

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5151
COMPANY NAME : Hextar Global Berhad
FINANCIAL YEAR : December 31, 2020

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.

Application :	Applied
Explanation on application of the practice :	<p>The Board of Directors ("Board") of Hextar Global Berhad ("Hextar") is collectively responsible for the overall conduct of the Company's business on behalf of the shareholders and takes full responsibility for the performance of the Company. In setting the Company's overall strategy and governance and in pursuit of the Company's objectives, the Board takes into account the interests of the stakeholders in its decision-making so as to ensure the Company's objectives in creating long term shareholder value are met. The Board provides the leadership necessary to the management of the Company and monitors the Company's performance and operational progress towards the Company's business objectives.</p> <p>The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees: -</p> <ul style="list-style-type: none"> i) Audit Committee ("AC"); ii) Risk Management Committee ("RMC"); iii) Nomination Committee ("NC"); and iv) Remuneration Committee ("RC"). <p>The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the website in Corporate Governance under Policy Disclosures at http://www.hextarglobal.com/investor-relations.</p> <p>The Board meets regularly during the financial year. Board papers include reports on the Company's financial, operational and corporate development. The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for discharge of its</p>

	<p>responsibilities and may obtain independent professional advice at the Company's expense in furtherance of their duties.</p> <p>The Board is guided by the Board Charter and the Limits of Authority ("LOA") which defines matters that are specifically reserved for the Board and the delegated day-to-day management of the Company under the CEO. The LOA is cascaded to the Senior Management Team.</p> <p>The Board is primarily responsible for:</p> <ol style="list-style-type: none"> a. Charting and setting the direction and objectives of the Group, as well as each individual business unit within the Group. b. Planning, adopting and implementation of strategic plans for the Group in line with these direction and objectives. c. Overseeing the conduct of the Group's business to determine whether the business is properly managed and meets its objectives, and to recommend and implement changes where necessary. d. Reviewing and approving any new ventures, major acquisitions and disposals. e. Identifying principal risks and ensuring the implementation of appropriate and adequate controls and systems to monitor and manage these risks. f. Reviewing of performances, appointments, training and succession planning of senior management personnel in each individual business division within the Group. <p>The Board Charter can be found in our website: http://www.hextarglobal.com/about-us/board-charter</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

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>The Board is led by Y.D.H Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir, an Independent Non-Executive Director.</p> <p>The Chairman is responsible for matters pertaining to the Board and the overall conduct of the Company.</p> <p>The Chairman promotes good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>The key roles and responsibilities of the Chairman have been clearly specified in paragraph 3.4 of the Board Charter as follows:</p> <ul style="list-style-type: none">a. Ensure the smooth and effective working of the Board.b. Ensure the right composition of the Board, subject to the Board and shareholders' approvals.c. Ensuring that all relevant issues are address on the agenda of Board meetings.d. Ensuring all Directors participate in the Board's activities. This includes ensuring that the Board receives relevant and timely information and advice from the management and/or independent advisors to enable them to make sound and informed decisions.e. Ensuring that the Executive Directors give a true, fair and full account of the condition and state of the Group's businesses, operations and cash flows.
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 :	The positions of Chairman and Executive Directors are held by different individuals. The Chairman, Dato' Sri Dr Erwan Bin Dato' Haji Mohd Tahir leads and manages the Board strategic decision making and governance. On the other hand, upon resignation of the CEO on 31 July 2018, the Executive Directors, Madam Lee Chooi Keng and Dato' Ong Choo Meng oversees the business and operations of the Company and implements the Board's decisions. The distinct and separate roles of the Chairman and Executive Directors, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unregulated power.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>The Company has appointed Ms Lim Hooi Mooi and Ms Ong Wai Ling who are respectively a Fellow and an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") as the Company Secretaries ("Company Secretary"). The two qualified and experienced Company Secretary assisted the Board in attending to company secretarial, compliance matters and advocacy of good CG best practices.</p> <p>The Company has also appointed Ms. Phan Nee Chin who are a member of the Malaysian Institute of Accountants ("MIA") as the Company Secretary.</p> <p>The Board is regularly updated and advised by the Company Secretary on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. They are also responsible for ensuring the Company's compliance with the relevant statutory and regulatory requirements.</p> <p>The Company Secretary plays an advisory role to the Board, particularly with regards to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation as well as the principles of best corporate governance practices. The Board is regularly updated by the Company Secretary on new or changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors. The Company Secretary also brief the Board on the contents and timing of material announcements to be made to Bursa Malaysia.</p> <p>In ensuring that the Company Secretary appointed have relevant experience and skills, the Board warrants that the responsibilities carried out by the Company Secretary amongst others but not limited to:</p>

