

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0035
COMPANY NAME : OPCOM HOLDINGS BERHAD
FINANCIAL YEAR : March 31, 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 PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<ul style="list-style-type: none">▪ The Board is responsible for the Company's overall strategic direction and objectives, its acquisition and divestment, major investments and the consideration of significant financial matters. Each director has a legal duty to act in the best interest of the Company at all times. <p>The Board assumes, among others, the following key responsibilities:-</p> <ul style="list-style-type: none">(a) Reviewing and adopting a strategic plan for the Company;(b) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;(c) Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage these risks;(d) Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;(e) Developing and implementing an investor relations programme or shareholder communications policy for the Company; and(f) 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.

	<ul style="list-style-type: none"> ▪ Every year, the Board meets at least four (4) times to discharge, its duties and responsibilities, in a transparent and objective manner with integrity, accountability, transparency and professionalism to safeguard the interest of all stakeholders and enhance shareholders' value as well as for long-term sustainability and growth. ▪ The Chairman ensures that decisions are made on a sound and well-informed basis and ensures all strategic and critical issues are considered and discussed by the Board and that all Directors' received clear and comprehensive information on a timely basis. ▪ The Executive Directors provides leadership, strategic vision and high-level business judgement and wisdom on their involvement in the day-to-day management of the Company. ▪ The Board receives updates from the Management on the Group's operations and performance as well as the status of implementation of the Board's decisions during the Board meetings. ▪ Apart from the Board Committees, Risk Management Committee comprises of Head of Workgroups and Head of Business Units, have been established to assist and complement the Board and its Committee in the execution of its responsibilities. ▪ The Board published on its website its Board Charter, Code of Business Conduct and Ethics, its Committee Terms of Reference and other corporate framework information to ensure its obligations to its stakeholders are understood and met.
Explanation for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	
Timeframe	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 31 March 2021, the Board was led by the former Independent Non-Executive Chairman, Dato' Mohamed Sharil Bin Mohamed Tarmizi.</p> <p>On 21 July 2021, the Board appointed a new Chairman, Dato' Mazlin Bin MD Junid who would continue to lead the Board in place of Dato' Mohamed Sharil Bin Mohamed Tarmizi who relinquished his chairmanship on 26 April 2021. The roles and responsibilities of the Chairman are clearly set out and established in the Board Charter which include, among others, the following:</p> <ul style="list-style-type: none"> (a) responsibilities for the leadership, effective conduct and instilling good corporate governance practices of the Board; (b) managing the Board's communications and the Board's effective supervision over the Management; (c) ensuring orderly conduct and proceedings of the Board and general meetings; (d) ensuring Board proceedings are in compliance with good conduct and best practices; (e) encouraging active participation and allowing dissenting views to be freely expressed; (f) protecting the interest and provide the information needs of various stakeholders; and (g) maintaining good contact and effective relationships with external parties and investing public.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The role as a Chairman and the role of an executive officer are held by two (2) different individuals. Dato' Mazlin Bin MD Junid holds the position of the Non-Executive Chairman of the Company while Ong Soon Lim is the Executive Director of the Company.</p> <p>The clear division of responsibilities allows the Chairman to assume the formal role of an independent leader in setting the policy framework of the Group and effective conduct of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	The Company Secretaries are members of relevant professional body and qualified to act as Secretary under Section 235 of the Companies Act 2016. The Company Secretaries facilitate overall compliance with the Listing Requirements, the Companies Act 2016 and the recommendations in the Malaysian Code on Corporate Governance.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to the Board meetings, all directors are furnished with the agenda which sets out the matters to be discussed not less than seven days prior to the meeting.</p> <p>Detailed Board papers that contain relevant qualitative and quantitative information for the agenda are also uploaded to the Dropbox before any printed copy is given to Directors so that sufficient time is given to Directors to review the reports and enable focused and constructive deliberation at the Board meetings. All proceedings of board meetings are minuted and circulated to the Board members in advance of the scheduled meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter formalises and sets out the roles and responsibilities, composition, operation and processes of the Board.</p> <p>The Board Charter is reviewed annually and is published on the Company’s website at www.opcom.com.my. The Board Charter sets out the Board’s authority and power to delegate certain functions to its Committees and the Management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Code of Conduct and Ethics ("Code") sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities. The Board has implemented appropriate processes and systems to support, promote and ensure its compliance.</p> <p>The Code is published on the Company's website, www.opcom.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Whistle Blowing Policy which sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations.</p> <p>Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>The Whistle Blowing Policy is published on the Company's website, www.opcom.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board consists of six (6) members, comprising one (1) Executive Director two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board appoints its members through a formal selection process. This process has been reviewed, approved and adopted by the Board. New candidates will be considered and evaluated by the Nominating & Remuneration Committee. The Nominating & Remuneration Committee will then recommend the candidates to be approved and appointed by the Board.