

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7106  
**COMPANY NAME** : Supermax Corporation Berhad  
**FINANCIAL YEAR** : June 30, 2021

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>An experienced and effective Board consisting of members with a wide range of skills including legal, accounting and international trade; and a wealth of experience from financial and business backgrounds, leads and controls the Group. The Directors bring depth and diverse expertise to the leadership of a Company involved in the challenging and highly competitive glove business.</p> <p>The Board continues to give close consideration to its size, composition and spread of experience and expertise. It ensures that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Company.</p> <p>The roles and responsibilities of the Board of Directors of the Company include:-</p> <ul style="list-style-type: none"><li>• Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company. The Executive Directors discuss the Company's business plans and strategic directions with the Board to seek their insights and feedback before adoption. The Executive Directors then focuses on implementing the business plans and strategies and update the Board on the progress and status periodically.</li><li>• Overseeing the conduct of the Company's business to evaluate whether the business is being run with adequate resources and properly managed overall. The Board receives feedback from the Management and is also briefed by the Audit Committee (AC). The AC receives reports and feedback from the Internal Audit Department which conducts independent audits of the Group's operations.</li></ul>

	<ul style="list-style-type: none"> <li>• Identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks; and</li> <li>• Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</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 1.2

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 duties and responsibilities of each director, including the Chairman and CEO, are listed in the Board Charter which is available on the Company's website at <a href="http://www.supermax.com.my">www.supermax.com.my</a>.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:-</p> <ul style="list-style-type: none"><li>• to lead the Board and ensure its effectiveness in all aspects of its role;</li><li>• to ensure the efficient organisation and conduct of the Board's function and meetings;</li><li>• to facilitate the effective contribution of all Directors at Board meetings;</li><li>• to promote constructive and respectful relations between Directors, and between the Board and Management; and</li><li>• to ensure effective communication with shareholders and relevant stakeholders.</li></ul> <p>The current Chairman is Mr Albert Saychuan Cheok, who assumed the role on 19 October 2018, succeeding Tan Sri Rafidah Aziz. His educational background, working experience and current positions held in public listed companies across the Asia Pacific are outlined under the Profile of Directors section in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 Company aims to ensure a balance of power and authority between the Chairman and the Executive Directors with a clear division of responsibility between the running of the Board and the management of the Company's day to day business respectively. The positions of Non-Executive Chairman and Executive Directors are separated and clearly defined.</p> <p>The Chairman's role has been disclosed earlier in this CG report (under Practice 1.2) while the Executive Directors, who are supported by the management team, are responsible for the day-to-day management of the Group's business, which includes implementing policies and decisions of the Board, overseeing the operations to ensure the organizational effectiveness and managing the development and implementation of the Company's business and corporate strategies.</p> <p>The position of Chairman is held by Mr Albert Saychuan Cheok since 19 October 2018 while the Company is helmed by the 2 Executive Directors, Ms Cecile Jaclyn Thai and Mr Tan Chee Keong, since their appointment on 2 January 2018.</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

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 Company's corporate secretarial function is out-sourced to Tricor Corporate Services Sdn Bhd ("Tricor").</p> <p>The Board of Directors is ably supported by the company secretaries nominated by Tricor. They are qualified under Section 236 of the Companies Act, 2016, and play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.</p> <p>The role of the Company Secretary includes:</p> <ul style="list-style-type: none"><li>• Ensuring compliance with regulatory requirements;</li><li>• Updating the Board on changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");</li><li>• Providing support to the Board in ensuring adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;</li><li>• Ensuring that deliberations at the Board meetings are recorded in the minutes, minutes are well documented, following-up on matters arising, maintaining a secure retrieval system which stores meeting papers and minutes of board meetings.</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 1.5**

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 planning, the dates of the quarterly Board meetings for the year ahead would be pre-determined and agreed upon, although subject to change should it be absolutely necessary.</p> <p>Prior to each meeting, the directors would receive the meeting materials within a reasonable time sufficient for them to prepare pertinent questions and make informed decisions. The deliberations and decisions at the Board meetings are well documented in the minutes by the company secretaries. The minutes are then circulated to the Directors for review in a timely manner before it is finalised and tabled at the next board meeting for confirmation.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is 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 Company's Board Charter was adopted on 26 May 2016. Amendments in line with the Malaysian Code of Corporate Governance were tabled to the Board and approved on 28 May 2018.</p> <p>This Board Charter serves to outline the duties, responsibilities and functions of each director and of the Board as a whole in accordance with the principles and practice of good corporate governance. It defines the Company's commitment to good corporate governance and compliance and is not an 'all inclusive' document and should be read as a broad expression of principles.</p> <p>The Board has also identified a Senior Independent Director, i.e. Dato' Ting Heng Peng, to whom queries or concerns regarding the Group may be conveyed.</p> <p>The roles and responsibilities of the Board of Directors have been outlined earlier in this Corporate Governance Report. Individually, the directors are required to exercise care, skill and diligence; act in good faith and in the best interests of the Company; not improperly use his/her position or misuse the Company's information; and must commit the time necessary to effectively discharge his/her role as a director.</p> <p>In terms of continuing education and training for the directors, aside from the Mandatory Accreditation Programme as required by Bursa Malaysia, the directors are committed towards the pursuit of knowledge and skills enhancement through appropriate continuing education programmes and life-long learning. This will enable the Directors to effectively discharge their duties and sustain active participation during Board deliberations. The Board shall evaluate and determine the training needs of its Directors on an on-going basis. Each of the directors has attended at least one educational programme during the year.</p>