- i. Preparation and submission of forms under the Companies Act 2016 to the Companies Commission Malaysia;
- ii. Proper maintenance of statutory records;
- iii. Transmission/submissions of corporate announcements/replies to the Bursa Securities Malaysia Berhad (“Bursa”) electronically via LINK;
- iv. Drafting all necessary notices, Directors’ Written Resolutions, minutes of Directors’ meeting and shareholders’ meeting and relevant documents under the direction and instruction of the Board of Directors;
- v. Attendance of Annual General Meeting (“AGM”)/ Extraordinary General Meeting (“EGM”) of shareholders;
- vi. Attendance of Meetings of Directors for all Remuneration, Nomination and Audit committees.
- vii. Advising the Company and Directors on matters pertaining to the statutory requirements prescribed under the various Statutes, in particular, the Companies Act 2016, the Listing Requirements of Bursa Securities and other secretarial matters.

The Company Secretary undertakes amongst others the following functions: -

- a. Advising the Directors on their duties and responsibilities and their obligation to disclose their interest in securities, the prohibition on dealing of securities during closed period, restriction on trading in securities and disclosure of price sensitive information, timely disclosure of any conflict of interest and related party transactions, timely disclosures of material information to shareholders, investors and financial markets.
- b. Issuing notices on closed periods for trading in the Company’s securities.
- c. Updating the Board on new or changes to statutory and regulatory requirements, in particular those relating the Bursa Malaysia’s Main Market Listing Requirements (“MMLR”) and such other related matters.
- d. Organising Board and Board Committee Meetings, preparing the agenda for Board and Board Committee meetings in consultation with the Chairman of the Board or Board Committees and the circulation of notices of meetings.
- e. Attending Board and Board Committee meetings and ensuring that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the Management for appropriate actions.
- f. Assisting the Board in application of the legal and regulatory requirements such as the MMLR, Code and other related legislations.

	<ul style="list-style-type: none"> g. Ensuring the appointment or new Directors, re-appointment and resignation of Directors are made in accordance with the relevant legislation and regulatory requirements. h. Coordinating the annual assessment of Board and Board Committees, the Independent Directors, External Auditors and outsourced Internal Auditors. i. Monitoring compliance with the principles and recommendations of the Code and informing the Board on any breaches or gaps. j. Working closely with the Management to ensure timely and appropriate information flows within and to the Board and Board Committees and between the Non-Executive Directors and management.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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>The Board meets regularly during the financial year. The meetings are planned at the beginning of the financial year and the meeting calendar circulated in advance to enable the Directors to reserve their dates for the Company. The agendas for each Board meeting are circulated in advance. The Board is provided with the relevant agenda and Board papers in sufficient time prior to the meetings to enable them to obtain further explanation and clarification to facilitate informed decision-making. The Board papers include reports on the Company's financial, operational and corporate development. In order to maintain confidentiality, Board papers on issues or corporate proposals which are deemed highly confidential would only be distributed or shared at the meeting itself.</p> <p>Directors are supplied, with regards to scheduled meetings, with detailed reports and supporting documents from the management pertaining to financial performance of the Company and each operating business segment, investments and strategic involvements prior to the meeting for their review and consideration to assist them in making well-informed decisions. Senior Management staff are invited to the Board meetings to brief the Board on areas of business within their responsibilities, provide Board members with insights into the business or to clarify the matters tabled or raised by the Board and if required, external professional advisors are engaged to provide input on such matters.</p> <p>Draft minutes of meetings are circulated to all Directors for their review prior to confirmation, usually at the next following meeting. Directors may raise comments or seek clarification before the minutes are tabled for confirmation and at the meeting, upon receiving confirmation the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings held thereat.</p> <p>Board members are given unrestricted access to all information pertaining to the Company to assist them in carrying out their duties. Should it be deemed necessary; the Directors are allowed to engage independent professionals on the Company's expense on specialised issues to provide the Board with adequate knowledge on matters being deliberated or obtain professional advice on the</p>

