

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2127  
**COMPANY NAME** : COMFORT GLOVES BERHAD  
**FINANCIAL YEAR** : 31 JANUARY 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 CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

**Intended Outcome**

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

**Practice 1.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is accountable and responsible for the performance and affairs of the Company by overseeing the Group's strategies, policies and performance. The Board believes that adhering to corporate governance values is not only achieving the desired performance of the Company but also promoting ethical, professional and sustainable culture.</p> <p>The Board's roles and responsibilities is guided by the Board Charter, which sets out the principles and guidelines that are to be applied by the Board whereas the Board committees are also guided by its respective Terms of Reference. The Board Charter and Terms of Reference for each Board Committee are available on Comfort's website at <a href="http://www.comfort-rubber.com.my">www.comfort-rubber.com.my</a>.</p> <p>To discharge the Board's responsibility, the Board has assumed the following roles and responsibilities:</p> <ul style="list-style-type: none"> <li>• To review the performance of the Company and major operating subsidiaries of the Company and to approve the reports for release to Bursa Malaysia Securities Berhad.</li> <li>• To ensure that there is an appropriate succession plan or training for members of the Board and newly appointed Directors.</li> <li>• Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</li> <li>• To review, approve and monitor the strategic business plans, investments or acquisitions proposed by the Management to ensure sustainability and optimisation of long-term values.</li> <li>• To ensure compliance with rules and review and revise the policies if necessary.</li> <li>• To be accountable to the shareholders and stakeholders of the Company.</li> </ul>

<b>Explanation for departure</b> :	Not Applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly set out in the Board Charter of the Company, which is available on Comfort's website at <a href="http://www.comfort-rubber.com.my">www.comfort-rubber.com.my</a>.</p> <p>The Chairman of the Board is an Independent Non-Executive Director plays a key role in leading and ensuring the adequacy and effectiveness of the Board's performance and governance practices. He is primarily responsible for conducting Board Meetings and to ensure the Board's functions are carried out effectively in all aspects of its roles. The Chairman of the Board also acts as Chairman at the general meetings.</p> <p>In fulfilling his role, the Chairman: -</p> <ul style="list-style-type: none"> <li>• lead the Board in establishing and monitoring good corporate governance practices in the Company.</li> <li>• ensure that general meetings are conducted effectively and in accordance with the Act, and that shareholders of the Company have adequate opportunity to express their views and obtain the answers to their queries.</li> <li>• chairing Board meetings and encouraging positive contributions from each Board member.</li> <li>• arranging annual evaluation of the performance of the Board members, its Committees and individual Directors, including the assessment of the independence of Independent Directors.</li> <li>• ensure the information received by the Directors are on timely basis, accurate and clear.</li> <li>• ensure that the Directors are properly briefed on the issues arising at the Board meetings.</li> </ul>
<b>Explanation for departure</b>	:	Not Applicable.
<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>	:	

**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 Chairman of the Board is held by Mr. Chan Seng Fatt whilst the Managing Director is held by Mr. Cheang Phoy Ken where the Group CEO position is held on Lau Joo Yong (appointed on 7 January 2021). The positions of Chairman and Managing Director or Group CEO are held by two different individuals.</p> <p>The roles of the Chairman and the Managing Director/Group CEO are distinct and segregated with responsibilities clearly drawn out to ensure a balance of power and authority in the Board.</p> <p>The Chairman is primarily responsible to lead the discussion at the Board to encourage a healthy level of deliberation whilst the Managing Director is to oversee the day to day management and running of the Group, undertake executive decision-making and as well as the implementation of the Group's strategies and policies.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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 Secretary of Comfort Gloves Berhad are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.</p> <p>In promoting good corporate governance practices, the Company Secretary assists the Board in meeting regulatory requirements and best practices. The Board has unrestricted access to the professional independent advice and services from the Company Secretary and the Company Secretary also keep the Board updated on matters relating to the new statutory and regulatory requirements and corporate governance.</p> <p>The Company Secretary also assist the Board in conducting meetings to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.</p> <p>The Company Secretary also circulated in advance to Directors and the persons who are deemed privy to any price sensitive information a Notice on the closed period dealings based on the targeted date of announcement of the Group's quarterly results.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its functions. The Company Secretary constantly keep themselves abreast of the regulatory changes and development in the CG through attendance at relevant conferences and training programmes. The Company Secretary would also advise the Board on corporate disclosures and compliances with relevant changes to the laws, rules and regulations, arising from the Companies Act 2016 and amendments to the Main Market Listing Requirements.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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>The Notice of the Board and Board Committees meetings are sent to the Directors via email at least seven days before the Meetings and full sets of the Board papers are circulated via email at least five days before the Meetings. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the related party.</p> <p>The deliberations and decisions at Board and Board Committees meetings are well recorded in the minutes. The minutes of the Meetings are circulated to all Directors and tabled for confirmation at the next meeting. The minutes of Meetings are duly signed by the Chairman and properly kept at the Registered Office.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter and Terms of References clearly set out the respective roles and responsibilities of the Board, Board Committees, Individual Directors and Management.</p> <p>The Board Charter and Terms of Reference are made available on the Company's website at <a href="http://www.comfort-rubber.com.my">www.comfort-rubber.com.my</a>. and is reviewed periodically and when necessary to keep it up to date with the changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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