</p> <p>The Human Resource Workgroups together with the Company Secretaries and Group Corporate Services Workgroup will ensure that all appointments are properly made, that all necessary information is obtained, and that all legal and regulatory obligations are met.</p> <p>The selection criteria used in the appointment process of both Directors and Senior Management focus on ensuring a good mix of skills, expertise and experience that are relevant for the Board to discharge its duties and responsibilities in an effective and competent manner.</p> <p>Apart from that, the Nominating & Remuneration Committee also considers the candidate's character, integrity and professionalism, as well as having a balanced mix of age, experience, skills, race, gender and cultural background to facilitate optimal decision-making by harnessing different insights and perspectives.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company currently has no specific policy on gender for Board or senior management.</p> <p>The Board recognises that gender diversity is critical to a well-functioning Board and an essential measure of good governance. The Board consists of one (1) female out of six (6) members while the Senior Management consists of two (2) females out of five (5) members.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Selection of candidates for appointment of new Directors may be recommended by Directors, Management and major shareholders. The Board is also open and may seek external independent sources to identify suitable qualified candidates.</p> <p>The Nominating Committee assesses the suitability of the candidates before recommending the candidates to the Board for appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	Magnus Kreuger is the Chairman of the Nominating & Remuneration Committee who is an independent Non-Executive Director. The primary responsibilities of the Nominating & Remuneration Committee are set out in detail in its Term of Reference which is made available for reference in the Company's website, www.opcom.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has implemented an annual performance evaluation process, carried out by the Nominating & Remuneration Committee, supported by the Company Secretaries and Corporate Services Workgroup, to assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director. Each Director evaluates the performance of the Board as a whole by way of a Self-Assessment Questionnaire by Individual Board Members.</p> <p>The assessments are made against the pre-established criteria as follows:</p> <ul style="list-style-type: none"> (a) Board Composition/Structure (b) Board Process (c) Board Governance (d) Major Responsibilities of the Board <p>For individual Directors' assessments, Self-Assessment Forms by Individual Director are completed individually by Director.</p> <p>The results are compiled by Company Secretaries and presented to the Nominating & Remuneration Committee for deliberation. The results of the performance evaluation are reviewed and discussed for improvements among Board Members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The objective of the Group's Policy on Directors' remuneration is to attract and retain Directors needed to steer the Company towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole.</p> <p>All Non-Executive Directors are paid fixed annual director fees and meeting attendance allowance for each Board or Board Committee meeting attended. In addition, Non-Executive Directors also receive other benefits including Directors & Officers Liability Insurance.</p> <p>Remuneration of each employee under the category of Senior Management is determined within the framework of Remuneration Policy. As applicable, the Nominating & Remuneration Committee considers the recommendations made by the Executive Director(s), for the purpose of determining the remuneration Senior Management and recommends accordingly to the Board for approval. Senior Management of the Company is as disclosed in the Annual Report.</p> <p>The Remuneration Policy is subject for annual review by the Board through its Nominating & Remuneration Committee and will be amended as appropriate to reflect the current best practices.</p> <p>The remuneration policy is made available for reference in the Company's website at www.opcom.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating & Remuneration Committee ("NRC") currently comprises three Non-Executive Directors.</p> <p>The NRC is responsible to review and ensure fair remuneration policies and procedures are in place to attract and retain the Directors and the Senior Management.</p> <p>The NRC reviews and recommends to the Board on remuneration and personnel policies, compensation and benefits programmes with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities.</p> <p>The Terms of Reference of the Committee is made available for reference in the Company's website, at www.opcom.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company has disclosed on named basis the remuneration of individual Directors in its 2021 Annual Report under the Corporate Governance Overview Statement. The breakdown of remuneration of individual Directors includes fees, salary, allowances and benefits-in-kind.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Applied																																															
Explanation on application of the practice	:	<p>Presently, the Group has identified top five (5) Executive Director/Senior Management, namely, Chhoa Kwang Hua, Eric (resigned on 6 November 2020), Lim Bee Khin (resigned on 4 January 2021), Yusree Putra Bin Alias, Rohiza Binti Hussain and Chan Ai Joo, Cindy.</p> <p>As required under the MCCG to disclose top five (5) Executive Director/Senior Management's remuneration on named basis and in the band of RM50,000, the table append below shows the remuneration of the Executive Director/Senior Management in the following remuneration bands:-</p> <table border="1"> <thead> <tr> <th rowspan="2">RANGE OF REMUNERATION (RM)</th> <th colspan="5">EXECUTIVE DIRECTORS/ SENIOR MANagements</th> </tr> <tr> <th>CHHOA KWANG HUA, ERIC (Resigned wef 6 November 2020)</th> <th>LIM BEE KHIN (cessation of Office wef 31 December 2020)</th> <th>YUSREE PUTRA BIN ALIAS (cessation of Office wef 31 December 2020)</th> <th>ROHIZA HUSAIN</th> <th>CHAN AI JOO, CINDY</th> </tr> </thead> <tbody> <tr> <td>150,000 and below</td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>150,001 – 200,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>200,001 – 250,000</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> </tr> <tr> <td>300,001 – 350,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>350,001 – 400,000</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>400,001 – 450,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Their respective remunerations are disclosed in the Corporate Governance Overview Statement as contained in the Company's Annual Report 2021 and Practice 7.2 above.</p>	RANGE OF REMUNERATION (RM)	EXECUTIVE DIRECTORS/ SENIOR MANagements					CHHOA KWANG HUA, ERIC (Resigned wef 6 November 2020)	LIM BEE KHIN (cessation of Office wef 31 December 2020)	YUSREE PUTRA BIN ALIAS (cessation of Office wef 31 December 2020)	ROHIZA HUSAIN	CHAN AI JOO, CINDY	150,000 and below	✓					150,001 – 200,000						200,001 – 250,000		✓		✓	✓	300,001 – 350,000						350,001 – 400,000			✓			400,001 – 450,000					