	issues. Any Director who wishes to engage such external professional assistance may bring the request to the Board for approval prior to engagement. Similar access is also extended to all Board Committees on the same basis.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application :	Applied	
Explanation on application of the practice :	<p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors of the Company and the functions of the Board Committees as well as the Boards of the respective subsidiary companies within the Company. It sets out amongst other things, the key values, principles and ethos of the Company.</p> <p>The Board Charter has been adopted by the Board.</p> <p>Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings and Directors’ Training.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board’s responsibilities.</p> <p>The Board Charter is available on the corporate website: http://www.hextarglobal.com/about-us/board-charter</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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>Hextar Group has in place a Code of Conduct & Ethics for Directors and employees of the Company. The Corporate Code of Conduct and Ethics ("Conduct") is available in: http://www.hextarglobal.com/investor-relations</p> <p>In July 2017, the Board decided that the above code to be reviewed every three (3) years to ensure relevancy and alignment with the prescribed requirements and best corporate governance ("CG") practices.</p> <p>The Board is mindful of its leadership in business ethics practices as one of the key elements of business sustainability. The Board had in November 2017 reviewed its code so as to reinforce ethical values as part of good CG culture under its leadership.</p> <p>The purpose of this code is to specify and assist as a reference to all the members/employees of the Company on non-negotiable minimum standards of behavior in key areas of the Company to uphold the principles and values which Hextar stands by. This code, by its nature is not meant to cover all possible situations that may occur in daily works. In cases where answers are not specified in the Code, employees are to seek guidance when they are in doubt as it is the responsibility of each individual employee to ensure full compliance to the Code and that cannot be delegated. The Code shall be reviewed and updated regularly to ensure continuing relevance. The Code is guided by the following basic principles:</p> <ul style="list-style-type: none">a. To act honestly and legally at all times;b. To ensure confidentiality of the Company's information;c. To avoid any conduct that could risk or damage Company's reputation;d. To avoid personal interest being ahead of Company's interest. <p>Apart from the code, the Company's handbook also sets out the</p>

	<p>prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behavior and sexual harassment.</p> <p>No employee shall make or promise to make, directly or indirectly, any payment of money or provide anything of value to any person, private entity, local or foreign official of a government or political party or candidate for political office in order to induce or influence such person to act in a way that helps the Company to obtain or retain business for the Company or with the Company.</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

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 behavior 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>As part of the Company’s continuous efforts to ensure that good corporate governance practices are being adopted, the Company has established Whistle Blowing Policy on 20 February 2018 to provide a clear line of communication and reporting of concerns for employees at all levels.</p> <p>The Group’s Whistle Blowing Policy provides an avenue for employees to freely communicate their concerns about unethical practices or malfeasance without fear of repercussion and intimidation in a safe and confidential manner. Concerns are reported to the Chairman of the Whistle Blowing Committee, Mr. Yeoh Chin Hoe, Senior Independent Non-Executive Director of the Company. All reports received will be investigated independently to ensure appropriate actions are taken.</p> <p>The Code of Conduct & Ethics and Whistle Blowing Policy are made available to employees of the Group. Salient features of the Code of Conduct & Ethics, the Whistle Blowing Policy and the Anti-Bribery and Corruption Policy may also be obtained from the Company’s website in Corporate Governance under Policy Disclosures: http://www.hextarglobal.com/investor-relations</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 director.

Application :	Applied	
Explanation on application of the practice :	The Board consists of six (6) members, of which two (2) are Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) are Independent Directors.	
	The Independent Directors named below fulfilled the criteria of “Independence” as prescribed under the MMLR. The key criteria for the appointment of an Independent Director is one who is not a member of the management (a Non-Executive Director) and who is free of any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.	
	Name	Position
	Dato’ Sri Dr. Erwan Bin Dato’ Haji Mohd Tahir	Independent Non-Executive Director
	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Liew Jee Min @ Chong Jee Min	Independent Non-Executive Director	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.2

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

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

Application :	Not Applicable	
Explanation on application of the practice :	None of the Independent Directors has served for a cumulative term of more than nine years in the Company. Should the Board wish to retain an Independent Director who has served for more than nine years, and as required under this Practice, with proper justification provided, shareholders' approval will be sought.	
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>Board and Senior Management are appointed based on objective criteria, merit and besides gender diversity, due regard is given for diversity in skills, experience, age and cultural background. The Board pursues diversity in both the Board level and Senior Management. The Board recognises that a diverse Board in the Company could offer greater depth and breadth compared to a non-diverse Board whilst diversity in Senior Management will lead to better decision making and more effective solutions.</p> <p>Prior to approval by the Board, NC ensures appropriate review is undertaken following the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to:</p> <ul style="list-style-type: none">• Skills, knowledge, expertise and experience;• time commitment and contribution;• honesty, integrity, professional conduct and business ethics/practices;• Professionalism;• Integrity;• Existing number of directorships held;• Specialized knowledge in line with the Company's strategy;• Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and• Number of directorships in other companies and other external obligations which may affect his/her commitment. <p>For the position of independent non-executive directors, the NC shall also evaluate the candidate, at a minimum, with reference to the definition of "Independent Director" as stipulated by the MMLR.</p> <p>The current diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board is as follows: -</p> <table border="1"><thead><tr><th rowspan="2"></th><th colspan="4">Race/Ethnicity</th><th colspan="2">Nationality</th></tr><tr><th>Malay</th><th>Chinese</th><th>Indian</th><th>Others</th><th>Malaysian</th><th>Foreigner</th></tr></thead><tbody><tr><td>Number of Directors</td><td>1</td><td>5</td><td>-</td><td>-</td><td>6</td><td>-</td></tr></tbody></table>		Race/Ethnicity				Nationality		Malay	Chinese	Indian	Others	Malaysian	Foreigner	Number of Directors	1	5	-	-	6	-
	Race/Ethnicity				Nationality																
	Malay	Chinese	Indian	Others	Malaysian	Foreigner															
Number of Directors	1	5	-	-	6	-															