	The roles and responsibilities of the board committees are outlined in the Terms of References of the respective board committees. The Terms of References can be found in the Company's website at <a href="http://www.supermax.com.my">www.supermax.com.my</a> .	
<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 Company has a Code of Business Ethics ("CoBE") to assist the Directors and employees in defining ethical standards and conduct at work. The CoBE is not intended to be exhaustive, and there may be additional obligations under which Directors and employees are expected to behave and conduct themselves when performing their duties. The CoBE can be accessed at the Company's website <a href="http://www.supermax.com.my">www.supermax.com.my</a>.</p> <p>The Board will monitor compliance with the CoBE and review the CoBE regularly to ensure that it continues to remain relevant and appropriate. In summary, the CoBE outlines the Directors' and employees' responsibilities and duties when engaging with all stakeholders including the Company's shareholders, its employees, its suppliers and customers and society at large. It advocates, amongst others, the qualities of professionalism, value creation, fairness, honesty, accountability, integrity and strict adherence to all applicable laws, treaties, rules and regulations in the jurisdictions within which the Company operates.</p> <p>The Company also has a Whistleblowing Policy, which encourages the reporting of any unethical or unlawful behaviour or practices. The policy can be found on the Company's website <a href="http://www.supermax.com.my">www.supermax.com.my</a> and it provides guidance to not just Directors and employees of the Company but to third parties as well on the reporting procedures.</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 Company also has a Whistleblowing Policy, which can be found on the Company's website <a href="http://www.supermax.com.my">www.supermax.com.my</a>, aimed at protecting integrity, transparency, impartiality and accountability in all of the Company's business operations and activities.</p> <p>The whistleblowing policy provides a structured reporting channel and guidance to all employees and external parties to whistle blow without the fear of victimization. Directors, employees as well as third parties are encouraged to use the guidance provided in the Whistleblowing Policy to report all suspected misconduct, irregularities and illegal activities.</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>	:	The Board is comprised of 6 members, i.e. the Chairman, 2 executive directors and 3 non-executive directors. All 8 of them come from very different backgrounds and bring with them a wide and varied range of expertise. A majority, or 4 out of 6 board members, are independent directors, including the Chairman himself.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Two (2) of the Company's 4 independent directors have served on the Board of Directors for over 9 years. However, the Nomination Committee (NC) and Board have determined at the annual assessment carried out that Dato' Ting Heng Peng and Dr. Rashid Bin Bakar, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company.</p> <p>The NC also finds that each of the directors possess and continue to gain and develop the necessary experience and core competencies to discharge their duties as directors individually, as a Board and within the relevant sub-committees in which they serve. They have also devoted sufficient time to carry out their duties and responsibilities and to further their knowledge and skills required.</p> <p>On retaining independent directors serving beyond 12 years, the Company had taken note of the recommendation to seek shareholder approval through a 2-tier voting process and this was adopted last year (2020).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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



### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company currently does not have a formal policy on board and senior management representation in terms of gender, age or ethnicity. Nevertheless, the Company acknowledges the importance of diversity and agrees with the recommendations of the Malaysian Code of Corporate Governance relating to boardroom and workforce diversity.</p> <p>The Nomination Committee (NC) established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decisions. For any new appointment of directors, the NC conducts a rigorous selection process by applying established criteria which included the assessment of essential skill sets such as relevant industry experience and experience in developing corporate growth strategies, knowledge on legal and regulatory requirements, ability to read, analyse and interpret financial statements and also working knowledge and experience in business development; before recommending the appointment and/or re-election to the Board for approval. All the while, due consideration would be given to gender, age and ethnicity during the assessment process.</p> <p>At Board level, the current diversity is as follows:-</p> <p>Gender: Male (5); Female (1) Age: 30-40 (1); 41-50 (1); 51-60 (0); 61 &amp; above (4) Ethnicity: Malay (1); Chinese (5); Indian (0)</p> <p>At Senior Management level:-</p> <p>Gender: Male (1); Female (1) Age: 30-40 (1); 41-50 (1); 51-60 (0); 61 &amp; above (0) Ethnicity: Malay (0); Chinese (2); Indian (0)</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>	:	<p>As mentioned earlier, the Company has not formalised a policy on diversity but nevertheless acknowledges the importance of the recommendations on diversity contained in the Malaysian Code of Corporate Governance and is guided by it when assessing the suitability of prospective directors and senior management.</p> <p>Following the departure of 2 women directors in 2018, the female representation on the Board has fallen below 30%. Nevertheless, the Company is in the midst of identifying suitable female candidates to be appointed as 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 has been working on and will continue to work on identifying potential female directors. With the shortlist, the Company will be ready & prepared when a new Board member is to be appointed.
<b>Timeframe</b>	:	To be reviewed each year and considered whenever a new Board member is to be appointed.

