

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5184  
**COMPANY NAME** : Cypark Resources Berhad  
**FINANCIAL YEAR** : October 31, 2018

## 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>In setting the Company's strategic aims, the Board relies on the reports provided by the Group Chief Executive Officer ("GCEO") who oversees the entire business and operations of the Group. At each Audit Committee Meeting and Board Meeting, and as and when the need arises, the GCEO will brief the Directors on the current operations, issues faced and plans of the Group in order for the Board to be kept abreast on the conduct, business activities and development of the Company, and to discuss and advise the Management in its formulation of the Company's business strategies, both short-term and long-term. Discussions would include the deployment of resources efficiently and effectively in achieving the objectives to be met. In making its decisions, the Board would be guided by the Company's values, principles and ethos.</p> <p>In the discharge of the Board's duties and responsibilities, the Board has delegated certain duties and responsibilities to 4 other Board Committees with clearly defined terms of reference ("ToR") to assist the Board in discharging its responsibilities:-</p> <ul style="list-style-type: none"><li>(a) Audit Committee ("AC");</li><li>(b) Nomination Committee;</li><li>(c) Remuneration Committee; and</li><li>(d) Risk Management Committee ("RMC").</li></ul> <p>While the Board Committees have their own functions and delegated roles, duties and responsibilities, the respective Board Committee Chairman will report to the Board on the outcome of the Board Committee meetings and resolutions, which would also include the key issues deliberated at the Board Committee meetings.</p> <p>To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company during the financial year ended 31 October 2018, the Board had, amongst others:-</p>

**(a) Promote good corporate governance culture**

The Board and the Management fully understand their collective duties and responsibilities in guiding the business activities of the Group in reaching an optimum balance of a sound and sustainable business operation with an optimal corporate governance framework in order to safeguard shareholders' interests.

Further to the comprehensive Malaysian Code on Corporate Governance ("MCCG") gap analysis undertaken in the previous financial year ended 31 October 2017 to identify the Company's compliance with the MCCG and to discuss on proposed actions to be taken to close the gaps, all the agreed actions to be taken, which included updates to the Board Charter, Code of Conduct and Ethics and ToRs of the Board Committees, and the development of other appropriate policies and procedures, had been completed during the financial year ended 31 October 2018.

**(b) Review, challenge and decide on the Management's proposals and monitor the implementation by the Management**

Save and except for the Executive Chairman and the GCEO, all other Directors are non-executive board members who are not involved in the day-to-day management of the Company's business. As such, each of these other Directors is able to bring about objective judgements and advice drawing from their respective knowledge, expertise and experience, and ensured that the Management has taken into account all appropriate considerations in establishing any strategic plans and business proposals for the Company. All these other Directors would follow up and probe the Management on the implementation of plans and business activities through the GCEO, who is accessible to each and every Director at any time.

**(c) Ensure that the strategic plan of the Company supports long-term value creation and sustainability**

The Board conducts a review of the Group's overall strategy. The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance aspects of business which underpin sustainability, such as the Company's transformation plan to heighten its competitive ability through continuous research and development efforts which promote operations productivity and cost efficiency.