The Board also has regard to the existing Directors' age distribution which appeared to be balanced at an average of 57, falling within the respective age groups as follows:

	Age			Gender	
	40-54	55-69	70-84	Male	Female
Number of Directors	2	3	1	5	1

The Board views that diversity in Board's composition can facilitate optimal decision-making by harnessing different insights and perspectives. Whilst the capital market experience is of paramount importance to the Board, a high-performance board should comprise directors with a wide variety of backgrounds, experiences and skills.

The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. They are all Malaysians with diversity in the following perspectives as set out in the table: -

Age	
40-50	51-70
3	3

Explanation :
for
departure

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

Measure :

Timeframe :

Intended Outcome

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

Practice 4.5

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 :	The Board is supportive of gender diversity in the Board composition and senior management. Our current female composition in the Board is 16.67%. In line with the aspirational target of 30% representation of women on board, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective.	
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 4.6

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 :	
Explanation for departure :	<p>The Board implements a flexibility in deciding on the appointment of new directors based on circumstances and timing of the appointment. The NC assess and for recommendation to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.</p> <p>Prior to approval by the Board, NC ensures appropriate review is undertaken following the requirement and qualification of the candidate nominated based on a prescribed set of criteria comprising but not limited to:</p> <ul style="list-style-type: none">• Skills, knowledge, expertise and experience;• time commitment and contribution;• honesty, integrity, professional conduct and business ethics/practices;• Professionalism;• Integrity;• Existing number of directorships held;• Specialized knowledge in line with the Company's strategy;• Confirmation of not being an undischarged bankrupt or involved in any court proceedings in connection with the promotion, formation or management of a corporation or involving fraud or dishonesty punishable on conviction with imprisonment or subject to any investigation by any regulatory authority under any legislation; and• Number of directorships in other companies and other external obligations which may affect his/her commitment. <p>For the position of independent non-executive directors, the NC shall also evaluate the candidate, at a minimum, with reference to the definition of "Independent Director" as stipulated by the MMLR.</p> <p>Besides recommendation from existing Board members, the Nomination Committee also accepts nomination from major shareholders for consideration.</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.7

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

Application :	Applied													
Explanation on application of the practice :	<p>The NC is chaired by Mr. Liew Jee Min @ Chong Jee Min who is an Independent Non-Executive Director of the Company.</p> <p>Below is the composition of the Nomination Committee:</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Liew Jee Min @ Chong Jee Min</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Member</td> <td>Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Member</td> <td>Yeoh Chin Hoe</td> <td>Senior Independent Non-Executive Director</td> </tr> </tbody> </table>		Position	Name	Designation	Chairman	Liew Jee Min @ Chong Jee Min	Independent Non-Executive Director	Member	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Director	Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Position	Name	Designation												
Chairman	Liew Jee Min @ Chong Jee Min	Independent Non-Executive Director												
Member	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Director												
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director												
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 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 regularly evaluates its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees and the Company's performance.</p> <p>The effectiveness of the Board is assessed in the areas of Board mix, composition and governance, quality of monitoring and decision-making as well as Board responsibilities. The effectiveness of the committees of the Board are assessed in terms of composition and governance, skills and competencies, and duties and responsibilities in accordance with their respective Terms of Reference ("TOR"). The evaluation process also involved a self and peer review, where the Directors will assess their own performance and that of their fellow Directors.</p> <p>During the financial year under review, the Nomination Committee reviewed: -</p> <ol style="list-style-type: none">i. the effectiveness of the Board as a whole and of the committees of the Board and the contribution and performance of each individual Director;ii. the independence of the independent Directors; andiii. the Directors who are subject to retirement by rotation at the forthcoming AGM, and are eligible for re-election. <p>The evaluation was coordinated by Tricor Corporate Services Sdn Bhd, our outsourced Company secretarial service provider.</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 :	The purpose of Company's remuneration procedure is to attract and retain the Directors and Senior Management required to lead and control the Company effectively. For Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The fees payable to the Non-Executive Directors are determined by the shareholders. Non-Executive Directors are paid annual fixed fees for serving as members of the Board. In addition, they are also paid meeting allowances for each meeting they attend. Information from independent sources on the remuneration practices of other companies are considered in determining the remuneration packages of the Directors. The policy and procedures to determine the remuneration of directors and senior management are not published on the Company's website.	
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 principal function of the RC is to assist the Board in their responsibilities in assessing the remuneration packages of the Executive Directors and Key Senior Management.</p> <p>The RC oversees matters relating to the review and assessment of the remuneration packages of the executive directors in all forms, with or without other independent professional advice or other outside advice, ensure the levels of remuneration be sufficiently attractive and be able to retain directors needed to run the Company successfully, structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time.</p> <p>The primary responsibility of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors and Key Senior Management staff of the Company and ensuring that their remuneration is competitive and consistent with the strategic plans of the Group.</p> <p>The Company also has in place a Directors' and Officers' ("D&O") Liability Insurance against any liability incurred by them in the discharge of their duties while in office. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them. The Directors and Key Senior Management staff are required to contribute jointly to the premium of the D&O Insurance Policy.</p> <p>For Executive Directors, corporate and individual performance are rewarded through the use of an integrated pay benefits and bonus structure reflective of the Company's operations. To determine their remuneration the RC considers market competitiveness, business results, accomplishment of strategic short and long term goals and individual performance against their KPIs in evaluation the Executive Directors' remuneration. The RC will recommend to the Board the remuneration package and the rewards of the Executive Directors</p>

