

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5037  
**COMPANY NAME** : COMPUGATES HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") discharges its duties and responsibilities that are set out in the Board Charter, with the objective of safeguarding the interest of shareholders and other stakeholders.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.compugates.com">www.compugates.com</a></p> <p>In order to ensure the effective discharge of its functions and responsibilities, specific powers of the Board are delegated to the relevant Board Committees, Executive Director and Chief Executive Officer ("CEO").</p> <p>The Board reviewed and deliberated the business plan, strategic plan and / or proposals presented by the Management bearing in mind any major change/revision/update discussed during the quarterly Board meetings accordingly.</p> <p>The CEO is responsible for the day-to-day management of the business and operations of the Company and its subsidiaries (collectively referred to as "Group"). He is supported by a Management team. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. The relevant members of the Management attended the Board meetings to support the CEO in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Tan Sri Datuk Asmat bin Kamaludin in leading the Board in its collective oversight of management, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman:</p> <ul style="list-style-type: none"><li>• Promotes constructive and respectful relations between Board members, and between the Board and the Management.</li><li>• Provides leadership to the Board.</li><li>• Ensures that appropriate procedures are in place to govern the Board's operation.</li><li>• Leads the Board in establishing and monitoring good corporate governance practices in the Company.</li><li>• Chairs general meetings of the Company and provides clarification on issues that may be raised by the shareholders.</li><li>• Ensures compliance with all relevant regulations and legislation.</li><li>• Set the Board agenda and ensuring that the Directors receive complete and accurate information in a timely manner.</li><li>• Leading the Board meetings and discussions.</li><li>• Encouraging active participation of the Board members and allowing dissenting views to be freely expressed.</li><li>• Ensuring appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Tan Sri Datuk Asmat bin Kamaludin and the CEO, Mr Goh Kheng Peow, hold separate position and their respective roles and responsibilities are governed in the Company's Board Charter.</p> <p>The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. He is not involved in the day-to-day operations of the Group.</p> <p>The CEO leads the Management of the Company and has overall responsibility for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decision.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: The Chairman of the Board, Tan Sri Datuk Asmat Bin Kamaludin is the Chairman of Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). Given the size of the Board, together with Tan Sri Datuk Asmat Bin Kamaludin's vast expertise and experience, the Board is of the view that there is more than sufficient independent oversight and competence present in the committee.  The Board has put in the place safeguard mechanisms in the form of checks and balance to prevent the exercising of undue influence by the Chairman on the respective Committees. The decision-making processes of each Committee are collectively made in accordance with the Terms of Reference ("TOR") of each Committee.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

## 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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year 2021, the Board was supported by two (2) qualified Company Secretaries. Both Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is licensed by the Registrar of Companies and the other, a member of Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. Both of them are registered with the Companies Commission of Malaysia under Section 241 of the Companies Act 2016 and have been issued with practising certificate by the Registrar of Companies.</p> <p>The Company Secretaries provided the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.</p> <p>All Directors also had full and unrestricted access to the advice and services of the Company Secretaries. The Board was regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the Chief Executive Officer, Executive Director and Management assisted the Chairman of the Board and Chairman of the Board Committees to deal with the Board agendas and to provide the relevant information and documents to Directors on a timely basis. The Board was satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Board was of the view that the Company Secretaries had been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p> <p>The Board was satisfied with their performance and support rendered by the Company Secretaries to the Board.</p>