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

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

#### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in placed a Code of Conduct and Ethics which provides guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on principles of integrity, responsibility, sincerity and corporate social responsibility.</p> <p>The Board also had on 12 May 2020 reviewed and approved the Anti-Bribery and Corruption Policy (“ABAC”) which is also available on the Corporate website.</p> <p>The details of the Company's Code of Conduct and Ethics and ABAC Policy are available for reference at <a href="http://www.westportholdings.com">www.westportholdings.com</a>.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Whistle Blowing Policy &amp; Procedures (WPP) to improve the overall organisational effectiveness and uphold the integrity and ethical behaviour within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings.</p> <p>The Board has the overall responsibility for overseeing the implementation of the WPP, and all whistleblowing reports are addressed to the Chairman of the Audit Committee (for matters relating to financial reporting, unethical or illegal conduct), and the Managing Director or Head of Human Resource Department (for employment-related concerns).</p> <p>The WPP can also be accessed at the Company's website <a href="http://www.comfort-rubber.com.my">www.comfort-rubber.com.my</a>.</p> <p>The WPP was reviewed by the Board on 18 May 2018 and subsequently revised on 12 May 2020.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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 4.1**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	-
<b>Explanation for departure</b>	:	<p>The Board currently comprises seven Board Members, a Managing Director, three Executive Directors, and three Independent Non-Executive Directors (INED) which constitute 1/3 of the Board.</p> <p>The Board opines that the existing Independent Non-Executive Directors are able to perform their duties objectively and independent and actively participate in the Board's discussions.</p> <p>The 3 INED satisfy the independence test under the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. The assessment of the independence of the INEDs are conducted on an annual basis by Nominating Committee via the following:</p> <ul style="list-style-type: none"> <li>• Self assessment Evaluation Form to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or ability to act in the best interest of the Company.</li> <li>• Form of declaration of independence, to facilitate the process of determining the Director's independence on an annual basis by each INED.</li> </ul>
<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 4.2**

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

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

<b>Application</b>	:	Not applicable – No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	There are no independent directors serving the Board beyond 9 years, as set out in the Annual Report.  Moving forward, should the Board intends to retain any of its Independent Directors beyond nine (9) years or twelve (12) years, it would provide justification and seek annual shareholders' approval.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted/Not adopted	
<b>Explanation on application of the practice</b>	:	The 3 Independent Directors of the Company have yet to reach nine (9) years' tenure.	
<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 4.4**