**(d) Supervise and assess management performance**

	<p>The AC and the Board monitored management performance through the reported briefings provided by the GCEO on a regular basis, coupled with its own assessment based on:-</p> <ul style="list-style-type: none"> <li>• Management’s recommendations on key acquisitions and divestments, funding and significant capital expenditure</li> <li>• The Group’s financial performance</li> <li>• The Group’s latest business developments</li> </ul> <p><b>(e) Ensure there is a sound framework for internal controls and risk management</b></p> <p>The Board has delegated the implementation and monitoring of the internal control and risk management system to the RMC, who is entrusted by the Board to assist the Board to identify, evaluate, monitor and manage any relevant major risks faced by the Group that may hinder the achievement of the Company’s business objectives through the quarterly reports provided by the Management based on the Company’s established Enterprise Risk Management framework (“<b>ERM Reports</b>”).</p> <p><b>(f) Understood the principal risks and set the risk appetite</b></p> <p>Through the ERM Reports and the updates by the GCEO, the Board took note and understood the risks surrounding all of the Group’s business, and would periodically engage with the Management to ensure that the risks involved in the business decisions undertaken based on pre-determined risk appetite are properly managed or mitigated.</p> <p><b>(g) Ensure there is sufficient succession planning and the Senior Management has the necessary skills and experience</b></p> <p>The Board through the NC is responsible to ensure that there is an effective and sufficient succession planning for the Company by formulating and reviewing the nomination, selection and succession policies and plans for members of the Board, Board Committees and senior management.</p> <p>The Board would periodically assess and obtain feedbacks from the Chairman and GCEO on the performance of key senior management personnel to ensure the Group’s continuity in leadership for all key positions. Updates on recruitment, retention of talent and/or succession planning are also included in the quarterly ERM Reports.</p> <p><b>(h) Ensure that the Company has in place procedures to enable effective communication with stakeholders</b></p> <p>The Board strives to ensure there are regular communications</p>
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	<p>with all its stakeholders, regardless of individual or institutional investors, or the wider stakeholders at large, through the timely releases of quarterly financial results, circulars, corporate announcements and annual reports.</p> <p>The information of the Company can be obtained by accessing the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</a>. Shareholders and investors are also able to access the latest corporate, financial and market information of the Company via Bursa Malaysia Berhad's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p> <p>Shareholders may also communicate with the Company on investor relation matters by emailing <a href="mailto:info@crbenv.com">info@crbenv.com</a>. The Company will endeavour to reply to enquiries in the shortest possible time.</p> <p><b>(i) Ensure the integrity of the Company's financial and non-financial reporting</b></p> <p>The Board is assisted by the AC in ensuring the Group's financial reporting processes are effective and the quality of the financial reporting is of the high standard. The AC reviewed the quarterly financial reports prior to its recommendation to the Board for approval and announcements to Bursa Malaysia Securities Berhad.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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>Tan Sri Razali bin Ismail ("<b>Tan Sri Razali</b>"), the Chairman of the Board who is also a substantial shareholder in the Company, has provided effective leadership, strategic direction and necessary governance to the Group.</p> <p>Tan Sri Razali had, during the financial year ended 31 October 2018:-</p> <ul style="list-style-type: none"> <li>• provided leadership to the Board so that the Board can perform its responsibilities effectively</li> <li>• through the Management and the Company Secretaries, set the Board agenda and ensured that Board members received complete and accurate information in a timely manner</li> <li>• led Board meetings and discussions in a manner that encouraged constructive discussions and effective contribution from each Director</li> <li>• reviewed the minutes of the Board meetings to ensure that the minutes accurately reflect the Board's deliberations, and matters arising from the minutes have been addressed</li> <li>• encouraged active participation and allowed dissenting views to be freely expressed</li> <li>• managed the interface between the Board and the Management</li> <li>• ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole</li> <li>• led the Board in establishing and monitoring good corporate governance practices in the Company</li> </ul>
<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 1.3

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 positions of the Chairman and CEO have always been held by different individuals. There is a clear division of responsibilities between the two roles, which is clearly defined in the Board Charter, to ensure that there is an appropriate balance of power and authority.</p> <p>Currently, Tan Sri Razali, the Non-Independent Executive Chairman, chairs the Board while the position of the Group Chief Executive Officer (“<b>GCEO</b>”) is held by Dato’ Daud bin Ahmad.</p> <p>As the Board Chairman, Tan Sri Razali led the Board to ensure the effectiveness of the Board, and his executive position lends advantage to act as an informal link between the Independent Directors and the Management as he is better able to control and align management actions to Board decisions and strategies. Also, his knowledge and experience of sustainability measures serve as a competitive advantage to effectively contribute to the growth of the Company. Meanwhile, the GCEO focuses on the business, organisational effectiveness and day-to-day management of the Group, and actively reports, clarifies and communicates matters to the Board.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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 is supported by 2 suitably qualified and competent company secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (“<b>MAICSA</b>”). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>The Company Secretaries support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Company. The Company Secretaries are also responsible to advise the Directors on their fiduciary and statutory duties, as well as corporate disclosures and compliances with the Companies Act 2016, the Company's Memorandum and Articles of Association (constitution), the Bursa Malaysia Securities Berhad (“<b>Bursa Securities</b>”) Main Market Listing Requirements (“<b>MainLR</b>”), the Malaysian Code on Corporate Governance, adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances.</p> <p>The Company Secretaries also update the Board on changes in the regulatory requirements to ensure correct procedures are followed and the Company remains compliant with the relevant rules and regulatory requirements.</p> <p>The Company Secretaries are also acting as the official liaison party for the Company to prepare, and submit statutory documents to the Companies Commission of Malaysia (“<b>CCM</b>”). They will ensure that any change in the Company's statutory information will be notified to the CCM in the relevant prescribed forms in a timely manner.</p> <p>The Company Secretaries are responsible in arranging meetings of Directors and shareholders. This involves the preparation of agenda, issuance of proper notices of meetings, and taking and producing</p>

