

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3107
COMPANY NAME : Fima Corporation Berhad
FINANCIAL YEAR : March 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The primary role of the Board of Directors ("Board") is to lead and control the Company and its subsidiaries' ("FimaCorp Group" or "Group") operations and affairs and to protect and enhance the long-term shareholders' value. The Board is collectively responsible for the setting of the overall strategy and the success of the FimaCorp Group.2. The Board operates within the powers conferred on it in the Constitution and Board Charter. The schedule of matters reserved for the Board are set out in the Board Charter which is available on 'Investors' page of the Company's website at http://www.fimacorp.com/corporate-governance.php.3. As guided by the Board Charter, the Board assumes, amongst others, the following duties and responsibilities:<ul style="list-style-type: none">• reviewing and adopting the overall strategic plans and programmes for the FimaCorp Group.• overseeing and evaluating FimaCorp Group's business operations and financial performance.• identifying and managing principal risks affecting FimaCorp Group and ensuring that the operating infrastructure, systems on internal control and systems to identify significant financial and non-financial risks, are in place and implemented.• promoting a culture of integrity, compliance and responsible conduct throughout FimaCorp Group, which shall inter alia include establishing appropriate policies and procedures to manage bribery and corruption risks.• providing input into and final approval of the annual operating budget.• approving major capital expenditure, capital management and acquisitions/divestitures.• ensuring that appropriate plans are in place in respect of the succession plan of the FimaCorp Group.• promoting sustainability through appropriate environmental, social and governance considerations in the Group's strategies.

	<p>4. The Board delegates its powers and authorities from time to time to Committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. The Board has established the Audit and Risk Committee and Nomination and Remuneration Committee as principal standing committees of the Board. Each Committee has its specific duties and authorities set out in its own terms of reference which can be viewed on the 'Investors' page of the Company's website. These terms of reference are regularly reviewed and updated as required.</p> <p>5. The Chair of each Committee reports to the Board following each Committee meeting, allowing the Board to understand and, if necessary, discuss matters in detail and consider the Committee's recommendations.</p> <p>6. The Board has also established other Board and Management Committees to assist the Board in managing the Group's activities:</p> <ul style="list-style-type: none"> • <u>Risk Steering Committee ("RSC")</u>: is a sub-committee of the Audit and Risk Committee. The Committee supports the Audit and Risk Committee in the development and implementation of the Group's risk management and internal control framework. The RSC's duties and responsibilities are set out in its Terms of Reference, which has been enhanced to include and incorporate sustainability as part of the risk management framework and to include review and oversight functions of the Group's policies and procedures for detecting, reporting and preventing breaches of conduct, whistle-blowing and bribery. • <u>Group Sustainability Committee ("GSC")</u>: assists and supports the Board in the stewardship of the Group's sustainability programmes. The roles and responsibilities of the GSC are clearly specified in its Terms of Reference which has been enhanced to also include the review and monitoring of the goals/key performance indicators as established by the Board with respect to environment, social and governance matters. • <u>Disclosure Committee</u>: assists the Board in ensuring the Group's compliance with its continuous disclosure obligations and for overseeing the Company's disclosure practices. • <u>Ad-Hoc Committees & Team</u>: are formed for a limited period of time to address a specific projects/assignment within the Group. <p>7. The Board has delegated day-to-day responsibility for implementing the Group's strategy and plans and managing the overall Group's businesses to the Company's Managing Director. The Managing Director is supported by the senior management, each of whom has responsibility for his or her respective function. The Group's senior management, led by the Managing Director, performs an essential role in ensuring that the Board has the information required to make effective decisions, reporting on the Company's performance and implementation of the Group's strategy. Despite this delegation of authority, the Board maintains ultimate responsibilities for strategy and control of the Company and its businesses.</p>
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8. The Board in discharging its responsibilities in overseeing the overall management of the Group has, during the year under review, undertaken the following:

Approved:

- the budget and business plan for financial year 2022 and key performance targets/indicator.
- the quarterly financial results and annual Audited Financial Statements and the Directors' Report.
- the amount, nature and timing of the dividend to be paid.
- resolutions to be put to shareholders at the 45th Annual General Meeting ("AGM") held on 29 September 2020.
- draft statements for Annual Report FYE2020 and Circular to the shareholders.
- FYE2020 annual increment and performance reward for the Managing Director and Group employees.
- payment of ex-gratia to the Group employees.
- major capital expenditures of the Group's subsidiary companies in excess of the discretionary limits delegated to the Managing Director or the Board of subsidiary companies.
- the other treasury related matters.
- the Group's solvency and financial position.
- audit plan for the Group including audit and non-audit fees for FYE2022.
- new appointment to the Boards of Group subsidiaries.
- the acquisition of the oil palm plantation lands.
- revision of authority limits for the Group's operating and capital expenditures.
- the proposal on "zakat perniagaan" based on dividend payout.
- adoption of the Board annual outline agenda.
- new Enterprise Risk Management ("ERM") framework, Risk Appetite Statement, revised Risk Profile and ERM's standard operating procedures following the review of the Group's ERM framework undertaken by BDO Governance Advisory Sdn Bhd.
- re-appointment of Messrs. Ernst & Young PLT as the Company's auditors and for the same to be put for shareholders' approval at the AGM.
- the updated Board Charter, Whistle-Blowing Policy and Terms of Reference of the Audit and Risk Committee.

Reviewed and considered:

- the Group Performance Report – financial and operational performance.
- Board, Board Committees, individual Directors, external and internal auditors' annual assessment.
- the changes in the accounting policies which affecting the Group.
- recurrent related party transactions/related party transactions entered into by the Group.
- composition of the Board and Independent Directors and the time commitment given by the Directors in fulfilling their responsibilities as Directors and members of Board Committees.
- progress in implementing strategic activities arising from the March 2019 Board Retreat.
- divisional strategic updates on a quarterly basis.
- updates on material litigation.