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



## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to the Board meetings, the agenda for each meeting together with the reports and notices containing information relevant to the business of the meetings (including information on major financial, operational and corporate matters as well as activities and performance of the Group and minutes of last Board and Board Committees meetings) were circulated to the Board members seven (7) days before the meeting date to provide sufficient time for the Board members to read and deliberate the issues. During Board meetings, the Management provides further details on each issue raised for discussion or as supplementary information, and consultants (including the Internal and External Auditors) may be invited to provide further insight.</p> <p>The deliberations and decisions at Board and Board Committee meetings were well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>Minutes of meetings were distributed to all Directors on a timely basis for review and thereafter for confirmation at next meetings. The signed minutes were entered in minutes books kept by the Company Secretaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Board Charter to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Company.</p> <p>The Board would regularly review this Board Charter to ensure they remain consistent with the Board's objectives.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.compugates.com">www.compugates.com</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, Management and all employees of the Group are guided by the Code of Ethics established by the Board which is available on the Company's website at <a href="http://www.compugates.com">www.compugates.com</a></p> <p>The Code of Ethics provides principles and standards relating to Directors' and employees' duties to act in the best interest of the Group and stakeholders, and covers the areas of transparency, integrity, accountability, conflicts of interest, insider trading, fair dealing, compliance with laws, rules and regulations.</p> <p>The Company is also committed to upholding its core values of integrity and ethical conduct and has adopted and implemented the Anti-Bribery and Anti-Corruption Policy ("ABC Policy") and programme in order to maintain a corrupt-free business environment. The ABC Policy are available on the Company's website at <a href="http://www.compugates.com">www.compugates.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company’s Whistleblowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any improper conduct or wrongdoing within the Group.</p> <p>Individuals are able to raise/voice concerns in a responsible and effective manner whenever they discover any serious malpractices.</p> <p>Where the whistleblower is an employee of the Company and the disclosure is made in good faith, the employee will be protected from harassment, discrimination or victimisation.</p> <p>The Whistleblowing Policy is available on the Company’s website at <a href="http://www.compugates.com">www.compugates.com</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Executive Director, together with the key management personnel from corporate finance and strategic planning, project, marketing, human resources and general administration, work closely to drive the implementation of the Board’s approved sustainability strategies and practices.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company cognisant the engagements with the stakeholders. The Company’s sustainability strategies and priorities are communicated to external stakeholders through annual report.</p> <p>The Company ensures the communications of the Company’s sustainability strategies, priority, and target to all employees through departmental meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>To keep abreast of the sustainability issues including climate-related risk, the Company has been preserved the environment while ensuring sustainability of its business.</p> <p>The Group practices organic farming and has obtained the “MYOrganic” status as a commitment to environmental sustainability and good practices. The products sold meets the Malaysian organic scheme requirements for crops under Ministry of Agriculture and Agro-Based Industry Malaysia, and also complied with Malaysian Halal standard.</p> <p>The Group implements environmental-friendly practices in its operations such as switching-off centralised air-conditioning during lunch hour for our office for energy savings. The employees are encouraged to adopt an energy-savvy behaviour such as switching off the lights and other electrical equipment during lunch time and when they are not in the office. The employees are also encouraged to suggest energy and resource-saving initiatives.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board of Directors were formally assessed with regards to material sustainability risks and opportunities. The questionnaire specifically modality deployed through a peer evaluation provided extensive coverage on the sustainability areas.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

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

### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company cognisant the importance of progressive refreshing of the Board. In line with the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board's composition has been reviewing annually to determine if the Board has the appropriate make up with regard to aspects such as independence, diversity, mix of skills and size to the Company's strategic goals and objectives. The profiles of the Directors can be found in pages 13 and 14 of the Annual Report 2021.</p> <p>The NC, with a clear mandate as specified within its TOR, assesses and reviews the tenure of each Director and annual re-election of Director standing for re-election at the annual general meeting ("AGM"), using the criteria specified in the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and also other factors such as independence, performance and contribution.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board comprises:</p> <ul style="list-style-type: none"> <li>a) One (1) Independent Non-Executive Chairman;</li> <li>b) One (1) Executive Director;</li> <li>c) One (1) Non-Independent Non-Executive Director; and</li> <li>d) One (1) Independent Non-Executive Director.</li> </ul> <p>The two (2) Independent Non-Executive Directors constitute 50% of the Board and satisfied the independence test under the MMLR of Bursa Securities.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In 2021, the tenure of each of the Independent Directors were as follows:</p> <p>a) Tan Sri Asmat Bin Kamaludin (16 years). b) Mohamed Fauzi Bin Omar (16 years).</p> <p>The MCCG 2021 was issued on 28 April 2021, which is on the same date the Company announced its Notice of Sixteenth Annual General Meeting ("16th AGM") held on 30 June 2021. It was not practical for the Company to change the practices during that period. Nevertheless, the NC and Board had provided the justifications for the recommendations on the retention of both Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors of the Company at the 16th AGM and the shareholders had approved their retention.</p> <p>The Board is recommending the retention of both Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar as Independent Non-Executive Directors at the forthcoming Seventeenth Annual General Meeting (17th AGM") via two-tier voting process as recommended under the MCCG.</p> <p>The NC's and Board's justifications to retain Tan Sri Datuk Asmat Bin Kamaludin and Encik Mohamed Fauzi Bin Omar are premised on the following:</p> <ul style="list-style-type: none"><li>• They continue to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Bursa Securities' MMLR;</li><li>• During their tenure in office, they have not developed, established or maintained any significant personal or social</li></ul>