	<p>inclusive of bonus.</p> <p>For Non-Executive Directors (“NED”) the level of responsibilities undertaken and time spent in attending the Company’s matters determine the level of remuneration. The remuneration package for NEDs is a matter for the Board as a whole following the recommendation of the RC and these comprises fees, meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors. The current remuneration policy of the Company comprises as follows:</p> <p>a. Remuneration Package for Executive Directors (“EDs”)</p> <p>The performance of the EDs is reviewed annually taking into consideration the corporate and individual performance.</p> <p>Certain statutory contributions and customary benefits such as mobile phones and petrol allowances, insurance is made available to the EDs of the Company in accordance with their remuneration package. The total fees, remunerations and allowances payable for the financial year ended 31 December 2020 are cumulated to RM1,410,328.</p> <p>b. Fees and Meeting Allowances for NEDs of the Board and Board Committees</p> <p>The fees payable to the NEDs are determined by the shareholders. NEDs are paid annual fixed fees for serving as members of the Board. In addition, they are also paid meeting allowances for each meeting they attend. Information from independent sources on the remuneration practices of other companies are considered in determining the remuneration packages of the Directors.</p> <p>The total fees, allowances and insurance payable for the financial year ended 31 December 2020 is calculated to be RM216,000, RM20,000 and RM20,500 respectively based on the proposal above and the composition of the Board for the financial year under review. The proposed adjustment would also align the Directors’ remuneration to other comparable companies.</p>
Explanation for : departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 7.1

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

Application	: Applied																																								
Explanation on application of the practice	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements.</p> <p>Below set out the details of the remuneration paid for the financial year ended 31 December 2020 are as follows:</p> <p>(1) NEDs</p> <table border="1"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Directors</th> <th>Directors' Fee</th> <th>Allowances</th> </tr> <tr> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Y. Bhg Dato' Ong Soon Ho</td> <td>48</td> <td>5</td> </tr> <tr> <td>2.</td> <td>Y.D.H. Dato' Sri Erwan Bin Dato' Hj Mohd Tahir</td> <td>66</td> <td>5</td> </tr> <tr> <td>3.</td> <td>Yeoh Chin Hoe</td> <td>54</td> <td>5</td> </tr> <tr> <td>4.</td> <td>Liew Jee Min @ Chong Jee Min</td> <td>48</td> <td>5</td> </tr> </tbody> </table> <p>(2) Eds</p> <table border="1"> <thead> <tr> <th rowspan="2">No.</th> <th rowspan="2">Directors</th> <th>Salary</th> <th>Other Emoluments</th> <th>Total</th> </tr> <tr> <th>(RM'000)</th> <th>(RM'000)</th> <th>(RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Y. Bhg Dato' Ong Choo Meng</td> <td>594</td> <td>211</td> <td>805</td> </tr> <tr> <td>2.</td> <td>Lee Chooi Keng</td> <td>493</td> <td>112</td> <td>605</td> </tr> </tbody> </table>	No.	Directors	Directors' Fee	Allowances	(RM'000)	(RM'000)	1.	Y. Bhg Dato' Ong Soon Ho	48	5	2.	Y.D.H. Dato' Sri Erwan Bin Dato' Hj Mohd Tahir	66	5	3.	Yeoh Chin Hoe	54	5	4.	Liew Jee Min @ Chong Jee Min	48	5	No.	Directors	Salary	Other Emoluments	Total	(RM'000)	(RM'000)	(RM'000)	1.	Y. Bhg Dato' Ong Choo Meng	594	211	805	2.	Lee Chooi Keng	493	112	605
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Measure	:																																								
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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 7.2