	<ul style="list-style-type: none"> • summary of industrial relation/accidents cases and whistle-blowing complaints received through the whistle-blowing channels. • the disclosure on dealings by Directors/Principal Officers in the Company's securities. • the succession planning of the Group's senior management and Group support functions. • half yearly review of the Group's sustainability performance. <p>9. The Managing Director maintains regular contact with all Directors. Summarised monthly management accounts and other updates are also sent to Non-Executive Directors to keep them informed of the events throughout the Group between Board meetings which ensure that they are kept fully advised of the latest issues affecting the Group.</p> <p>10. The Company provides Directors with the necessary resources to maintain and enhance Director's knowledge and capabilities in discharging their duties. All Directors have access to the advice and services of the Company Secretaries who are responsible to the Board for advising on all governance matters, Board procedures and compliance with applicable rules and regulation. The Directors, with the consent from the Chairman, are allowed to take external independent professional advice concerning the affairs of the Group at the Company's expense. The Board also has access to senior management at anytime to request relevant information.</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	<ol style="list-style-type: none">1. Dato' Adnan bin Shamsuddin ("Dato Adnan") is currently the Chairman of the Board and is an Independent Director. His profile is available under Our Board of Directors section of the Company's Annual Report 2021.2. Dato' Adnan, who has served the Board since May 2003 would be retiring from his position as an Independent Non-Executive Director/Chairman upon the conclusion of the Company's 2021 AGM. On 17 August 2021, the Company announced the appointment of Datuk Bazlan bin Osman ("Datuk Bazlan") as Chairman-Designate. Datuk Bazlan will succeed Dato' Adnan as Chairman of the Company and the appointment will take effect upon conclusion of the Company's forthcoming 46th AGM.3. The Board Charter sets out specific roles and responsibilities of the Chairman, which include:<ul style="list-style-type: none">• leading the Board in setting the values and standards of the Company.• maintaining a relationship of trust with and between the Executive and Non-Executive Directors.• ensuring the provision of accurate, timely and clear information to Directors.• ensuring effective communication with shareholders and relevant stakeholders.• arranging regular evaluation of the performance of the Board, its Committees and individual Directors.• facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors.• facilitating the on-going development of all Directors.<p>The Board Charter is available on the Company's website at http://www.fimacorp.com/corporate-governance.php.</p>4. The Chairman is not an executive director of the Board and has never held the position of executive director of the Company. He has never been a part of the management, thus undue influence from past association is not a concern.5. The Chairman leads the Board to ensure its effectiveness on all aspects of the Board's role and promotes high standards of corporate governance and ensures that Non-Executive Directors are able to speak freely and contribute effectively. At board meetings, the Chairman ensures that adequate time is available for discussion

	<p>of all agenda items especially strategic issues and promotes a culture of openness and debate on the Board.</p> <p>6. The Chairman engages with Board members, management and the Company Secretaries to ensure that the Board can perform its responsibilities effectively.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Chairman and Managing Director's positions are held by separate individuals. Their roles and responsibilities are distinct as stated in the Board Charter, which is published in the Company's website under 'Investors' section. The scope of these roles is approved and kept under regular review by the Board so that no individual has unfettered decision-making powers. The division of responsibilities would ensure sufficient time commitment of the Chairman and Managing Director to allow effective discharge of their respective duties.2. The Chairman of the Board, Dato' Adnan bin Shamsuddin, is an Independent Non-Executive Director. He is responsible for the leadership and governance of the Board and the Managing Director for the management of the Group and the implementation of Board strategy and policy on the Board's behalf.3. Dato' Roslan bin Hamir, the Company's Managing Director, is responsible to ensure the smooth running of the Company's day-to-day operations. Dato' Roslan is responsible for the implementation of board policies approved by the Board and is required to report and discuss at Board and/or Board Committees meetings all material issues currently or potentially affecting the Group and its performance. Dato' Roslan is authorised to delegate the powers conferred on him as he deems appropriate. He is also supported by the senior management team who work together to execute the Company's strategies and manage the operations of the Company. When necessary, senior management is invited to join in Board and/or Board Committees meetings to provide explanation or engage in dialogue with Board members on agenda items being discussed in order for the Board and/or Board Committees to make an informed decision. Nevertheless, the Board maintains ultimate responsibility for strategy and control of the Group and its businesses.4. The Managing Director engages regularly with the Chairman to update on issues affecting the Company/business units and performance trends. <p>The profiles of Dato' Adnan and Dato' Roslan are set out in Our Board of Directors section of the Company's Annual Report 2021 and are also available on the Company's website under 'About Us' page.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.4

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

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. Jasmin binti Hood ("Jasmin") and Fadzil bin Azaha ("Fadzil") are the Company's Company Secretaries. Jasmin holds a Company Secretary licence issued by the Companies Commission of Malaysia and is an affiliate of Malaysian Institute of Chartered Secretaries and Administrators while Fadzil is a member of the Malaysian Institute of Accountants. Both are qualified to act as company secretary under Section 235(2) of the Companies Act, 2016.2. The Company Secretaries are appointed by and is accountable to the Board on all matters to do with the proper functioning of the Board. The Company Secretaries act as secretary on all Committees of the Board. Each Director is able to communicate directly with the Company Secretaries on all matters relating to the functioning of the Board.3. The role of the Company Secretaries includes the following:<ul style="list-style-type: none">• Administer all Board and Board Committee meetings including the scheduling, taking of minutes, preparation of Board meeting materials and information supplied to the Board.• Ensure information supplied to the Board such as meeting minutes are accurate, timely and adequate for the Board to carry out its function.• Ensure proper record keeping of all deliberations and decisions of the Board and Board Committees.• Accord the Board with regular updates and advice on changes to statutory and regulatory requirements including those related to governance matters.• Facilitate a two-way communication between senior management and the Board to ensure Board's decisions are communicated in a timely basis.• Facilitate the conduct of continuous professional development trainings for Directors including induction programmes for newly appointed Directors.• Manage the General Meeting processes.• Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.• Support the Board and Nomination & Remuneration Committee by facilitating the Board Effectiveness Evaluation exercise.4. Company Secretaries are responsible for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. They also facilitate information flows and