	<p>relationship whether direct or indirect with the Executive Director, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties;</p> <ul style="list-style-type: none"> <li>• During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, the Executive Director, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under paragraph 5 of Practice Note 13 of the MMLR;</li> <li>• During their tenure in office, they have not been offered or granted any options by the Company. Other than directors' fees paid which have been the norm and been duly disclosed in the annual report, no other incentives or benefits of whatsoever nature have been paid to them by the Company;</li> <li>• During their tenure in office, they have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and</li> <li>• During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.</li> </ul>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p><b>Timeframe</b></p>	<p>: Choose an item.</p>

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</p> <p>The Board, through the NC, has implemented procedures in considering the composition of the Board. The Board Committee shall have the right blend of skills, experience, competencies, gender, age, cultural background, ethnicity, level of commitment, resources and time and other qualities that can contribute long-term value to the Board. The NC will review and recommend to the Board the suitable candidate to facilitate effective functioning of the Board and Management team.</p> <p>The Board is actively managing its workforce diversity to ensure equal employment opportunity. It fosters an environment where the ability to contribute and access employment opportunities is based on performance, skills and merits.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The NC are guided by its TOR in the nomination, recommendation for appointment and re-election of Directors.  There was no new appointment of Director in year 2021.  Where necessary, the NC and Board will gain access to a wider pool of potential candidates based on the recommendation from the existing Board members, Management and major shareholders, or refer to the consultants or potential candidates from the industry taking into consideration the qualification, skills, knowledge and experience background.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

## Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC has a formal and transparent procedure for the appointment of new Directors to the Board. When assessing new appointments to the Board, the NC carefully reviews the combined skills and experience of the existing Board members to determine the required characteristics and profile of the new Director. Candidates are identified based on their corporate leadership, skills, knowledge, competencies, experience, reference check and expertise to complement the Board. Diversity of experience in business, professionalism, corporate industry standing, integrity as well as academic background, age, gender, ethnicity and cultural background are also considered.</p> <p>Besides carrying out reference checks, the candidates are interviewed as part of the assessment process. Consideration is given to ensure appointees have sufficient time to devote to the role, ability to discharge responsibilities and that the balance of skills, knowledge and experience on the Board will be maintained and enriched. When the NC has found a suitable candidate, the NC will make a recommendation to the Board for deliberation.</p> <p>The Board deliberated the proposed re-election of the retiring Director and provided a statement in the Notice of 17th AGM to the shareholders as to whether the Board support the re-election of the Directors at the 17th AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is chaired by Tan Sri Datuk Asmat Bin Kamaludin, who is an Independent Non-Executive Chairman of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	In 2021, the Board has one (1) woman Director, which constitutes 25% of the Board.	
		The Board recognises gender diversity among Board members as important consideration when reviewing its composition. Considering diversity in a broader sense, the Board target to maintain a balance in terms of the range of skills, experience and strength in qualities of individual Board members.  The NC and the Board are mindful of the target of at least 30% women directors and will look out to expand the pool of potential women candidates for the Board candidacy.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board does not set specific policy on gender diversity for the Board and Senior Management members. Nevertheless, the Board have been continuously enhancing workplace diversity at all levels.  In 2021, 25% of the Board and 25% of the Senior Management are women.	
		The Board will endeavour in getting the participation of additional women and those of different ethnicity on its Board and Senior Management. The persons selected must be able to contribute positively to the development of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