	<p>minutes to record the business transacted at the meetings and the decisions taken in a timely manner.</p> <p>At least one of the Company Secretaries attended the 2018 Annual General Meeting (“AGM”) held on 9 April 2018 and all Board and Board committee meetings during the financial year ended 31 October 2018. The Company Secretaries ensured that all deliberations at the AGM and all Board and Board committee meetings are well minuted for the Board’s reference and for action plans to be communicated to the Management to work on and to report back to the Board. During the 2018 AGM, the Company Secretaries coordinated with the Management and Share Registrar or Poll Administrator to manage the processes of the meeting and ensured orderly proceedings, including the conduct of the poll taken on all resolutions tabled at the 2018 AGM.</p> <p>The Company Secretaries also update the Board on the Directors’ Resolutions in Writing passed, Directors’ dealings pursuant to Chapter 14 of the MainLR, announcements made to Bursa Securities and circulars or correspondences from Bursa Malaysia Berhad, at every scheduled Board meeting during the year, as well as the changes in the regulatory requirements.</p> <p>The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing Chartered Secretaries.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries who play a vital role to the Board in discharging its function and duties.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In facilitating Board/Board Committee meetings, notices of meetings together with the agenda, minutes of previous meetings, and other relevant supporting papers are provided and circulated to the Board and Board Committees at least 5 business days in advance of each meeting. All Directors were able review the information provided, to make enquiries and to obtain further information and clarification, if necessary. The Management and professional advisers are invited to attend meetings to provide additional insights and professional views, advice and explanation on specific items on the meeting agenda, where necessary.</p> <p>Minutes of meetings are circulated to the Board and Board Committees in a timely manner and signed by the respective Chairmen as a correct record of the proceedings of the meetings based on confirmation from the Board and Board Committees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established clear functions reserved for the Board and those delegated to the Management and this is documented in the Board Charter, which is published on the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</a>. The Board Charter adopted by the Board sets out the Company's goals and outlines the Board's roles and responsibilities, providing insights and guidance to the Board and the Management concerning their roles and division of responsibilities.</p> <p>The Board Charter as well as the Terms of Reference of the Board Committees were recently reviewed during the financial year ended 31 October 2018 to ensure they remain relevant and consistent with the Board's objectives and the current regulations and best practices. The Board Charter now also includes an outline on what is expected of each Director in terms of their commitment, and obligations.</p> <p>The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee chairmen, which are presented to the Board during Board meetings at the appropriate regular intervals.</p> <p>The Board has identified Dato' Dr. Freezailah bin Che Yeom to be the Senior Independent Director, who acts as –</p> <ol style="list-style-type: none"><li>i. a sounding board for the Executive Chairman;</li><li>ii. an intermediary for other Directors where necessary; and</li><li>iii. the point of contact for shareholders and other stakeholders.</li></ol> <p><b>Directors' Training</b></p> <p>The Board has undertaken an assessment of the training needs of each of its Directors and ensured that all its members undergo the necessary training programmes as prescribed and other training programmes to enable the discharge of duties effectively.</p>

During the financial year ended 31 October 2018, the Directors have attended at least one (1) training programme. The training programme and seminar attended by the Directors during the financial year ended 31 October 2018 include:

<b>Conference/ Forum/ Workshop/ Seminar/ Discussion/ Training</b>	<b>Organisor/ Venue</b>	<b>Date</b>
Majlis Pembukaan Tahun Perundangan 2018	Ketua Hakim Negara	12 January 2018
MIA Forum with Audit Sole-Practitioners	SME Corp Malaysia	29 January 2018
Business & Human Rights Workshop – Innovative types of co-operation on Human Rights	Ministry of Foreign Affairs	5 & 6 February 2018
LHDNM - MEF Seminar 2018- Sharing the Nation's Prosperity	Dorsett Grand Subang, Selangor	6 February 2018
World Urban Forum – 9 (WUF9)	SWCorp/ KL Convention Centre	8 February 2018
Comprehensive Approach to MPERS Series (Part 2: Recognition and Measurement Principles Of MPERS)	CPA Australia Seminar Room, Kuala Lumpur	9 February 2018
13 <sup>th</sup> Doha Interfaith Conference	Ministry of Foreign Affairs, Doha & Doha International Center for Interfaith Dialogue (DICID)	20 & 21 February 2018
GANHRI 2018 Annual Meeting	GANHRI	21 to 23 February 2018
National GST Conference 2018	Kuala Lumpur Convention Centre	27 & 28 February 2018
Program on Bar Council Task Force on Independent Police Complaints & Misconduct	Bar Council	2 March 2018