	<p>communications among Directors as well as shareholders and Management.</p> <p>5. The Company Secretaries have oversight on overall corporate secretarial functions of the Group, both in Malaysia and the regions where the Group operates.</p> <p>6. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>7. The Company Secretaries, in keeping abreast with the latest developments of all relevant laws/requirements have attended various external and internal courses/trainings organised during the FYE2021 as below:</p> <ul style="list-style-type: none"> • Common pitfalls in transaction & RPT rules. • Complying with the guideline for the reporting framework for beneficial ownership of legal persons. • Key disclosure obligations of a listed company. • MAICSA Annual Governance Conference 2020: New Decade Governance – Influence. Strategy. Impact • CFO Conference 2020 – Future-proofing CFOs for sustainable leadership. • Financial analysis as strategic and operational management tool. • Strategic organisational cost reduction and cost control. • Virtual Tax Conference 2021. <p>The profiles of the Company Secretaries are disclosed in Our Senior Management section of the Company’s Annual Report 2021.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</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	:	<ol style="list-style-type: none">1. Prior to the beginning of each financial year, the Board and Board Committees meetings are scheduled in line with the key financial reporting dates to ensure directors are able to plan their schedule appropriately. Special Board meetings are covered between regular Board meetings by giving sufficient notice to consider ad-hoc matters. 6 Board meetings were held during FYE2021.2. Under the current practice, notices pertaining to all Board and Board Committees meetings are issued by the Company Secretaries in a timely manner i.e. more than 7 days before the meeting as required under the Company's Constitution. Notice of meetings are also given to all who are required to attend the meetings.3. The agendas and meeting materials are distributed to the Board and Board Committee members prior to all Board and Board Committees meetings to allow the Directors to prepare for discussion of matters at the meeting.4. Management presentations are made to the Board and its Committees regularly on various aspects of the Company's operations. The Directors have unrestricted access to senior management.5. The Board has also during the financial year under review adopted paperless meetings through usage of technology which allows immediate access to the materials. The meetings of the Board and Board Committees were also conducted online.6. The deliberations and decisions at Board and Board Committees meetings are documented in the minutes, including matters where Directors abstained from deliberation and/or voting or have dissenting views or significant concerns. The action items identified and highlighted during meetings are conveyed to the senior management for their attention and action.7. Minutes of the Board and Board Committees meetings are distributed in a timely manner to the members. The Board may seek clarifications of the minutes or request for any amendment before the minutes are confirmed as true and correct record at the next Board and Board Committees meeting. Items identified as matters arising would be further discussed at the next Board and Board Committees meetings.

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

Intended Outcome

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	:	<ol style="list-style-type: none">1. The Board has formally adopted a Board Charter, which clearly defines the roles and responsibilities of the Board, Board Committees and individual Directors as well as matters reserved for the Board.2. The Board Charter outlines:<ul style="list-style-type: none">• the composition of the Board;• the establishment of the Board Committees;• the roles and responsibilities of the Board, Board Committees and individual directors;• schedule matters reserved for the Board;• separation of functions between the Chairman of the Board and the Managing Director;• independence of directors;• details on Board meetings and general meetings;• Board and Board Committees annual assessment;• internal controls and risk management;• conflict of interest;• access to information, advice and training; and• maintaining integrity and compliance with ethical standards.3. The Board periodically reviews its Board Charter to keep abreast with new changes in regulations and best practices. The Board Charter is updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last reviewed by the Board on 22 February 2021 and is made available on the Company's website under 'Investors' page.
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

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	: <ol style="list-style-type: none">1. In addition to the Board Charter, the Board observes the following:<ul style="list-style-type: none">• Companies Act, 2016; and• Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.2. The foregoing provides guidance for proper standards of conduct and 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.3. The Board is guided by the Companies Act, 2016 and Bursa Listing Requirements in connection with the disclosure of shareholding and interests in the Group and interest in any contract or proposed contract with the Company, which include the nature, character and extent of any office or possession of any property, whether directly or indirectly duties or interests that might be created in conflict with the Director duty or interest as a Director of the Company. A general notice given by a Director in regard to his/her interest is tabled at the Board meetings and is recorded in the minutes of the Board meeting, in line with the Companies Act, 2016. An interested Director will also abstain from discussion or decisions on matters in which they have a conflicting interest.4. The standard code of conduct and ethical behaviour for employees are clearly outlined in the Employee Handbook.5. The Directors and employees are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Company.6. The Company has an Anti-Bribery Policy which sets out the Group's expectations for internal and external parties working with and for the Group in upholding the Group's commitments and stances against bribery and corruption. The policy has been developed in line with, amongst others, Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2009"); in particular, the