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	While the Board would certainly take into consideration the recommendations from existing board members and major shareholders on suitable candidates when appointing new board members, it would also seek out the views and suggestions from independent external parties such as business associates and individuals of standing from the public sector as to candidates that have the calibre to be a contributing member 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**

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>	:	<p>The Board has established a Nomination Committee comprising of 2 non-executive directors, both of whom are independent directors. The Committee's functions and procedures are detailed in the Committee's Terms of Reference which is available on the Company's website at <a href="http://www.supermax.com.my">www.supermax.com.my</a>.</p> <p>The Nomination Committee is chaired by Mr Albert Saychuan Cheok, the Company's Independent non-executive-Chairman.</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 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 assesses on an annual basis the performance of the Board as a whole, Board Sub-Committees and individual Directors, based on a self-assessment approach and peer review. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at each Annual General Meeting of the Company, with a view to meeting current and future requirements of the Group.</p> <p>The criteria used by the Nomination Committee in evaluating the performance of individual directors include their contribution, integrity, competency and time commitment in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annual basis. For Board Sub-Committees, its members would be assessed by the non-members. The Board did not engage any external party to undertake an independent assessment of the Directors this year.</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>	:	As disclosed in the Board Charter, the remuneration of the Company's directors (which includes the senior management as they are also directors of the Company) is subject to periodic review and recommendation by the Remuneration Committee. After due consideration with regards to factors such as the directors' experience, skill set and contributions, the Remuneration Committee will put forward their recommendation to the Board for their approval. A decision will be made by the Board as a whole.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has set up a Remuneration Committee which comprises 2 independent non-executive directors and an independent director. The Committee is chaired by one of the independent non-executive directors, i.e. Dr Rashid Bin Bakar.</p> <p>The Committee will recommend the remuneration packages of executive directors and senior management to the Board and can draw from outside independent professional advice as it may deem necessary.</p> <p>The remuneration packages of the non-executive directors would be determined by the Board of Directors as a whole taking into consideration the additional responsibilities undertaken such as the role of board chairman, chairman of a sub-committee or the senior independent director.</p> <p>The Terms of Reference of the Committee can be found on the Company's website <a href="http://www.supermax.com.my">www.supermax.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Details of each executive and non-executive director's remuneration at Group and Company level are disclosed on a named basis.
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The remuneration of the top 2 senior management staff who also sit on the Board, are disclosed on a named basis. However, the Board has decided not to disclose the remaining senior management staff's remuneration. This is due to the sensitive and confidential nature of an employee's remuneration package. It would not be in the best interests of the employee or the Company to disclose such detailed information in the Annual Report.
<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 Company will monitor the market practice in respect of such disclosure and reassess its stand on such disclosure each year.
<b>Timeframe</b>	:	To review again in FY2022.

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has set up an Audit Committee comprised of 3 independent non-executive directors in line with the Malaysian Code of Corporate Governance best practices. The Chairman of the Audit Committee is Dato’ Ting Heng Peng.</p> <p>The Chairman of the Board is Mr Albert Saychuan Cheok. He assumed the role w.e.f. 19 October 2018.</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 8.2**

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 of Directors are former audit partners of the Company's auditors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee carries out an annual assessment on the performance, suitability, objectivity and independence of the External Auditor.</p> <p>Key areas assessed are namely on calibre and quality of service; sufficiency of resources; audit scope and planning; communications, interaction and professionalism; and including independence and objectivity. An External Auditor Assessment Policy has also been established.</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 members of the Audit Committee are Dato' Ting Heng Peng (Chairman), Dr Rashid Bin Bakar and Mr Albert Saychuan Cheok. All 3 are independent non-executive directors.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The members of the Audit Committee have the relevant experience and knowledge in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. They also keep themselves updated on the latest relevant developments through various means including attending seminars and training sessions. The qualifications, experience and training attended by the individual Audit Committee members are disclosed in the 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>The Board of Directors is committed to maintain a sound system of risk management and internal control within the Group. The Board also acknowledges that it is their responsibility to review, in an on-going manner, the risk management and internal control system for its adequacy, effectiveness and integrity. Thus, the Board, through the Risk Management Committee maintains overall responsibility for risk oversight within the Group.</p> <p>The system of risk management and internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve the Group's business objectives. It can therefore only provide reasonable and not absolute assurance against material misstatement or financial losses or fraud.</p> <p>In achieving the Group's business objectives, the Board assumes its responsibilities in designing the system of risk management and internal control based on the on-going process of identifying and prioritising risk, evaluating the likelihood of those risks being realised, and then, managing them effectively, efficiently and economically.</p> <p>Management is responsible for assisting the Board in implementing and monitoring the procedures and processes which identify, assess and monitor business risks and internal controls, and to take responsive corrective action as and when needed.</p> <p>The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.</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