	Commission & Police Accountability		
	Practical Auditing Methodology for SMPS	Malaysian Institute of Accountants, Kuala Lumpur	6 & 7 March 2018
	Going Concern – ISA 570 (Revised)	Connexion Conference and Events Centre @ The Vertical	20 March 2018
	Renewable Energy, International Sustainable Energy Summit (ISES)	SEDA/Pullman Hotel Kuching	10 April 2018
	Comprehensive Approach to MPERS Series (Part4: Areas of Emphasis of The First MPERS Financial Statements: Specific Consideration Areas)	CPA Australia Seminar Room, Kuala Lumpur	16 April 2018
	Auditors Risk Assessment Procedures	Connexion Conference and Events Centre @ The Vertical	16 April 2018
	Biennial Meeting - Commonwealth Forum on NHRI	Commonwealth Forum on NHRI's London	16 to 18 April 2018
	Malaysian Tax Conference 2018	Kuala Lumpur Convention Centre, Kuala Lumpur	17 & 18 April 2018
	Launch of Kofi Annan Foundation (KAF) Report on Democracy in SEA	SUHAKAM	23 April 2018
	Greenpeace Environmental Rights Forum	Greenpeace Malaysia	4 June 2018
	ASLI Roundtable on The Reform Agenda & Role of Civil Society: Rebuilding on the Foundations of Human Rights & Sustainable Development	ASLI	5 June 2018

	Workshop on M'sia's Accession to the UN Convention Against Torture & Other Cruel, Inhuman or Degrading Treatment or Punishment (UNCAT) with MOHA	SUHAKAM / MOHA	2 July 2018
	Briefing Session on the UNCAT	SUHAKAM	4 July 2018
	Town Hall Meeting with KeTTHA Minister	SEDA/ Marriott Hotel Putrajaya	12 July 2018
	National Tax Conference 2018	Kuala Lumpur Convention Centre	16 & 17 July 2018
	Training workshop on HR & Justice for Session Court Judges, Magistrates & DPP of Klang Valley @ Institusi Latihan Kehakiman & Perundangan Bangi	SUHAKAM	17 July 2018
	Workshop on HR for Ketua Bahagian Siasatan Jenayah Daerah of PDRM (north zone), Pulau Pinang	SUHAKAM	23 July 2018
	SUHAKAM Bersama Masyarakat in colloboration with Uni Sultan Azlan Shah (USAS), Kuala Kangsar	SUHAKAM / USAS	24 July 2018
	Special Tax Refund for Doctors – 8 Things Accountants Should Do In 60 Days	Connexion Conference and Events Centre @ Nexus	27 July 2018
	Workshop on HR – Seminar on HR & Policing for Ketua Bahagian Siasatan Jenayah Daerah of PDRM (North Zone) @ Maktab PDRM, Cheras	SUHAKAM	2 August 2018
	SEDA RE Focus Group Discussion – Bioenergy (Biomass & Biogas) Sector	SEDA Office Putrajaya	9 August 2018

	SUHAKAM's Forum on Business & HR	SUHAKAM	16 August 2018
	Companies Act 2016: Practical Insights on Compliance	Pullman Kuala Lumpur Bangsar	4 September 2018
	Soka Gakkai Malaysia - Toward an Era of Human Rights: Building a People's Movement	Soka Gakkai Malaysia	8 September 2018
	Special event to commemorate the 70th Anniversary Universal Declaration of Human Rights (UDHR) & 15th Annual Meeting South East Asia National Human Rights Institutions Forum (SEANF), Bangkok, Thailand	SEANF	13 & 14 September 2018
	CEPSI 2018 Conference	TNB/ KL Convention Centre	18 September 2018
	Advocacy Training Course	Kota Bharu	21 & 22 September 2018
	Solar Power International Conference	Anaheim Convention Center, CA, US	24 to 27 September 2018
	Malaysia's Universal Periodic Review (UPR) Pre Session in Geneva	UPR Info, Geneva	9 October 2018
	MIA Conference 2018	Kuala Lumpur Convention Centre, Kuala Lumpur	9 & 10 October 2018
	13th International Conference of GANHRI in Marrakech, Morocco—Expanding Civil Space & Promoting & Protecting Human Rights Defenders, with a focus on Women: The role of national human rights institutions	GANHRI / National HR Council of Morocco	10 to 12 October 2018
	Conference in Celebration of "70 Years Universal	Geneva Academy of Int	15 to 16 October



	Declaration of Human Rights” – A time for concern or celebration?	Humanitarian Law & HR/German NHRI/HR NGOs/Friedrich Ebert Foundation	2018
	Greening Malaysia’s Energy (Roundtable Meeting)	Mandarin Oriental Kuala Lumpur	19 October 2018
	National Energy Awards 2018 (NEA)	KL Convention Centre	19 October 2018
	International Workshop for Heads of Forest Research Institutions – Forest Research in Response to Climate Change	Beijing, China	26 October 2018
	International Science and Technology Cooperation Award	Chinese Academy of Forestry, Beijing	27 October 2018
	International Workshop on Certified Forest Products and Sustainable Forestry	Beijing, China	30 & 31 October 2018
	Focus Malaysia	KL Hilton	9 November 2018
	Introduction to Malaysian Business Reporting System (MBRS)	Connexion Conference and Events Centre @ The Vertical	12 November 2018
	EU-UN Joint event – 70th Anniversary of the Universal Declaration of HR	European Union / United Nations office	12 November 2018
	Interactive Session with students of Nottingham Uni, Semenyih Campus	Nottingham University, Semenyih	14 November 2018
	Program on HR with students of SMK Langkawi, Pulau Tuba	SUHAKAM	21 November 2018
	SUHAKAM Bersama Masyarakat in Langkawi	SUHAKAM	22 November 2018