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 recognises that diversity is one of the key drivers to enhance Board effectiveness. In the selection of suitable candidates, the Nominating Committee will take into consideration the mix of skills, integrity, personal attributes. Diversity in terms of age, gender and ethnicity is also considered during the selection process.</p> <p>This combination of different professions and skills sets enable the Board promote the interests of all shareholders and effectively facilitate the discharge of the Board's stewardship.</p> <p>In making its assessment and recommendations to the Board, Nominating Committee considers the criteria such as diversity in skills, experience, age, cultural background and gender to ensure a balanced mix of talents on the Board and Senior Management.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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>	:	None of the Directors is a female. The Board has no immediate plan to implement a gender diversity policy or target as the Board views that any new appointment to the Board shall be based on the candidate's area of expertise, skills, educational background as well as other factors that might provide the Board with a broader range of viewpoints and perspective. However, female representation in the Board will be considered when vacancies arise and suitable candidates are identified.
		Apart from Board recommendations, the Company also engages head hunters to help source and identify candidates for appointment to the Board.
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the Nominating Committee. The Board relies on the existing network and referrals from existing Directors, Senior Management and Major Shareholders as primary means to source for new Directors as they present a tried and tested method of sourcing high-calibre directors with a sound understanding of the business/</p> <p>The Directors' appointment process is carried out based on methodical and robust process undertaken by the Nominating Committee. Candidates recommended are thoroughly process undertaking by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of Bursa Securities Main Market Listing Requirements. The Company will also consider external and independent sources, if applicable.</p>
<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 4.7**

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 Nominating Committee was previously chaired by Chan Seng Fatt, an Independent Director and after his resignation on 31 March 2021, it was chaired by an Independent Director, Mr. Lum Dick Son (appointed on 9 April 2021).
<b>Explanation for departure</b>	:	Not Applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees.</p> <p>The Nominating Committee had conducted and carried out an annual assessment of the Board and its individual members, the Audit Committee and its members, and the Remuneration Committee assessing in the area of board diversity, composition and governance, decision-making and Boardroom activities, skills and contribution of each director. The Nominating Committee is satisfied with the current board size and the effectiveness of the Board and Board Committees and thus, no recommendation on the change of composition of the Board is made. The assessment and evaluation were properly documented.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The objective of the remuneration policy is to attract and retain the Directors to lead the Group effectively.  The Board has established and put in place the remuneration policies and procedures which are made available on the company's website.
<b>Explanation for departure</b>	:	Not Applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee was established on 12 October 2004.</p> <p>The Remuneration Committee is responsible for making recommendations to the Board on a formal and transparent policy on executive remuneration and fixing the remuneration packages of individual Directors and to approve employee compensation and benefits program.</p> <p>The Terms of Reference of the Remuneration Committee are made available on the company's website.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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**

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 - Band Disclosure Method
<b>Explanation on application of the practice</b>	:	Disclosure made on named basis for individual Directors for each remuneration type, but by band disclosure method as shown in the CG Overview Statement of the Annual Report 2021 in the interest of confidentiality.
<b>Explanation for departure</b>	:	Not Applicable.
<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 notes that the disclosure of details in excess of the above may be detrimental to its business interest, given the competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, where poaching has become common place.
		The Board further believes that the interest of the shareholders will not be prejudiced as a result of such non-disclosure of the identity and remuneration of the Company's top five senior management personnel.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairmanship of the Audit Committee and Board are held by different person.</p> <p>Mr. Ng Seik Wah is the Chairman of the Audit Committee who is not the Chairman of the Board whereas Mr. Chan Seng Fatt is the Chairman of the Board until Mr Chan Seng Fatt relinquished his position as Chairman and replaced by Dato' Lau Eng Guang on 5 March 2021. This ensures that the Board is able to objectively review the audit and risk findings and recommendations.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has adopted the policy on “Restriction in Appointment of External Audit Partner” Policy which 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.  This practice has been incorporated into the Terms of Reference of Audit Committee.
<b>Explanation for departure</b>	:	Not Applicable.
<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 is responsible for assessing the capabilities and independence of the External Auditor (EA) and to make the recommendations to the Board on the appointment, re-appointment or termination of the EA on yearly basis.</p> <p>The Audit Committee had carried out an assessment and deliberated the outcome of the annual assessment of the EA which include the engagement teams’ qualification, credentials and experience, particularly in the financial service sector, the firms’ competitive advantage with global network resources, their audit work approach, and their ability to provide value added service as well as to perform the work within the stipulated timeline. The AC is satisfied with the external auditor’s performance and recommended to the Board for approval of the re-appointment of Baker Tilly Monteiro Heng PLT as EA for the financial year ending 2022.</p> <p>Baker Tilly Monteiro Heng PLT provided assurance that they have been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the Audited Financial Statements of the Group for financial year ended 31 January 2021.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