	<p>Guidelines on Adequate Procedures pursuant to section 17A of the MACC Act 2009, as well as other international better practices. The policy is also part of the Group's zero tolerance approach towards all forms of bribery and corruption.</p> <p>7. The Group's employees and service providers are required to complete the integrity declaration form in which they had to declare and confirm their compliance with all applicable laws and regulations relating to anti-bribery, fraud and corruption as well as to all Group's policies, standard of procedures and governance. Additionally, they are also required to disclose any conflict of interest situations with FimaCorp Group or other stakeholders of the FimaCorp Group's businesses.</p> <p>8. In fulfilling the Group's commitment towards achieving a corruption-free business environment, the Company has in place a Whistle-Blowing Policy which encourages reporting by the employees, business associates as well as any external parties of any improper conduct of the Group's employees in breach of any laws, guidelines and policies for the time being in force.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Group is committed to developing a culture of openness, honesty and accountability and believes that it is fundamental that any concerns the employees have about the Company can be raised without fear of victimization.2. The Group's Whistle Blowing Policy has been in place since 2011 to promote responsible corporate conduct across the Group. It provides an avenue for legitimate concerns to be objectively investigated and addressed. The policy is intended to encourage employees and stakeholders to report actual or perceived unethical or illegal conduct perpetrated against the Company with the understanding that confidentiality will be maintained without any fear for their position.3. The policy also provides procedures and channels for reporting any improper conduct or wrongdoing within the Group. A preliminary assessment of every report/concerns will be carried out by the Group Internal Audit or Group Human Resource & Administration. The results of all assessments and investigations will be tabled to the Audit and Risk Committee for their review.4. Upon review of the findings of the preliminary investigations, the Audit and Risk Committee may:<ol style="list-style-type: none">(i) in cases where the preliminary findings disclose a possible criminal offence, decide if the matter should be referred to the relevant authorities such as the police or the Malaysian Anti-Corruption Commission. In such circumstances, the Audit and Risk Committee shall first report the findings together with the recommended course of action to the Board for their attention and approval; or(ii) determine any other course of action that the Audit and Risk Committee deems fit having regard to the circumstances of the matter reported and the fairness of the conduct of any investigation.5. No whistleblowing incidents reports received during FYE2021.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Board continuously strives to ensure that Directors have a collective mix of skills, experience, expertise and diversity to add value to Board processes and decisions. To maintain appropriate dynamics on Board, the Board transition has been considered and planned for over the last few years. As part of this transition, 2 Independent Non-Executive Directors were appointed to the Board in 2019.2. On 21 July 2021, the Company announced that Dato' Adnan bin Shamsuddin will be retiring from the Board upon conclusion of the Company's forthcoming 46th AGM scheduled to be held on 21 September 2021. Dato' Adnan has served on the Board since 2003.3. The Company appointed Encik Nik Feizal Haidi bin Hanafi ("Encik Nik Feizal Haidi") to the Board as Independent Non-Executive Director on 3 August 2021. Encik Nik Feizal Haidi has met and complied with the independence criteria as required by Paragraph 1.01 of Bursa Listing Requirements and is able to bring independent and objective judgement to the Board deliberations as an Independent Non-Executive Director effectively.4. Encik Rezal Zain bin Abdul Rashid, whose tenure has exceeded cumulative 12-year term limit, was redesignated as Non-Independent Non-Executive Director on 18 August 2021.5. As at the date of issuance of this Report, the Board consists 7 Directors, of whom 4 are Independent Non-Executive Directors, 2 Non-Independent Non-Executive Directors and 1 Executive Directors. Independent Directors constitute 57% of the Board and this allows for objective and independent deliberation review and decision making.6. The Board Charter stipulates that the Board of FimaCorp shall comprise a majority of Independent Directors at all times.
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	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<ol style="list-style-type: none"> 1. The Board had in June 2021 agreed to adopt a policy on the tenure of Independent Directors in alignment with the Malaysian Code on Corporate Governance 2021 as follows: <ul style="list-style-type: none"> • the tenure of an Independent Director does not exceed a term limit of 9 years; • the reappointment of Independent Directors serving beyond 9 years will be on an annual basis via 2-tier voting and that the Board has to provide justification for the retention. In any event, the tenure of an independent director shall not exceed a term limit of 12 years; and • the 9-year term limit shall also apply to external directors on subsidiary Boards unless otherwise determined by the Board of FimaCorp, as the case may be. 2. The Board has in place criteria, which is in line with the Bursa Listing Requirements and as defined in the Board Charter, for the assessment of the independence of Independent Directors. The Independent Directors are expected to inform the Board, at any time when circumstances arise which could interfere with their exercise of independent judgment, and objectivity or their ability to act in the best interest of the Company. 3. The Nomination and Remuneration Committee reviews and assesses the independence of the Company's Independent Directors. The review of Directors' independence also forms part of the annual Board Effectiveness Evaluation exercise carried out by the Nomination and Remuneration Committee.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board had in June 2021 agreed to adopt a policy on the tenure of Independent Directors in alignment with the Malaysian Code on Corporate Governance 2021 as follows:</p> <ul style="list-style-type: none">• the tenure of an Independent Director does not exceed a term limit of 9 years;• the reappointment of Independent Directors serving beyond 9 years will be on an annual basis via 2-tier voting and that the Board has to provide justification for the retention. In any event, the tenure of an independent director shall not exceed a term limit of 12 years; and• the 9-year term limit shall also apply to external directors on subsidiary Boards unless otherwise determined by the Board of FimaCorp, as the case may be.
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 4.4

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	:	<ol style="list-style-type: none">1. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee will consider the required mix of skills, experience and diversity, including gender, where appropriate, which the Director bring to the Board.2. The Nomination and Remuneration Committee is also delegated with the role of screening and conducting an initial selection, which includes an external and independent search on candidates for appointment of board and senior management in the Company and its Group, taking into consideration the candidate's skills, experience, character and integrity to discharge his/her duties and responsibilities before making a recommendation to the Board.3. The Board and its penultimate holding Company, Kumpulan Fima Berhad had on 17 June 2021 met to discuss the refreshment of Board composition in the Company and its Group. On 21 July 2021, the Nomination and Remuneration Committee Meeting was held to review and screen the candidates, taking into account all factors it considers appropriate, including, among other things, breadth of experience, skills, diversity, no conflict of interest that would interfere with performance as a director, sufficient time to devote to the Board matters, as well as the personality fit with the Board and the culture of the Group. The Nomination and Remuneration Committee considered the entirety of each candidate's credentials including the ability to fulfil the roles of Chairman of the Board and Audit and Risk Committee member.4. Based on the recommendations made by the Nomination and Remuneration Committee, the appointment of a new Independent Non-Executive Director namely, Encik Nik Feizal Haidi bin Hanafi was approved by the Board and his appointment took effect from 3 August 2021.5. The appointment of key senior management is also made with due regard for diversity in skills, experience, competencies, cultural background, gender and other qualities. <p>The profiles of the Board and key senior management indicating their diverse skills and experience are disclosed in the Company's Annual Report 2021 and Company's website.</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 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently comprises 7 Directors, of whom 1 is women, or 14% female representation. Although there is no written policy on diversity, the Board acknowledges the importance of having female representation on the Board. The Board would consider the appointment of a suitably qualified female candidate to the Board. The appointment must be one that complements the Board's dynamics, which consists of individuals from diverse academic backgrounds/experience that is relevant to the operation/business of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Nomination and Remuneration Committee reviews and recommends the criteria for appointment of a Director based on the skills, expertise, experience, diversity, composition and requirements of the Company's operations and competitiveness, and growth strategy.	
Timeframe	:	Others	As and when suitable.