	Seminar Kebangsaan Islam & Hak Asasi Manusia	SUHAKAM	27 November 2018
	National Roundtable on Alternatives to detention for children	SUHAKAM	29 November 2018
<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>	:	The Board has established the Code of Conduct and Ethics (“CCE”) to articulate acceptable practices and guides the behavior of directors, management and employees. The Board, the Management, and other employees and stakeholders are clear on what is considered acceptable behavior and practice in the Company through the CCE’s policies, which are integrated into company-wide management practices. The Board together with the Management, had ensured the implementation of the CCE’s policies and procedures, which include managing conflicts of interest, and preventing the abuse of power, corruption, insider trading and money laundering. The CCE is available on the Company’s website at <a href="http://www.crbenv.com">http://www.crbenv.com</a> and would be periodically reviewed by the Board to ensure its relevance.	
<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>	:	The Board has established a Whistleblowing Policy during the financial year ended 31 October 2018 to encourage employees to report genuine concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The Whistleblowing Policy also sets out avenues where legitimate concerns can be objectively investigated and addressed. Individuals would be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. The Whistleblowing Policy is available on the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</a> and would be periodically reviewed by the Board to ensure its relevance.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board currently has six (6) members comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors. This strong and independent element brings an objective and independent judgment to the decision-making process of the Board and is vital to the effective stewardship of the Group.</p> <p>All four (4) Independent Non-Executive Directors who represent two third (2/3) of the Board are independent of management and free from any businesses or relationships which could materially interfere with the exercise of their independent judgments.</p> <p>There is proper balance in the Board with the presence of the four (4) Independent Directors, being a majority of the Board. They play a key role in providing unbiased and independent views and advice, contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, and the roles of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the best interest of the Company, as well as the interests of shareholders, employees, customers, suppliers and the community.</p> <p>The Board undertakes an assessment of its independent directors annually. Some of the criteria in the assessment include the following:-</p> <ul style="list-style-type: none"><li>• continue to fulfill the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;</li><li>• never engaged in any transaction with the Group under circumstances as prescribed by Bursa Securities;</li><li>• not accepting compensation from the Group, other than compensation for board service for the current financial year ended 31 October 2018; and</li><li>• not having relationship which would interfere with the</li></ul>

	exercise of independent judgement in carrying out the function as a director or a member of board committee.	
<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 - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	<p>The tenure of an Independent Director (“ID”) shall not exceed a cumulative term of nine (9) years as disclosed in the Board Charter. However, upon completion of the nine (9) years, the ID may continue to serve on the Board subject to his re-designation as Non-Independent Director. In the event the Director is to remain designated as an ID, the Board shall first justify and obtain shareholders' approval for such retention.</p> <p>Dato’ Dr. Freezailah Bin Che Yeom (“<b>Dato’ Dr. Freezailah</b>”), who was appointed as an ID since 8 June 2010, and Encik Headir Bin Mahfidz (“<b>Encik Headir</b>”), who was appointed as an ID since 7 September 2010, shall reach the nine (9) year tenure on 8 June 2019 and 7 September 2019 respectively.</p> <p>The NC had assessed the performance and independence of Dato’ Dr. Freezailah and Encik Headir and is satisfied that their independence have not been impaired. The NC had recommended to the Board the retention of their directorate as ID based on the following justifications:-</p> <ol style="list-style-type: none"><li>i. Dato’ Dr. Freezailah and Encik Headir fulfilled the definition of an ID as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;</li><li>ii. Dato’ Dr. Freezailah and Encik Headir had never engaged in any transaction with the Group;</li><li>iii. Dato’ Dr. Freezailah and Encik Headir did not accept compensation from the Group, other than compensation for board service for the current financial year ended 31 October 2018; and</li><li>iv. Dato’ Dr. Freezailah and Encik Headir do not having relationship which would interfere with the exercise of their independent</li></ol>

	<p>judgement in carrying out their function as an ID.</p> <p>The Board being satisfied with the justifications and criteria met by Dato' Dr. Freezailah and Encik Headir, shall be seeking the shareholders' approval at this forthcoming Annual General Meeting of the Company to retain Dato' Dr. Freezailah and Encik Headir as an ID of the Company.</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**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The tenure of an ID shall not exceed a cumulative term of nine (9) years as disclosed in the Board Charter.  The Board Charter is published on the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</a> .