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Board has not disclosed on a named basis the top five senior management's remuneration in bands width of RM50,000 as The Board is of the opinion that such disclosure may cause tension and unhealthy competition among senior management.	
	In determining the remuneration packages of the Group's Senior Management, factors that are taken into consideration includes individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration package is complete and sufficient to ensure that the Group is able to attract and retain executive talents.	
<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 7.3 - 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 :	<p>As at the date of this Statement, the AC comprises three Independent Directors.</p> <p>In line with the Company's Term of Reference, this has been in practice by the Company. The AC Chairman is Mr. Yeoh Chin Hoe, Senior Independent Non-Executive Director and Hextar Global Berhad's Chairman is Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir which is Independent and Non-Executive Director.</p> <p>The term of reference can be found in website in Corporate Governance under Policy Disclosures: http://www.hextarglobal.com/investor-relations</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 8.2

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 Group recognises the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>None of the members of the Board were former key audit partners. Hence, no member of the AC appointed was a former key audit partner.</p> <p>The Group will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner.</p> <p>The AC reviewed their TOR and incorporated Practice 8.2 as part of the TOR and on 20 August 2018, the AC had set up an Audit Independence Policy which also incorporates Practice 8.2.</p> <p>The term of reference can be found in website in Corporate Governance under Policy Disclosures: http://www.hextarglobal.com/investor-relations</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application :	Applied
Explanation on application of the practice :	<p>Through the AC, the Company has established a transparent and appropriate relationship with the Company's External Auditors. From time to time, the Auditors highlighted to the Audit Committee and the Board on matters that require the Board's attention.</p> <p>The External Auditors provide mainly audit-related services to the Company. Due to the familiarity of the Company, the External Auditors also undertake certain non-audit services such as regulatory reviews and reporting and other services.</p> <p>The Company has always maintained a transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with applicable approved financial reporting standards in Malaysia.</p> <p>A summary of the activities of the AC during the year is set out in the AC Report of this Annual Report.</p> <p>The AC has also obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee has recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors ("EA") for the financial year ending 31 December 2021. The re-appointment of Messrs. Crowe Malaysia PLT will be presented for shareholders' approval at the forthcoming 30th AGM.</p> <p>The amount of audit and non-audit fees incurred for services rendered to the Group by the Company's EA and its affiliated companies for the financial year ended 31 December 2020 are RM302,523 and RM167,000 respectively for the financial year.</p> <p>The Audit Independence Policy can be found in website in Corporate Governance under Policy Disclosures: http://www.hextarglobal.com/investor-relations</p>
Explanation for departure :	

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

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC comprises Independent Non- Executive Directors ("NEDs"). The same definition has been adopted in the TOR of the Board Committees,</p> <p>As at the date of this Statement, the AC comprises three Independent Directors.</p> <ul style="list-style-type: none">- Yeoh Chin Hoe (Chairman) <i>Senior Independent Non-Executive Director</i>- Liew Jee Min @ Chong Jee Min <i>Independent Non-Executive Director</i>- Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir <i>Independent and Non-Executive Director</i>

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 review of the composition of the AC shall be conducted annually in accordance with Paragraph 15.20 of the MMLR of Bursa Malaysia Securities Berhad.</p> <p>The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile of the Annual Report.</p> <p>All members of the AC had undertaken continuous professional development. During the year, the AC members attended the training as below: -</p> <table border="1"> <tr> <td rowspan="3">Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir</td> <td>Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)</td> </tr> <tr> <td>Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020</td> </tr> <tr> <td>Temporary Measures for Reducing the Impact of Covid-19 Act 2020</td> </tr> <tr> <td rowspan="4">Liew Jee Min @ Chong Jee Min</td> <td>Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)</td> </tr> <tr> <td>ACI Virtual Roundtable 2020 – ESG Perspective: Managing Recovery and Resilience</td> </tr> <tr> <td>Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020</td> </tr> <tr> <td>Fraud Risk Management Workshop</td> </tr> <tr> <td rowspan="2">Yeoh Chin Hoe</td> <td>Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)</td> </tr> <tr> <td>Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020</td> </tr> </table>	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	Temporary Measures for Reducing the Impact of Covid-19 Act 2020	Liew Jee Min @ Chong Jee Min	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	ACI Virtual Roundtable 2020 – ESG Perspective: Managing Recovery and Resilience	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020	Fraud Risk Management Workshop	Yeoh Chin Hoe	Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy)	Latest Updated on Listing Requirements & Corporate Governance Monitor Report 2020
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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 9.1

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

Application :	Applied	
Explanation on application of the practice :	The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework. The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objective of the Company. The Board through the AC and RMC reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment. The key features of the Risk Management framework and function together with details of the Company's internal control system and framework are set out in the Statement of Risk Management and Internal Control of the Company of the Annual Report.	
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 :		