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	:	<ol style="list-style-type: none">1. For FY2022, the Nomination and Remuneration Committee was actively engaged in the search for suitable independent director to be considered for appointment to the Board. The sources of the search considered by the Nomination and Remuneration Committee include recommendations from Board members/Management, referrals from a third-party search firm and suggestions from major shareholders.2. Detailed assessments of the initial list of potential candidates were undertaken by the Nomination and Remuneration Committee taking into account relevant factors such as experience, skills, diversity, conflict of interest, time commitment as well as the personality fit with the existing Board and the culture of the Group. This was followed by a meeting between the Chairmen of the Board and Nomination and Remuneration Committee, the Managing Director and the shortlisted candidate before the Nomination and Remuneration Committee formalises their recommendations to the Board.3. Encik Nik Feizal Haidi bin Hanafi as one of the candidates accepted the Board's invitation to join as Independent Director on the Board. He was appointed as Director on 3 August 2021.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	As at the date of issuance of this Report, the Chairman of the Nomination and Remuneration Committee is Encik Rosely bin Kusip, who is an Independent Non-Executive Director. The profile of the Nomination and Remuneration Committee Chairman can be found in Our Board of Directors section of the Company's Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	: Applied
Explanation on application of the practice	<ol style="list-style-type: none">1. Assessment of Board, Board Committees and individual Director's performance is carried out annually. The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, areas for improvement, areas that need more attention, and to overall assess the effectiveness of the Board, Committees and individual Directors.2. The performance evaluation involved the completion of a detailed questionnaire by each Director. For FYE2021, the exercise was conducted internally in April 2021. The criteria on which assessment of the Board's effectiveness is carried out included:<ol style="list-style-type: none">I. <u>Board Performance Assessment</u><ul style="list-style-type: none">• Composition & Quality of the Board• Assessment of Board Chairman• Boardroom Activities• Ethics and Compliance• Board Meeting Process and ProceduresII. <u>Audit and Risk Committees Assessment</u><ul style="list-style-type: none">• Composition and Quality of Audit and Risk Committees• Oversight of the financial reporting and internal controls• Risk Management• Audit and Risk Committee Meeting Process and Procedures• Ethics and ComplianceIII. <u>Nomination & Risk Committees Assessment</u><ul style="list-style-type: none">• Composition and Quality of Nomination and Remuneration Committee• Oversight of appointment/election and performance evaluation of director and senior management• Oversight of remuneration roles and responsibilities• Committee Meeting Process and ProceduresIV. <u>Individual Director Assessment</u><ul style="list-style-type: none">• Fit and Proper• Contribution and Performance• Calibre and Personality

	3. In discussing the findings, the Board considered its performance generally and concluded that the Board and its Committees continued to discharge their responsibilities and duties effectively.	
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	:	<ol style="list-style-type: none">1. The remuneration of Directors is reviewed by the Nomination and Remuneration Committee prior to making its recommendation to the Board for approval. Factors such as the Directors duties and responsibilities as directors and members of Committees, time commitment and other matters are considered. The guidelines for determining the level of remuneration for Directors are clearly defined in the Nomination and Remuneration Committee's Terms of Reference which is available under 'Investors' section of the Company's website.2. In evaluating the Managing Director's remuneration, the Nomination and Remuneration Committee takes into account corporate financial performance including accomplishment of strategic objectives. The Nomination and Remuneration Committee recommends to the Board the remuneration package of Managing Director and it is the responsibility of the Board to approve the remuneration package of Managing Director, with the Managing Director concerned abstaining from deliberation and voting on the same. The Nomination and Remuneration Committee also carried out the annual review of the overall remuneration of senior management, reflecting their contributions for the year, whereupon relevant recommendations would be submitted to the Board for approval.3. To ensure that the level and composition of remuneration for Managing Director and senior management is appropriate and not excessive, the Board regularly compares the remuneration of Managing Director and senior management with that provided by similar organisations operating in comparable markets, taking into account the skills and experience of the relevant individuals, their responsibilities and performance.
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

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	:	The Remuneration Committee was established on 28 August 2001. On 24 May 2017, the Remuneration Committee was combined as the Nomination and Remuneration Committee for the purpose of convenience and practicality. The Nomination and Remuneration Committee is governed by a detailed Terms of Reference to ensure that remunerations of Directors and senior management are in line with market practice, competitive, performance-based and in line with corporate objectives and strategy. The Nomination and Remuneration Committee's Terms of Reference is available on the Company's website under 'Investors' section.	
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	:	The detailed fees and benefits in kind paid and payable to individual Directors are disclosed in the Company's Annual Report 2021 under the Corporate Governance Overview Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Nomination and Remuneration Committee and the Board are of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it is in the best interests of the Company to not disclose the remuneration of the Company's key management personnel. The Nomination and Remuneration Committee and Board are of the view that the disclosures of senior management's remuneration that include 2 key management personnel in the Audited Financial Statements are adequate and in compliance with Paragraph 17 of FRS 124.	
<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	:	N/A