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>The Board oversees the risk management function through the Risk Management Committee ("RMC"). The RMC reviews and recommends for the Board's consideration and approval the risk management framework and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and tolerance of the Group to safe guard the Group's assets and shareholders' investment.</p> <p>The Group has in place a structured process for identification, assessment, monitoring and communication of risks and effectiveness of risk mitigation strategies at all level of operations.</p> <p>Further details on the features of risk management and internal control are provided in the Statement on Risk Management and Internal Control disclosed in the 2021 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>	:	Applied
<b>Explanation on adoption of the practice</b>	:	The Board has set-up a Risk Management Committee comprised of three (3) Independent Non-Executive Directors, to oversee the Company's risk management framework and policies.

### 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 Board has established an in-house Internal Audit (“IA”) function which reports directly to the Audit Committee (“AC”).</p> <p>The Head of IA reports to the AC on the assessment and adequacy of the Group’s control processes.</p> <p>The IA function undertakes an independent assessment on the internal control system of the Group and provide assurance to the AC that no material issue or major deficiency has been noted which could pose a high risk to the overall system of internal control.</p> <p>The AC reviews the appointment and removal of the Head of IA, the adequacy of the IA’s scope, competency, experience and sufficiency of resources.</p> <p>The IA assignments were carried out in accordance with the 2021 audit plan approved by the AC.</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 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>All the Internal Audit (“IA”) personnel had confirmed that they are free from any relationships or conflict of interest, which could impair their objectivity and independence.</p> <p>The IA Department has five (5) employees headed by Mr. K Kukananthan, who is an Institute of Internal Auditors Malaysia (“IIAM”) member and a graduate Degree holder with over 32 years industry wide internal audit working experience. The AC is satisfied with the competency, experience and resources of the IA function.</p> <p>The IA reports functionally to the Audit Committee. The roles and responsibilities of the IA are guided by an Audit Charter and a framework in reference to Institute of Internal Auditors (“IIA”) International Professional Practices Framework.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to establishing and maintaining effective engagement with stakeholders to keep them updated on the developments in the Company in terms of its business, operations and financial performance.</p> <p>It does so through various means and platforms that include regular participation in established investment events and conferences organised by the various research and financial houses, organising and attending meetings and briefings, mostly through video &amp;/or tele-conference calls, through appropriate announcements to Bursa and press releases, and via updates on its websites.</p> <p>Besides the above, the Annual General Meeting also serves as a key forum for direct interaction and dialogue with its shareholders. It provides shareholders with an opportunity to clarify issues with the Management of the Company and to gain a better understanding of the Company's performance and any other matters. The Board, Senior Management as well as the Company's External Auditors are available to provide appropriate explanations and clarifications.</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>	:	The Board has taken note of this Malaysian Code of Corporate Governance practice that encourages the adoption of integrated reporting based on a globally recognised framework. While the Company's current reporting already contains elements of integrated reporting, the Company will continue looking to improve its reporting further, it recognises that the integrated reporting encouraged by the MCCG is complex and comprehensive and more in-depth study is necessary for greater understanding before looking into its implementation.
<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 will continue to gain a greater understanding of integrated reporting and look to implement it gradually going forward.
<b>Timeframe</b>	:	To review again in FY2022.



**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Annual General Meeting (“AGM”) is the principal forum for dialogue and interaction with shareholders where they may seek clarifications on the Group’s business and performance. As recommended by the Malaysian Code of Corporate Governance, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders sufficient time to go through the Annual Report in order to prepare pertinent questions and to make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.
<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>	:	The Company's General Meetings are attended by each member of the Board unless there are extenuating circumstances such as a medical emergency. Each board member would be at hand to address all questions posed by the shareholders. The External Auditors would also be present to provide support on questions relating to the audited accounts.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	We had conducted a virtual Annual General Meeting (AGM) last year and will do the same for this coming AGM. The proceedings will be broadcast live through a web application and registered shareholders can be involved remotely from the comfort of their own home via their computer or mobile device. The shareholders will be able to submit questions in text form and also vote real time online.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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

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

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