration Policy and Procedures for Directors and senior management is available on the Company's website at www.oib.com.my</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 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 of Directors and senior management is set to attract and retain individuals of necessary calibre. The Board has in place the policy and practices to determine the Directors and senior management's remuneration taking into consideration the Company's performance as well as the performance of the individuals.</p> <p>The authority, duties and responsibilities of the Remuneration Committee are set out in its Terms of Reference, which is available on the Company's website at www.oib.com.my</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 | Details of the Directors' remuneration comprising remuneration received/receivable from the Company and the Group for the financial year ended 31 December 2019 are as follows: | | | | | | |
| COMPANY | | | | | | | |
| | | | | RM | | | |
| | Fees | Salaries | Bonus | ¹ Other Emoluments | ² Benefits in kind | Total | |
| Executive | | | | | | | |
| Tan Sri Dato' Yap Yong Seong | - | 256,500 | - | 593 | - | 257,093 | |
| Dato' Sri Yap Wee Keat | - | 430,116 | - | 52,548 | 45,137 | 527,801 | |
| Non-Executive | | | | | | | |
| Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar | 48,000 | - | - | 1,700 | 35,000 | 84,700 | |
| Tan Sri Dato' Nik Hashim bin Ab. Rahman | 36,000 | - | - | 6,200 | - | 42,200 | |
| Loh Chye Teik (<i>demised</i>) | 24,000 | - | - | 1,200 | - | 25,200 | |
| Haji Hamdan bin Yahya (<i>retired</i>) | 16,500 | - | - | 1,500 | - | 18,000 | |
| Ng Ju Siong | 24,000 | - | - | 1,200 | - | 25,200 | |
| Izaddeen bin Daud | 13,500 | - | - | 500 | - | 14,000 | |
| Total | 162,000 | 686,616 | - | 65,441 | 80,137 | 994,194 | |
| GROUP | | | | | | | |
| | | | | RM | | | |
| | Fees | Salaries | Bonus | ¹ Other Emoluments | ² Benefits in kind | Total | |
| Executive | | | | | | | |
| Tan Sri Dato' Yap Yong Seong | - | 738,720 | - | 217,779 | 2,260 | 958,759 | |
| Dato' Sri Yap Wee Keat | - | 1,141,140 | 95,095 | 140,856 | 45,137 | 1,422,228 | |
| Non-Executive | | | | | | | |
| Y.A.M. Tunku Naquiyuddin ibni Almarhum Tuanku Jaafar | 48,000 | - | - | 1,700 | 35,000 | 84,700 | |
| Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman | 36,000 | - | - | 6,200 | - | 42,200 | |
| Loh Chye Teik (<i>demised</i>) | 24,000 | - | - | 1,200 | - | 25,200 | |
| Haji Hamdan bin Yahya (<i>retired</i>) | 16,500 | - | - | 1,500 | - | 18,000 | |
| Ng Ju Siong | 24,000 | - | - | 37,200 | - | 61,200 | |
| Izaddeen bin Daud | 13,500 | - | - | 500 | - | 14,000 | |
| Total | 162,000 | 1,879,860 | 95,095 | 406,935 | 82,397 | 2,626,287 | |

| | | |
|---|--|--|
| | <p>Notes:</p> <p>¹ Other emoluments include statutory contributions, allowances and attendance fees.</p> <p>² Benefits in kind paid to certain Directors include company car, company driver, petrol, club membership and leave passage.</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

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

Practice 7.2

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

| Application | : | Departure | | | | | | | |
|---|---------------------------------|---|--|---|---------------------------------|-----------------------|---|-----------------------|---|
| Explanation on application of the practice | : | | | | | | | | |
| Explanation for departure | : | <p>The top key senior management whose total remuneration (including benefits in-kind and other emoluments) under each band of RM50,000 is set out below:</p> <table border="1"> <thead> <tr> <th>Total remuneration in bands of RM50,000</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM150,000 – RM200,000</td> <td>1</td> </tr> <tr> <td>RM250,000 – RM300,000</td> <td>1</td> </tr> </tbody> </table> <p>The remuneration of the key senior management is on an aggregated basis as the Board is of the view that it would not be in the best interest of the Company to make detailed disclosure of each key senior management personnel in view of the competitiveness in the employment market and the Company's efforts in attracting and retaining executive talents.</p> | | Total remuneration in bands of RM50,000 | Number of Key Senior Management | RM150,000 – RM200,000 | 1 | RM250,000 – RM300,000 | 1 |
| Total remuneration in bands of RM50,000 | Number of Key Senior Management | | | | | | | | |
| RM150,000 – RM200,000 | 1 | | | | | | | | |
| RM250,000 – RM300,000 | 1 | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | |
| Measure | : | | | | | | | | |
| Timeframe | : | | | | | | | | |