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	:	As at the date of issuance of this Report, the Chairman of the Audit and Risk Committee is Encik Nik Feizal Haidi bin Hanafi who is not the Chairman of the Board.	
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	:	None of the Audit and Risk Committee members are former key audit partners within the cooling-off period of at least 2 years. The profiles of Audit and Risk Committee members are disclosed in Our Board of Directors section of the Annual Report 2021.	
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	:	<ol style="list-style-type: none">1. The Audit and Risk Committee has reviewed the cost effectiveness, independence, objectivity and expertise of the external auditors annually via a detailed questionnaire as well as the feedback from the business units evaluating the performance of each assigned audit team and to thereafter, make the appropriate recommendations to the Board.2. The Audit and Risk Committee manages the relationship with the Company's external auditors on behalf of the Board. The Audit and Risk Committee considers the re-appointment, remuneration and terms of engagement of the external auditors annually. The review covers the independence and service level of the external auditors which include, among others, the quality of work, timeliness and non-audit services provided.3. In April 2021, the Audit and Risk Committee had undertaken an annual assessment of the overall performance of the Company's external auditors, Messrs. Ernst & Young PLT including independence, objectivity and professionalism. The auditors have also in February 2021, declared and confirmed that they are and have been independent throughout the conduct of the audit engagement for the Company during the financial year in accordance with the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants.4. The Audit and Risk Committee oversaw the Request for Proposal exercise for audit services in FYE2021 to take effect for the FY2022 statutory audit, which it considered to be in the best interests of its shareholders in light of the length of association with the current auditors. The Audit and Risk Committee concluded, and recommended to the Board, that the incumbent audit firm, Messrs. Ernst & Young PLT, should be retained as the external auditor of the Group for the FY2022 statutory audit.5. The Board, had in May 2021, approved the recommendation for the shareholders' approval to be sought at the Company's forthcoming 46th AGM on the re-appointment of Messrs. Ernst & Young PLT as external auditors of the Company.
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied												
Explanation on application of the practice	:	<ol style="list-style-type: none">1. As at the date of issuance of this Report, the Audit and Risk Committee consists 3 members namely, Encik Nik Feizal Haidi bin Hanafi, Encik Rezal Zain bin Abdul Rashid and Encik Rosley bin Kusip.2. Encik Rezal Zain bin Abdul Rashid is a member of the Malaysian Institute of Accountants and is also a Certified Practising Accountants of Australia. The relevant qualifications and experience of each of the members of the Audit and Risk Committee are set out in Our Board of Directors section of the Annual Report 2021.3. All Audit and Risk Committee members have undertaken continuous professional development except for Encik Nik Feizal Haidi bin Hanafi, who was appointed as Chairman of Audit and Risk Committee on 18 August 2021, subsequent to his appointment to the Board on 3 August 2021. The list of trainings attended by the Audit and Risk Committee members for the financial year ended 31 March 2021 are as follows: <table border="1"><thead><tr><th>Audit and Risk Committee Member</th><th>Training Attended</th><th>Date Held</th></tr></thead><tbody><tr><td rowspan="4">Encik Rezal Zain bin Abdul Rashid (Member)</td><td>• Virtual Board Meetings: In an era of social distancing boards organized by Institute of Corporate Directors Malaysia.</td><td>26 June 2020</td></tr><tr><td>• Corporate Liability under Section 17A of the MACC Act 2009: Practical insights from the UK experience organized by Skrine.</td><td>16 Jul 2020</td></tr><tr><td>• Shift in Anti-Corruption: Section 17A of the MACC Act 2009 organized by Malaysian Institute of Corporate Governance.</td><td>9 Sept 2020</td></tr><tr><td>• How to be an effective NED in a disruptive world organized by Institute of Corporate Directors Malaysia.</td><td>21 Sept 2020</td></tr></tbody></table>	Audit and Risk Committee Member	Training Attended	Date Held	Encik Rezal Zain bin Abdul Rashid (Member)	• Virtual Board Meetings: In an era of social distancing boards organized by Institute of Corporate Directors Malaysia.	26 June 2020	• Corporate Liability under Section 17A of the MACC Act 2009: Practical insights from the UK experience organized by Skrine.	16 Jul 2020	• Shift in Anti-Corruption: Section 17A of the MACC Act 2009 organized by Malaysian Institute of Corporate Governance.	9 Sept 2020	• How to be an effective NED in a disruptive world organized by Institute of Corporate Directors Malaysia.	21 Sept 2020
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Audit and Risk Committee Member	Training Attended	Date Held
Encik Rezal Zain bin Abdul Rashid (Cont'd)	<ul style="list-style-type: none"> • Enterprise Risk Management (ERM) Awareness organized by BDO Governance Advisory Sdn Bhd (in-house). • Climate Action: The Board's leadership in greening the financial sector organized by Financial Institutions Directors' Education Programme. • Governance Symposium 2020 - Driving Governance in the new normal: The future begins now organized by MIRA. • Audit Committee Conference 2021 organized by Malaysian Institute of Accountants. • Malaysia Democracy Forum - Charting the future of parliamentary democracy in Malaysia organized by International Strategy Institute. 	<p>19 Oct 2020</p> <p>2 Nov 2020</p> <p>9 - 10 Nov 2020</p> <p>15 - 16 Mar 2021</p> <p>30 Mar 2021</p>
Dato' Adnan bin Shamsuddin (Member) <i>Resigned on 18 August 2021</i>	<ul style="list-style-type: none"> • Create Value with Sustainability organized by Bursa Malaysia Berhad. 	<p>7 Oct 2020</p>
Encik Rosely bin Kusip (Member)	<ul style="list-style-type: none"> • ADOPT OR ABORT? Top 5 Strategies for Board Directors to Implement AI organized by Institute of Corporate Directors Malaysia. • Virtual Board Meetings: In an Era of Social Distancing Boards organized by Institute of Corporate Directors Malaysia. • Enterprise Risk Management - The Essential Building Blocks for a Holistic & Robust ERM Framework organized by Malaysian Institute of Corporate Governance. 	<p>25 June 2020</p> <p>26 June 2020</p> <p>23 Sept 2020</p>
Datuk Bazlan bin Osman (Member) <i>Resigned on 18 August 2021</i>	<ul style="list-style-type: none"> • FIDE Module B: Recovery & Resolution Planning and Integrated Reporting; Board Effectiveness, Compliance, Emerging Risks and Future Boards and Board Dynamics, Controlled Companies, Strategy organised by FIDE. • FIDE Module B: Fintech and Blockchain and Digital Bank and How Fintech Impacts Banking organised by FIDE. • FIDE FORUM (Webinar): Outthink the competition - Post COVID-19 organized by FIDE. • Financial Oversight & Assurance Post-COVID-19 organize by Institute of Corporate Directors Malaysia. • FIDE Module A - Directors duties and liabilities; Challenges in risk management and the language of risk organised by FIDE. 	<p>6 - 10 Apr 2020</p> <p>13 - 14 Apr 2020</p> <p>5 May 2020</p> <p>30 June 2020</p> <p>7 - 9 July 2020</p>