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to ensure that it consists of individuals with a diverse background equipped with professional and technical knowledge to effectively carry out its roles as the representative to the interests of shareholders. The qualifications for Board membership are the ability to make sensible business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, the ability to see the wider picture, to raise constructive queries, and to promulgate high ethical standards, while at the same time maintaining sound practical sense, and putting in the commitment to furthering the interests of shareholders and the achievement of the Company's goals.</p> <p>In appointing an appropriate individual to the Board, the Nomination Committee ("NC") will first consider and recommend to the Board the suitable candidate for directorship taking into consideration the candidate's experience, competency, character, time commitment, integrity and potential contribution to the Company. In the case of candidates for the position of Independent Director ("ID"), the NC will also evaluate the candidate's ability to discharge responsibilities and functions as expected from an ID. Upon appointment to the Board, all new Directors would undergo a comprehensive induction programme to fully understand the operations of the Group and also the expectation the Company has of him/her.</p> <p>There was no Director appointed to the Board during the financial year ended 31 October 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**

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

**Practice 4.5**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation.	
		Nonetheless, the Board is continuously sourcing for suitable and qualified women candidates to join the Board as recommended under Practice 4.5 of the Malaysian Code on Corporate Governance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board together with the senior management would consider various sources, including independent sources if relevant, if it wishes to search for appropriate candidates to fulfil Board positions. The NC would assess their suitability based on the relevant criteria as may be identified by the Nomination Committee from time to time.</p> <p>There was no Director appointed to the Board during the financial year ended 31 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**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Nomination Committee is Dato' Dr. Freezailah, the Senior Independent Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 31 October 2018 (“<b>FYE 2018</b>”), the Board, through the Nomination Committee (“<b>NC</b>”), has conducted the following annual assessments to determine the effectiveness of the Board, its Committees and each individual Director in the financial year ended 31 October 2017 (“<b>FYE 2017</b>”):-</p> <ul style="list-style-type: none"><li>(i) Directors’ self/peer evaluation;</li><li>(ii) Board and Board Committee performance evaluation;</li><li>(iii) Board Skills Matrix;</li><li>(iv) Audit Committee (“<b>AC</b>”) members’ peer evaluation; and</li><li>(v) Assessment of Independent Directors.</li></ul> <p>The current system of assessment is as described below:-</p> <p><b>(a) Directors’ self/peer assessment and Board and Board Committee performance evaluation</b></p> <p>The annual assessment commences with the completion of 2 sets of comprehensive assessment forms detailing all assessment criteria which must be completed by each Director on their own performance as well as the performance of all other Directors, the Board, and Board Committees during the financial year. Such assessment form will then be submitted to the Company Secretaries confidentially who will table the consolidated results to the NC. Criteria for the self/peer assessment include ratings on their own knowledge, contribution, performance, calibre and commitment. Criteria for the assessment of the performance of the Board as a whole and the Board committees cover Board composition, Board processes and activities, accountability as well as the fulfilment of duties and responsibilities.</p> <p><b>(b) Board Skills Matrix</b></p> <p>This assessment was completed by the NC collectively.</p> <p><b>(c) AC members’ peer evaluation</b></p>

	<p>The annual assessment commences with the completion of a set of comprehensive assessment form detailing all assessment criteria which must be completed by each AC member on the performance of their AC peers during the financial year. Such assessment form will then be submitted to the Company Secretaries confidentially who will table the consolidated results to the NC. Criteria for the assessment include ratings on the AC members' knowledge, contribution, performance, calibre and commitment.</p> <p><b>(d) Assessment of Independent Directors</b></p> <p>All Independent Directors had signed an undertaking / confirmation that they remain independent. The NC had considered each Independent Director's independence and advised the Board accordingly.</p> <p>During FYE 2018, the assessments were facilitated by the Company Secretaries making references to the guides available. All results were reported to the Board for notation and discussion and where required, further improvements. This included updates to the assessment format and criteria. Based on the aforesaid evaluations conducted for the FYE 2018, the NC and the Board were satisfied with the performance of each Director, the Board as a whole, and the Board Committees.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### Intended Outcome