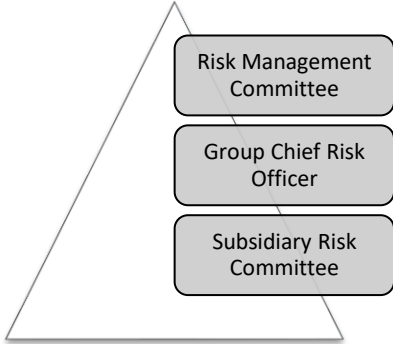
Intended Outcome

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.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>The Company has established and implemented an effective Risk Management framework to understand, profile and manage risks to an acceptable level.</p> <p>The Company shall endeavor to identify all risks associated with its business operations and also analyse in sufficient detail, report the risk timely and adopt appropriate measures to manage these risks effectively to acceptable levels.</p> <p>Each Business Unit of the Company shall understand and implement the policy and procedures of Risk Management.</p> <p>Group Chief Risk Officer undertaken by FC to review the entire risk management framework, processes and procedures that are developed. They provide regular feedback and advice to the Risk Management Committee and Board of Directors.</p> <p>The Management is responsible for the implementation of Board’s policies on risk and control. In fulfilling its responsibilities, the Senior Management should, within the business and operating processes of all functions, identify and evaluate the risks faced by the Company for consideration by the Board and design, operate and monitor a suitable system of internal controls which implements the policies adopted by the Board.</p> <p>Risk Management Reporting Structure:</p> 

	<p>The brief framework steps are taken as below in ensuring effective risk assessment:</p> <p>A. Preparation Step 1: Define processes/activities/objectives Step 2: Determine financial parameters</p> <p>B. Gross risk analysis Step 3: Identify risks Step 4: Determine cause Step 5: Determine consequence Step 6: Determine likelihood Step 7: Determine gross risk rating</p> <p>C. Control Assessment Step 8: Identify controls Step 9: Determine control effectiveness</p> <p>D. Conduct Workshops Step 10: Challenge/ Revise ratings Step 11: Determine current residual risk rating Step 12: Risk profiling</p> <p>Internal Audit (“IA”) function is also in place and has:</p> <ul style="list-style-type: none"> • IA plan, which applying audit methodology in assessing and rating the auditable areas based on a risk-based approach. • Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the competency and performance of the outsourced professional IA, Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.). • Reviewed whether there was any related party, recurrent related party or conflict of interest transactions. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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	:	Applied												
Explanation on adoption of the practice	:	<p>The RMC comprises majority of Independent Non-Executive Directors ("NEDs"). This is provided in the TOR of RMC.</p> <p>The Risk Management Committee comprises the following members: -</p> <table border="1"><thead><tr><th>Position</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Chairman</td><td>Lee Chooi Keng</td><td>Executive Director</td></tr><tr><td>Member</td><td>Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir</td><td>Independent Non-Executive Director</td></tr><tr><td>Member</td><td>Yeoh Chin Hoe</td><td>Independent Non-Executive Director</td></tr></tbody></table>	Position	Name	Designation	Chairman	Lee Chooi Keng	Executive Director	Member	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Director	Member	Yeoh Chin Hoe	Independent Non-Executive Director
Position	Name	Designation												
Chairman	Lee Chooi Keng	Executive Director												
Member	Dato' Sri Dr. Erwan Bin Dato' Haji Mohd Tahir	Independent Non-Executive Director												
Member	Yeoh Chin Hoe	Independent Non-Executive Director												

Intended Outcome

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

Practice 10.1

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

Application :	Applied	
Explanation on application of the practice :	<p>The Board acknowledges the importance of establishing a sound system of internal control. A Risk Management Framework has been established to manage risks and to safeguard shareholders' investment and the Company's assets. Moreover, the Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.</p> <p>The internal auditors would plan their risk-based audit based on the risk assessment performed by them in the previous year. Upon completion of their scheduled review the AC would, at the operation site along with key management staff, review the adequacy and integrity of the internal control systems in place and ensure the implementation of such enhancement or recommendations put forth by the Internal Auditors. Details on the framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application :	Applied		
Explanation on application of the practice :	<p>The Internal Audit Function of the Group is outsourced to Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.), hereinafter referred to as "IA". The IA is engaged to monitor the internal control systems inherent in the Company and to report their findings directly to the AC.</p> <p>The IA engagement team is led by the Executive Director, Mr. Woon Soon Fai, Chartered Accountant Malaysia (CA(M)), member of the Malaysian Institute of Accountants (MIA), Fellow member of the Association of Chartered Certified Accountants (FCCA), Associate member of The Institute of Internal Auditors Malaysia.</p> <p>The IA engagement team are free from any relationships or conflicts of interest and does not impair their objectivity and independence as they are an outsourced entity.</p> <p>The objectives of the review are as below:</p> <ol style="list-style-type: none"> a. To assess the Company's corporate governance; internal controls and risk management over its business operations; b. To provide control improvement recommendations to the directors and management; and c. To assist management in reviewing internal control and risk management for annual report statement. <p>The IA plan is prepared based on issue or concerns as requested by AC and Senior Management.</p> <p>Some of the scope of work determined and reviewed by the AC and Senior Management in 2019 are as follow: -</p>		
		Risk Measurement	
Quarters in 2020	Analytical Components	Findings	Mitigation Actions
Q1 – Machinery Maintenance Review	Machineries are properly maintained in order to reduce the production down time	No proper maintenance record being kept and no proper tagging number	Properly documented on the machinery information and maintenance record