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Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee is chaired by Magnus Kreuger while the Chairman of the Board is Dato' Mazlin Bin MD Junid.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has in place a policy to require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>The Board has no intention to appoint a former key audit partner as a member of the Audit Committee at the moment.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee ("AC") has adopted the Evaluation and Appointment of External Auditors Policy and Procedures. The AC has conducted an annual assessment of the suitability and independence of the external auditors.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profile in the Annual Report.</p> <p>All members of the Audit Committee are encouraged to keep up with broad business trends through the reading of relevant industry and business publications, attending relevant conferences and expositions, and meeting up with authorities, financiers, overseas business party and other who may be a source of useful information.</p> <p>The members of the Audit Committee assessed their own training needs and attended courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as directors of the Company. Additionally, the Audit Committee members kept themselves updated with the changes in the business and regulations through sharing and discussion in official Audit Committee meetings and unofficially through small group discussions among the Committee members. Throughout the financial year under review, regular updates/briefing on regulatory and industry trends were held at Committee meetings.</p> <p>The Committee members have taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as members of the Audit Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Company has an embedded process for the identification, evaluation and reporting of major business risk within the Company. In August 2017, policies and procedures have been updated and revised, refreshment training was provided to all owners of Risk and laid down for the regular review and management of these risks.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and Management drive a proactive risk management culture to ensure that the Group's Management and Head of Workgroups have a better and clear understanding on the risk management principles.</p> <p>The Group had a written Risk Management Policies and Procedures ("RMPP") with an objective to ensure a formal and consistent process of risk identification, assessment, acceptance and treatment is carried out within the Group.</p> <p>Under the RMPP, the role and responsibilities of the Board, Audit Committee and Risk Management Committee ("RMC") is defined. The composition of RMC is made up of individual head of business units and the head of functional workgroups such as human resources, finance, MIS, production & technical etc, primarily to assist the Board and Audit Committee in the management of risks and control responsibilities. A RMC Chairman is appointed from the committee to govern the operations of the RMC.</p> <p>The risk management and internal control framework is set out in the Statement on Internal Control and Risk Management contained in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	The Group appointed Moore Stephens Associates PLT, an independent outsourced internal audit service provider to carry out internal audit reviews, and to support the Board in assessing the adequacy and integrity of the internal control systems of the business units within the Group. The internal audit team highlights to the executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The reports are submitted to the Audit Committee, which reviews the findings with Management at its quarterly meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is supported by Moore Stephens Associates PLT, an independent outsourced internal audit service provider, who provide independent assurance on the adequacy and integrity of internal controls.</p> <p>Moore Stephens Associates PLT had declared their conduct of work are carried out in accordance with the Institute of Internal Auditors' International Professional Practices Framework for Internal Auditing, and based on Committee of Sponsoring Organisations of the Treadway Commission Framework to evaluate inter-related components of internal controls.</p> <p>Dennis Chong, Executive Director of Moore Stephens is the engaging partner. He is a Chartered Member of the Institute of Internal Audit, Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of ongoing engagement and communication with stakeholders, to build trust and understanding between the Company and stakeholders and, to provide stakeholders with a better appreciation of the Company's objectives and quality of the management.</p> <p>The Board provides stakeholders with quarterly results and Audited Financial Statements as well as corporate announcements on significant developments affecting the Company through announcement in Bursa Securities in accordance with the ACE Market Listing Requirements.</p> <p>The investor relation details published in the Company's website would enable the stakeholders to seek clarification or raise queries via email or phone at any time. Communication and feedback from investors can also be directed to:-</p> <p><u>Corporate Services Workgroup</u> Telephone number : +(603) 5519 5599 Email address : investor-relations@opcom.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Not Adopted	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not fall under "large companies" as defined by 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>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The notice of Annual General Meeting will be issued at least 28 days prior to the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	All Directors will endeavour to attend the forthcoming Annual General Meeting which will be held virtually. All Directors were present at the Company's 2020 Annual General Meeting held virtually on 29 September 2020. The Board members presence appropriately addresses all questions posted by the shareholders at the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	In view of the current COVID-19 pandemic situation, the Company will leverage on technology to host the upcoming Annual General Meeting ("AGM") fully virtual. This will enable its Shareholders to participate at the AGM remotely, including voting in absentia.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PURSUANT TO 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.

N/A