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

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

### Practice 6.1

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>	:	The Board adopted Policies and Procedures to Determine the Remuneration of Directors and Senior Management during the financial year ended 31 October 2018, which is available on the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</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 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>	:	Departure
<b>Explanation on application of the practice</b>	:	There are written Terms of Reference (" <b>TOR</b> ") for the Remuneration Committee, which was reviewed and updated by the Board on 22 March 2018. The TOR is available on the Company's website at <a href="http://www.crbenv.com">http://www.crbenv.com</a> .
<b>Explanation for departure</b>	:	The Remuneration Committee comprises 2 Independent Non-Executive Directors and the Executive Chairman. The Remuneration Committee is responsible for making recommendations to the Board on the appropriate remuneration packages and benefits based on Directors' skills, technical know-how, experiences and capabilities and to review the respective annual remuneration packages. Having the Executive Chairman in the Remuneration Committee ensures that remuneration packages commensurate with the relevant evaluatee's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics. There are 2 other Independent Non-Executive Directors for check and balance to ensure there is no bias. All the Directors, including the Executive Chairman, were not involved in recommending or deciding on their own remuneration.
<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>	:	The details of the remuneration of Directors of the Group during the financial year ended 31 October 2018 are disclosed in the Corporate Governance Overview Statement under the Annual Report 2018.	
<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 Board has opted not to disclose on a named basis the top five senior management's remuneration in the bands of RM50,000 for the best interest of the Group in mind, and taking into consideration the sensitivity, security, and issue of staff morale.
		Alternatively, the Group disclosed the top four senior management's remuneration on an aggregate basis in the Corporate Governance Overview Statement under the Annual Report 2018.
<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 monitor the market practice in respect of such disclosure for future consideration.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") is chaired by Dato' Dr. Freezailah bin Che Yeom, who is an Independent Non-Executive Director, while the Chairman of the Board is Tan Sri Razali, a Non-Independent Executive Chairman. This had ensured that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.</p> <p>Dato' Dr. Freezailah bin Che Yeom is responsible to ensure the overall effectiveness and independence of the AC. Together with other members of the AC, he had ensured among others that–</p> <ul style="list-style-type: none"><li>a) the AC is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;</li><li>b) the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;</li><li>c) the AC's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and</li><li>d) there is co-ordination between internal and external auditors.</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**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company would consider adopting the requirement, when necessary.	
		To-date, the Company has not appointed a former audit partner to be a member of the AC.	
<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 continuously monitored and undertook an annual assessment of the suitability, objectivity and independence of the external auditors. The external auditors have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit Committee was of the view that the external auditors are suitable, objective and independent based on the following:-</p> <ul style="list-style-type: none"><li>• ability to conduct quality audits, and has sufficient resources to carry out the audit required.</li><li>• The only non-audit service provided is the review of the Statement on Risk Management and Internal Control, and hence, the independence is very unlikely to be impaired.</li><li>• proposed fees are fair and reasonable.</li><li>• maintains transparent communication and reporting with the Audit Committee vide the followings:-<ol style="list-style-type: none"><li>(a) Audit Planning Memorandum for the financial year ended 31 October 2017;</li><li>(b) Report to the Audit Committee in respect of the Audit Interim Findings; and</li><li>(c) Audit Completion Report dated 12 December 2017; and</li><li>(d) Private sessions with the Audit Committee at least twice in the financial year.</li></ol></li></ul> <p>The Board noted that the external auditors had expressed their willingness to continue in office for the ensuing year and having reviewed the suitability, objectivity and independence of the external auditors, the Board recommend the re-appointment of the external auditors to the shareholders at the Thirteenth Annual General</p>

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises 3 Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee reviewed the term of office and performance of the Audit Committee and each of its members and had recommended that they continue in office for another term of 1 year.</p> <p>The Board is satisfied with the Audit Committee's performance as the Chairman and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee. All Audit Committee members are financially literate, have sufficient understanding of the Group's business and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>All Audit Committee members will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.1

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, through the Risk Management Committee, monitors risks and internal control.</p> <p>The duties and responsibilities of the Risk Management Committee are as follows:-</p> <ul style="list-style-type: none"> <li>• to assess and monitor all risks associated with the operations of the Company</li> <li>• to develop and implement internal compliance and control systems and procedures to manage risk</li> <li>• to review and make recommendations to the Board on key risk policies and strategies for the Board's approval</li> <li>• to recommend or advise the Board on significant proposed changes to risk management policies and strategies</li> <li>• to monitor the risks associated with all material outsourcing agreements</li> <li>• to review reports on compliance with risk management policies and recommend action where necessary</li> </ul> <p>With this, the Board can identify, evaluate and manage significant risks faced by the Group.</p> <p>Further details on the Group's internal control is provided under the Statement on Risk Management and Internal Control in the 2018 Annual Report.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

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

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the Risk Management Committee, monitors risks and internal control via an ‘Enterprise Risk Management Continued Risk Identification Monitoring and Reporting to Risk Committee/Board’, which is a comprehensive report tabling the current status, action taken and conclusion of the key risks identified, every quarter.</p> <p>Further details on the Group’s internal control is provided under the Statement on Risk Management and Internal Control in the 2018 Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Risk Management Committee comprises 3 Independent Non-Executive Directors.