	Datuk Bazlan bin Osman (Cont'd)	<ul style="list-style-type: none"> • ACCA Asia Pacific Thought Leadership Forum organized by Association of Chartered Certified Accountants. • ACCA Asia Pacific Sustainability Roundtable - Working Together to Create a Sustainable Economy organized by Association of Chartered Certified Accountants. • Risk Management Policies and Framework organized by Malaysian Institute of Corporate Governance. • UiTM/APMAA Forum - The Role of Management Accountants in Digital Transformation organized by MARA University of Technology Malaysia. • The Quiet Transformation of Corporate Governance organized by Institute of Corporate Directors Malaysia. • FIDE Program - Rethinking our approach to Cyber Defense in Financial Institutions. 	<p>13 Aug 2020</p> <p>26 Aug 2020</p> <p>9 Sept 2020</p> <p>8 Oct 2020</p> <p>3 Dec 2020</p> <p>11 Mar 2021</p>
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system.2. The Group has in place a Risk Management framework which is generally aligned with the principles of MS ISO 31000:2018 Risk Management Principles and Guidelines, which sets out the standards and processes for identifying, monitoring and escalation of risks impacting the success of the Group's strategic objectives.3. Cognisant of the dynamic corporate and regulatory landscape, the Board had in FYE2021 commissioned BDO Governance Advisory Sdn Bhd to undertake a comprehensive review of the Group's existing Enterprise Risk Management ("ERM") framework.4. Risk profiles of the business divisions/departments were reviewed and considered by the Audit and Risk Committee on 22 February 2021 and thereafter presented to the Board for endorsement and approval.5. Subsequently, the Board, on recommendation by the Audit and Risk Committee, approved the adoption of the enhanced Risk Management Framework together with the Risk Appetite Statement and Risk Profile on 22 February 2021. The revised ERM standard operating procedures was approved by the Audit and Risk Committee on 22 February 2021.6. The Risk Steering Committee ("RSC") is established to assist the Audit and Risk Committee and the Board in the continuous process of identifying, measuring, controlling, monitoring, and reporting significant and materials risks affecting the achievement of the Group's business objectives. It provides the Board and the Group's divisional head with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group's strategies and functional activities throughout the year.7. The RSC comprises of Board representatives from the Company and Kumpulan Fima Berhad and members of senior management.8. The RSC's duties and responsibilities are set out in its Terms of Reference, which has been enhanced to include and incorporate

	<p>sustainability as part of the risk management framework and to include review and oversight functions of the Group's policies and procedures for detecting, reporting and preventing breaches of conduct, whistle-blowing and bribery.</p> <p>9. The Group's business units identify the present and potential critical risks the Group faces including their action plans to manage these risks which the same are presented at the RSC's meeting by the Group Internal Audit.</p> <p>10. The Group's internal audit function is undertaken by Group Internal Audit ("GIA") which reports directly to the Audit and Risk Committee and administratively to the Managing Director. The GIA is independent of the activities its audits and audits are performed with impartiality, proficiency and due professional care.</p> <p>11. Notwithstanding, the Board retains the overall risk management responsibility in accordance with best practice of the Malaysian Code on Corporate Governance, which requires the Board to identify principal risks and ensure the implementation of appropriate systems to manage these risks.</p> <p>Further details of the risk management and internal control frameworks can be found under the Statement on Risk Management and Internal Control, at pages 91 to 101 of the Company's Annual Report 2021.</p>
<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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<ol style="list-style-type: none">1. The Group has in place a Risk Management framework which is generally aligned with the principles of MS ISO 31000:2018 Risk Management Principles and Guidelines, which sets out the standards and processes for identifying, monitoring and escalation of risks impacting the success of the Group's strategic objectives.2. The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to the ever-evolving business environment.3. The Audit and Risk Committee provides oversight on governance, internal control system and financial matters while the Risk Steering Committee provides oversight over risk management. The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:<ul style="list-style-type: none">• Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators.• Reviews of specific transactions, projects or opportunities are also discussed between the management and the Board as and when required. This allows the Board and the management to manage potential risks.• The Audit and Risk Committee deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also escalated to the Audit and Risk Committee to enable monitoring of the actions. <p>Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group is provided at pages 91 to 101 of the Company's Annual Report 2021.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 9.3 - 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	:	Adopted
Explanation on adoption of the practice	:	<ol style="list-style-type: none"> 1. The Risk Steering Committee ("RSC") is a sub-committee of Audit and Risk Committee. 2. The RSC is established to assist the Audit and Risk Committee and the Board in the continuous process of identifying, measuring, controlling, monitoring, and reporting significant and materials risks affecting the achievement of the Group's business objectives. 3. RSC provides the Board and the Group's divisional head with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group's strategies and functional activities throughout the year. 4. The RSC's duties and responsibilities are set out in its Terms of Reference, which has been enhanced to include and incorporate sustainability as part of the risk management framework and to include review and oversight functions of the Group's policies and procedures for detecting, reporting and preventing breaches of conduct, whistle-blowing and bribery.
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 10.1