Intended Outcome

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

Practice 7.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

| | | |
|--|---|--|
| Application : | Applied | |
| Explanation on application of the practice : | The Chairman of the Audit Committee, Tan Sri Dato' Nik Hashim bin Nik Ab. Rahman, is not the Chairman of the Board. | |
| 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 | : | <p>There were changes in the composition of the Audit Committee during the financial year following the retirement of a Director and the demise of another. Two (2) new members of the Audit Committee were appointed to maintain the composition and they are not former key audit partners.</p> <p>The Board has in place an Assessment Policy for External Auditors setting out amongst others, the cooling period of at least 2 years on any proposed appointment of a former key audit partner as a member of the Audit Committee.</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 8.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit Committee has obtained annual assurance of independence from external auditors for the audit of each financial year.</p> <p>During the financial year, the Audit Committee had carried out an evaluation of external auditors' performance and independence. The evaluation covers the areas of calibre of the audit firm, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications.</p> <p>The Board has in place an Assessment Policy for External Auditors setting out the guidelines and procedures for the Audit Committee to assess, among others, the suitability, objectivity and independence of the external auditors.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The members of the Audit Committee are all independent directors. |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Audit Committee members have a mix of financial, commercial and other fields of expertise. Encik Izaddeen bin Daud fulfilled the qualification requirement under paragraph 15.09(1)(c)(iii) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>In order to strengthen the present financial literacy of each member and the ability to understand matters under the purview of the Audit Committee including the financial reporting process, all members of the Audit Committee will balance their participation in continuous professional development programmes on accounting and auditing standards, practices and rules in the future.</p> <p>During the financial year under review, the Audit Committee members had attended training to enhance their skills and knowledge in the discharge of their duties effectively.</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 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 maintains a sound risk management framework and system of internal control to safeguard the Group's assets, shareholders' investments and the interests of customers, employees and other stakeholders.</p> <p>Significant risks and their control plans to mitigate the risks to achieve the objectives would be documented for monitoring in the risk register and to be deliberated by the Risk Management Committee.</p> | |
| Explanation for departure | : | | |
| | | Please provide an alternative practice and explain how the alternative practice meets the intended outcome. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The risk management and internal control system of the Group, comprising the respective frameworks, procedures, management processes, monitoring processes described in this Report, is considered appropriate. While the Board acknowledges that the risk management and internal control system does not eliminate the possibility of collusion or deliberate circumvention of procedures by employees, human errors and/or other unforeseen circumstances that might result in poor judgement, an assurance was received from the Group Managing Director and the General Manager, Group Finance that the risk management and internal control system of the Group is operating adequately and effectively. The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework are detailed in the Statement on Risk Management and Internal Control included in the Annual Report 2019. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 9.3 - Step Up

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

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board has established a Risk Management Committee ("RMC") on 30 May 2018 to oversee the company's risk management framework and policies.</p> <p>The RMC consists of 3 Independent Non-Executive Directors, 1 Executive Director and 1 Non-Independent Non-Executive Director. The Chairman of the RMC is an Independent Non-Executive Director.</p> |

Intended Outcome

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

Practice 10.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function. The internal audit department is headed by a qualified internal auditor. The internal audit is independent of the activities it audit and the Internal Auditor attends and reports at each Audit Committee meeting on reviews conducted during each quarter.</p> <p>Details on internal audit functions are disclosed in the Audit Committee Report of the Annual Report 2019.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 10.2

The board should disclose–

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established an internal audit function within the Company, which is carried out by the Internal Audit Department (IAD) and is headed by Mr Lim Hui Leong, a graduate from the Association of Chartered Certified Accounts (ACCA). Mr Lim is a member of the Institute of Internal Auditors Malaysia with Certified Internal Auditor (CIA) certification and Malaysian Institute of Accountants. Mr Lim reports directly to the Audit Committee and he has accumulated over 23 years' experience in internal audit function. A total of 3 staff had carried out the internal audit assignments of the Group for 2019.</p> <p>The internal audit department carries out the audit in accordance with the principles of the international professional practices framework on internal auditing.</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 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 Company recognises the importance of timely dissemination of material information including financial results, corporate proposals etc. to shareholders, investors and the public.</p> <p>All such information relating to annual reports, quarterly results, announcements are accessible at Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.oib.com.my</p> <p>The Company also has a general email address for shareholders to direct their queries.</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 11.2

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 | : | Not applicable as the Company is not a Large company as defined in MCCG 2017. | |
| | | | |
| <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 | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>Notice of Annual General Meeting for the past years had been sent to shareholders at least 28 days prior to the meeting. However, the Company is only able to issue a notice period of 26 days for the 39th AGM due to limited dates available for the meeting and final clearance from the Company's external auditors on the audited financial statements for financial year ended 31 December 2019.</p> <p>Nevertheless, shareholders will still have sufficient time to make informed decisions at the meeting as notification on the 39th AGM is now sent to shareholders via electronic mails and by post (for those who did provide email addresses), informing them on the AGM and that that the Company's Annual Report ("AR"), Corporate Governance Report, Circular, Notice of 39th AGM, Form of Proxy, Administrative Guide on 39th AGM and AR/circular request form are available on the Company's website.</p> <p>Shareholders are able to participate in the 39th AGM (including posing questions to the Board via real time submission of typed text) and vote remotely at this AGM via Remote Participation and Voting facilities. Shareholders are also able to submit duly completed proxy forms in hardcopies to or by electronic means provided by the registrar.</p> <p>Furthermore, the Notice of 39th AGM which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper.</p> |
| | | |

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

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 12.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>Except for a Director who retired at the 38th AGM, all other Directors were present at the 38th AGM to address questions from the shareholders. The senior management and external auditors were also at the meeting.</p> <p>All Directors and senior management will endeavour to attend the AGM of the Company.</p> | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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>As stated in the notice of annual general meeting (“AGM”), shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. General meetings of the Company have always been held at venues which are easily accessible and convenient to all with links to public transportation. Free parking is also available to shareholders.</p> <p>The 39th AGM in 2020 will be conducted entirely through live streaming from the broadcast venue where shareholders and proxies can attend, speak and vote remotely via Remote Participation and Voting facilities provided therein.</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.

Click here to enter text.