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function of the Company is carried out by an outsourced professional service firm that assists the Audit Committee and the Board in managing risks by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to the Audit Committee.</p> <p>The Audit Committee has the following duties and responsibilities to ensure the internal audit function is effective and able to function independently:-</p> <ul style="list-style-type: none"><li>• To review the internal audit plan, to consider the major findings of internal audit investigations and management's responses, and ensure co-ordination between the internal and external auditors;</li><li>• review the internal audit reports; and</li><li>• determine the remit of internal audit function that reports directly to the Audit Committee</li></ul> <p>In developing the scope of the internal audit function, the AC was satisfied that –</p> <ol style="list-style-type: none"><li>a. the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li><li>b. the firm appointed to carry out the Company's internal audit function has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li><li>c. the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li></ol> <p>The Internal Auditors had and would continue to keep abreast with developments in the profession, relevant industry and regulations.</p>

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



## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is outsourced to a professional firm namely Crowe Governance Sdn. Bhd. (formerly known as Crowe Horwath Governance Sdn. Bhd.), which reports functionally to the Audit Committee with unrestricted access to the Audit Committee. The head of the internal audit function or his representative attends the Audit Committee meetings to report to the Audit Committee on their findings of the effectiveness of the governance, risk management and internal control processes within the Group.</p> <p>The outsourced internal audit function is headed by Mr. Amos Law, who is a Certified Internal Auditor (“CIA”), Chartered Institute of Internal Auditors (“CMIA”) and Certification in Risk Management Assurance (“CRMA”). A total of 6 personnel is deployed by Crowe Governance Sdn. Bhd. for the internal audit works during the financial year ended 31 October 2018.</p> <p>All the internal audit personnel involved are free from any relationships or conflicts of interest, which could impair their objectivity and independence. All the employees in Crowe Governance Sdn. Bhd. are required to complete the Independence Declaration Form on annual basis. In addition, all the internal audit personnel involved are required to acknowledge on the Employee Professional Conduct and Ethics Declaration on assignment basis.</p> <p>All the internal audit personnel are guided by International Professional Practices Framework issued by The Institute of Internal Auditors Malaysia in carrying out the internal audit function.</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

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

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

### Practice 11.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.</p> <p>The Annual General Meeting ("<b>AGM</b>") is the main forum of dialogue with shareholders as it provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. It is also an avenue for the Chairman and Board members to respond personally to all queries and provide clarification on issues and concerns raised by the shareholders. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions set out in the notice.</p> <p>Other than the forum of the AGM, the Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made via Bursa LINK as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general. Shareholders and Investors can obtain the Company's latest announcements in the dedicated website of Bursa Malaysia Securities Berhad at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or via the Company's website at <a href="http://www.crbev.com">http://www.crbev.com</a>.</p> <p>The Company's website which is accessible at <a href="http://www.crbev.com">http://www.crbev.com</a> provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and annual reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.</p> <p>The Board also identified Dato' Dr. Freezailah bin Che Yeom to be the Senior Independent Director, who acts as the point of contact for shareholders and other stakeholders.</p>

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

**Intended Outcome**

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 Company is not categorised as a “Large Company” under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework.	
		However, the Company would consider adopting the integrated reporting based on a globally recognised framework, when necessary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Annual Report, which contains the Notice of Thirteenth Annual General Meeting (“ <b>AGM</b> ”), was sent to shareholders at least twenty 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper. The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors of the Company attended the Thirteenth Annual General Meeting (“AGM”) of the Company held on 9 April 2018 to engage with the shareholders personally and proactively.</p> <p>In compliance with the new Malayan Code on Corporate Governance that came into effect on 26 April 2017, all the Directors of the Company will endeavour to attend all future General Meetings and the Chair of the Audit Committee, Nomination Committee and Remuneration Committee will provide meaningful response to questions addressed to them.</p> <p>The proceedings of the AGM included a question and answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company’s financial statements and other items for adoption at the AGM, before putting a resolution to vote.</p> <p>The Group Chief Executive Officer ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company and that adequate responses were given.</p> <p>The Chairman of the Board Committees were also readily available to address any question that may be posted by the shareholders to them at the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company holds physical meetings annually at conveniently located venue in Klang Valley area.
		Shareholders who wish to attend Annual General Meeting (“AGM”) are given at least 28 days to ensure that shareholders are able to make the necessary arrangements to attend general meetings, review agenda items, and formulate questions, if any.  Where they are not able to attend, they may appoint proxies to attend on their behalf to vote and represent them.  In view thereof, the Board will not be recommending the adoption of such voting/participation at the forthcoming AGM of the Company.
<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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