There is 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> :	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 8.5**

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>All the members of the Audit Committee are credible professionals of calibre who play key supporting roles by contributing their knowledge, guidance and experience towards making independent judgement on issues of strategies, performance and standards of conduct.</p> <p>The Audit Committee Chairman is an experienced and qualified accountant and is a partner of a medium sized accounting firm. The Chairman and Committee members attend regular trainings to ensure that they are kept abreast with latest developments in accounting and auditing standards, practices and rules as disclosed in the Annual Report 2021.</p> <p>Based on the annual evaluation in regards to term of office and performance of the Audit Committee for the financial year ended 31 January 2021, the Board is satisfied that the Audit Committee had carried out its duties and responsibilities effectively as per its Charter and the Audit Committee as a whole and each member of the Audit Committee have added value and contributed to the overall effectiveness of the Audit Committee.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a risk management framework and internal control systems in place to ensure the smooth running of the business, minimise incidences of possible fraud, wastage and abuse. Management has adopted an on-going process of identifying, evaluating and managing significant risks that may prevent the achievement of business objectives.</p> <p>The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Annual Report.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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>	:	The key features of the risk management framework and internal control framework, as well as the adequacy and effectiveness of the framework are set out in the Statement on Risk Management and Internal Control on the Annual Report.
<b>Explanation for departure</b>	:	Not Applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 9.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</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 10.1**

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 has been outsourced to AlphaOne Governance Sdn. Bhd.</p> <p>The role of Internal Auditor is to provide independent and reports functionally to the Audit Committee and has unrestricted access to the Audit Committee.</p> <p>The Audit Committee had also undertaken an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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 personnel are independent from the operational activities of the Company and they do not hold management authority and responsibility over the operations that internal audit cover in its scope of works.</p> <p>As the internal audit function is outsourced, it is not practical to disclose the number of resources in the said department, names and qualification of the person responsible for internal audit. However, the Audit Committee undertook the annual assessment of the quality of the internal auditor based on Evaluation Form.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is 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 importance of timely and equal dissemination of material information to shareholders, investors and public. Communication to stakeholders had been executed in a timely and transparent manner through announcements on Bursa's website and the media.</p> <p>The Group has also established a corporate website at <a href="http://www.comfort-rubber.com.my">www.comfort-rubber.com.my</a> which provides information relating to annual reports, quarterly results, announcement, Board Charter, Terms of Reference of Audit Committee, Nominating Committee and Remuneration Committee as well as other relevant and related documents or reports relating to Corporate Governance are made available on the abovementioned website.</p> <p>Shareholders or stakeholders can at any time seek for clarifications or raise queries through corporate website, by email or phone. The contact details are set out at the Group's website.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is 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>	:	Not applicable as the Company is not a Large Company as defined by 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**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company serves the Notice for the 79th Annual General Meeting together with the Annual Report to the shareholders of the Company at least 28 days prior to the Meeting.</p> <p>The AGM Notice includes details of the resolutions proposed along with relevant explanatory note to enable shareholders to make informed decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	Not Applicable.
<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**

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>	:	All Directors are encouraged to attend the General Meetings and the Chairman of the Audit, Nominating and Remuneration Committee and the Chief Financial Officer would be available at the AGM to response the relevant questions that posted by shareholders. Barring unforeseen circumstances, all Directors will attend the General Meetings.
<b>Explanation for departure</b>	:	Not Applicable.
<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>	:	<p>Shareholders who were unable to attend and vote at the AGM had been encouraged to submit the proxy forms to appoint their representatives to attend the Meeting, which had allowed them to vote in absence. All the poll results are announced on the same day through Bursa Link service.</p> <p>In view of the number of shareholders and the size of the Company, the participation of shareholders of the Company at the general meetings is currently by way of attending in person or by proxy. Hence, the need to have meetings in remote locations does not arise for the time being.</p>
<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>	:	

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

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

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