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	:	<ol style="list-style-type: none">1. The Audit and Risk Committee is supported by the GIA of the penultimate holding company, Kumpulan Fima Berhad which provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes implemented by the business units.2. GIA reports directly to the Audit and Risk Committee and administratively to the Managing Director. GIA is governed by a Charter approved by the Audit and Risk Committee that sets out the purpose, roles, scope and responsibilities of the GIA.3. GIA's responsibilities include providing reports to the Audit and Risk Committee and raising any significant issues with the Audit and Risk Committee at the Audit and Risk Committee meeting held on a quarterly basis. Matters of concerns raised by the Audit and Risk Committee at the meeting were minuted and documented by the Company Secretary. Through the Audit and Risk Committee meetings, Audit and Risk Committee reviews the effectiveness of audit activities including audit follow-ups, the approved Annual Audit Plan, resources, training and budget as well as other matters related to internal auditing. <p>Further details of the internal audit function can be found in the Statement on Risk Management and Internal Control at pages 91 to 101 of the Company's Annual Report 2021.</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	:	<ol style="list-style-type: none">1. GIA is independent of the Group's business operations and has a mandate set out in its Audit Charter approved by the Audit and Risk Committee. GIA performed its audit functions in accordance with the guidelines of the Institute of Internal Auditors Malaysia ("IIAM") and the annual Audit Plan approved by the Audit and Risk Committee each year. The Audit Plan covers the scope of the audit work and resources needed to perform such work.2. The Internal Audit Charter emphasize on its independency and objectivity and shall remain free from interference by any elements in the Group. GIA has no direct operational responsibility or authority over any of the activities audited.3. Declaration on the relationship status of GIA personnel with any members within the Kumpulan Fima Berhad's Group and parties having business relationship with the Group is made during the recruitment process handled by the Group Human Resource & Administration Department ("GHRA"), Kumpulan Fima Berhad. All GIA personnel have confirmed that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Name and qualifications such as academic and professional qualifications were disclosed/provided during the recruitment process and vetted by the GHRA. Such information was documented and made available for reference. This is in line with the requirements of the Company's Code of Conduct and Employee Handbook.4. GIA consists of 6 executives, all of whom are qualified and possess the required expertise and experience. GIA through the Audit and Risk Committee meeting regularly updates and notified the Audit and Risk Committee number of current GIA resources and the status of current and future internal audit activities. GIA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings/seminars.5. GIA is headed by Muhammed Erman bin Mat Zoki who has over 13 years of working experience in the areas of audit and risk management. He holds a Bachelor's Degree in Accountancy

	<p>(Honours) from Universiti Utara Malaysia and International Certificate of Risk Management from the Institute of Risk Management. He is also a member of the IIAM.</p> <p>6. GIA activities are carried out in accordance with the approved annual Audit Plan and audit manual requirements.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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	:	<ol style="list-style-type: none">1. The Company has in place a Corporate Disclosure Policy to provide the Group with appropriate guidance to discharge its disclosure obligations and ensure that all communications to the public by the Company are timely, complete and accurate in accordance with all applicable laws and regulations. The Corporate Disclosure Policy is available on the Company's website under the 'Investors' section.2. The Board also believes that constructive and effective investor relations are essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders and other stakeholders. Such information is communicated through the Company's general meetings, annual reports, circular to shareholders, various disclosures and announcements to Bursa.3. The Company's 45th AGM was conducted on a fully virtual basis on 29 September 2020 ("45th Virtual AGM"). Active participation by the shareholders was encouraged during the 45th Virtual AGM in which an online platform was made available to the shareholders to raise questions relevant to the 45th Virtual AGM agenda and appropriate response and clarification were promptly provided by the Board/Management to the shareholders.4. Shareholders are also kept informed through regular updates to the Company's website, which houses a wide range of information about the Group including the annual report, financial results, corporate governance information such as Company's Constitution, Board Charter, Board Committees terms of reference and copies of the other corporate governance policies, individual profiles of Directors and senior management, general information about the Group's businesses, latest news/highlights, corporate profile and structure as well as sustainability report.5. Shareholders may send their enquiries and concerns to the Company by emailing directly to the Company at fima@fimacorp.com.
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 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	:	Choose an item.	
Explanation on application of the practice	:	N/A	
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 12.1

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 46th AGM of the Company is scheduled to be held on 21 September 2021 with the Notice of AGM is dated 27 August 2021, giving shareholders 24 days advance notice.</p> <p>In 2020, the Notice of AGM was issued to shareholders on 28 August 2020, which was 28 days prior to the AGM date.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is also circulated in a nationally circulated newspaper alongside with an announcement on the website of Bursa and further uploaded on the Company's website www.fimacorp.com.</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	<ol style="list-style-type: none">1. In accordance with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuer issued by the Securities Commission Malaysia, the Company's 45th AGM held on 29 September 2020 was conducted on a virtual basis through live streaming and online remote voting Remote Participation and Electronic Voting ("RPEV") facilities ("45th Virtual AGM"). All Directors, Company Secretaries and senior management together with external auditors were present at the 45th Virtual AGM broadcast venue in order to provide responses to questions raised by the shareholders.2. During the 45th Virtual AGM, the Chairman of the meeting invited members to raise any questions on the agenda items tabled. Members have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers/respond were provided by the Chairman and Managing Director in order to allow the members to make informed voting decisions at the AGM.3. At the 45th Virtual AGM, each distinct issue is proposed as a separate resolution. All resolutions were put to the vote by electronic poll voting. Independent scrutineers was appointed for voting process and verify votes for each resolution. The results of the electronic poll voting were announced immediately to the members after the voting process is closed and subsequently, to Bursa. The summary of minutes of AGM together with the voting results are also available on the 'Investors' page of the Company's website.4. Key matters resolved at the 45th Virtual AGM are:<ul style="list-style-type: none">• Receipt of the audited financial statements for FYE2020.• Re-election of Directors who retire by rotation.• Payment of fees for Company's Non-Executive Directors.• Increase in fees payable to the Audit and Risk Committee members (excluding the Committee Chairman).• Payment of fees for Non-Executive Directors who sit on the Boards of subsidiary companies.• Remuneration for Non-Executive Directors.• Re-appointment of Messrs Ernst & Young PLT as the Company's auditors and to authorize the Directors to fix their remuneration.• Grant of a general mandate to enter into recurrent related party transaction with PT Pohon Emas Lestari.• Grant of a general mandate to buy back the Company's shares.

	<ul style="list-style-type: none"> Retention of Independent Non-Executive Directors who served the Board for a cumulative term of more than 9 years. 	
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's 45th Virtual AGM held on 29 September 2020 was conducted virtually through live streaming and online remote voting from the Broadcast Venue via Remote Participation and Electronic Voting ("RPEV") facilities. RPEV facilities allowed the remote participation and online voting by all shareholders.</p> <p>An Administrative Guide which furnished useful information regarding the conduct of the 45th Virtual AGM together with the explanatory guide on remote participation and voting were circulated to the shareholders together with the Notice of the AGM.</p> <p>The Company has appointed Boardroom Share Registrars as the Poll Administrator to conduct the poll by way of electronic voting ("e-Voting") and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results.</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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