	Q2 – Credit Control Management	Policies and procedures were applied as designed and consistently across the office	Inconsistency practice and application	Update the SOPP and ensure compliance to the policies and procedures stated
	Q3 – Payment Function Review	Policies and procedures were applied as designed and consistently across the office	Inconsistency practice and application	Update the SOPP and ensure compliance to the policies and procedures stated
	Q4 – Anti-Bribery and Corruption Review	Policy is adhered to relevant guide/ act	Policy enhancement	Update the policy to comply with the act requirements
	<p>A follow-up on previous IA review is required to be performed following an audit review. This is to ensure that all management action plans are implemented according to the timeline provided by the management; and the AC is updated on the implementation status.</p> <p>The internal audit function is carried out in accordance with a recognised International Professional Practices Framework (“IPPF”) as set out in the Statement of Risk Management and Internal Control of the Annual Report 2020.</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 believes that a sound Investor Relation ("IR") program is helpful in sustaining investors' interest and perception of the Company and corporate department plans the IR activities for the Company with the investing community.</p> <p>Developing and implementing an investor relations programme or shareholder communications policy for the Company's website, http://www.hextarglobal.com/investor-relations, incorporates an Investor Relations section which provide all relevant information on the Company and accessible by the public. The information available in the website includes Financial Reports, Company's announcements as well the corporate and governance structure of the Company.</p> <p>In compliance with best practice in corporate governance, Mr. Yeoh Chin Hoe is the Company's Senior Independent Director ("SID"). The SID is the main channel between the Independent Directors and the Chairman on matters that may be deemed sensitive and provides an alternative communication avenue for shareholders and stakeholders alike to convey their concerns and raise issues.</p> <p>The role of the SID is included in the Board Charter, which is accessible on the Company's website. The SID is also the channel identified in the Company's Whistle-Blowing Policy to whom reports can be directed to.</p> <p>All queries relating to the Group can be sent to the SID's email address at whistleblower@hextar.com.</p> <p>For the financial year under review no shareholders has asked or communicated with the SID.</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 Applicable	
Explanation on application of the practice :		
Explanation for departure :	The Company does not fall under the category of "Large Companies" as defined in the MCCG 2017 for the time being.	
	For good corporate governance, the Company will ultimately consider the necessity of integrated reporting based on a globally recognised framework by stages sometime in the future.	
<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 :	<p>The Notice of Annual General Meeting for year 2020 will be circulated at least twenty-eight (28) days prior to the date of the AGM to enable shareholders to have sufficient time to peruse the 2020 Annual Report and papers supporting the resolutions proposed.</p> <p>Hextar's 2020 Annual Report will be available on the Company's website at http://www.hextarglobal.com/investor-relations</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 12.2

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

Application :	Applied	
Explanation on application of the practice :	<p>All six (6) Directors of the Company had attended the 29th AGM held on 24 August 2020. The board encourages shareholders' participation during question and answer sessions to ask questions and seek clarification on the business and performance of the Group. Among all of the Directors, four (4) Directors were the Chairmen of the AC, RC, NC and RMC respectively and they have provided meaningful response to questions addressed to them.</p> <p>The external auditors are invited to the meeting to provide their professional and independent view to shareholders, if required.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 12.3

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Company does not have large number of shareholders. i.e. the number of shareholders of the Company as at 22 March 2021 was only 5,167 shareholders. In the past the Company's Annual General Meetings have always been held in the Klang Valley which is easily accessible by most of the shareholders of the Company.</p> <p>Shareholders whom are unable to attend and vote at the Annual General Meeting of the Company are encouraged to submit the proxy form of the Company to the Share Registrar. Hence, this allows them to vote in absence.</p> <p>The Company's Constitution allows the Company to leverage on technology or method that enables the members of the Company to participate, speak and vote at the meeting.</p> <p>Due to the Covid-19 pandemic and as part of our safety measures, the Company's 30th AGM will be conducted fully through live streaming and shareholders are to participate and vote remotely at the 30th AGM. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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