## Intended Outcome

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

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board, through NC and with the assistance from the Company Secretaries, had conducted an annual assessment via questionnaires on the Board as a whole, Board Committees and each individual Director.</p> <p>The criterion in this assessment is updated periodically and is aligned with the practices of the MCCG.</p> <p>Each Director and each Board Committee member completes the evaluation form and submits it on a confidential basis to the Company Secretaries who collate the responses and produces a report for tabling to the NC Chairman. The NC Chairman then reviews the report and submits its findings to the Board for assessment of the performance and effectiveness of the Board and Board Committees and its members.</p> <p>The NC was satisfied with the performance of all the Directors and Committee members during the financial year. The Board was also satisfied that the Board and the Board Committees had discharged their duties and responsibilities effectively.</p> <p>During the financial year, the Directors had attended training programmes/seminars/webinars (“Programmes”) on topics/subjects in relation to sustainability, digital transformation, accounting standards, property management, statutory and regulatory updates and requirements. Details of the Programmes attended by the Directors are set out in the Corporate Governance Overview Statement in the Annual Report 2021.</p> <p>The Directors were kept up-to-date with market developments and related issues through Board discussion meetings with Management and were also updated and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements (“Continuing Updates”).</p>

	<p>The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes and having been kept up-to-date with market developments and related issues as well as apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing his/her skills and knowledge to carry out his/her duties as a Director.</p> <p>The Board was satisfied that the Board composition in term of size, age, gender, cultural background, the balance between executive, non-executive and independent Directors and mix of skills, experience and knowledge was adequate and in line with the Group's business operations and needs.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration packages of the Executive Directors and Non-Executive Directors are determined by the Board with the recommendation of the RC. The RC considers various factors including the Directors' fiduciary duties, time commitments and expertise expected from them and the Company's performance.</p> <p>The fees and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016. The Company had obtained approval from the shareholders at the Adjourned 16th AGM held on 30 June 2021 in respect of payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2021.</p> <p>The CEO's remuneration package is tabled and reviewed by the NC before recommendation is made to the Board for approval.</p> <p>The above TOR would be reviewed periodically and is available on the Company website at <a href="http://www.compugates.com">www.compugates.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### 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 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established a RC which comprises two (2) Independent Non-Executive Directors and one (1) Executive Director as detailed below:-</p> <ul style="list-style-type: none"><li>a) Tan Sri Asmat Bin Kamaludin (Chairman, Independent Non-Executive Chairman).</li><li>b) Mohamed Fauzi Bin Omar (Member, Independent Non-Executive Director).</li><li>c) See Thoo Chan (Member, Executive Director).</li></ul> <p>The RC carry out an annual review of the remuneration of the Board and Senior Management and make recommendation to the Board for approval.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of each individual Director's remuneration for the financial year ended 31 December 2021 are disclosed on named basis under the Corporate Governance Overview Statement's Principle A (Board Leadership and Effectiveness) of the Annual Report 2021 and this Corporate Governance Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Madam See Thoo Chan	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	336	56	Input info here	48	440
2	Tan Sri Datuk Asmat Bin Kamaludin	Independent Director	180	Input info here	Input info here	Input info here	Input info here	Input info here	180	180	Input info here	Input info here	Input info here	Input info here	Input info here	180
3	Goh Tai Wai	Non-Executive Non-Independent Director	48	Input info here	Input info here	Input info here	Input info here	Input info here	48	48	Input info here	Input info here	Input info here	Input info here	Input info here	48
4	Mohamed Fauzi Bin Omar	Independent Director	48	Input info here	Input info here	Input info here	Input info here	Input info here	48	120	Input info here	Input info here	Input info here	Input info here	Input info here	120
5	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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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 8.2**

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

<b>Application</b>	:	Not applicable – adopted Step Up 8.3	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - Step Up**

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

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



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### 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 9.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Chairman of the Board, Tan Sri Asmat Bin Kamaludin is the Chairman of AC. All three (3) members of the AC are Non-Executive Directors, two (2) of whom are Independent Non-Executive Directors.	
		Given the size of the Board, together with Tan Sri Asmat Bin Kamaludin's vast expertise and experience, and expertise of the other two (2) AC members, the Board is of the view that there is more than sufficient independent oversight and competence present in the AC.  The Board has put in place safeguard mechanisms in the form of checks and balance to prevent the exercising of undue influence by the Chairman on the respective Committees. The decision-making processes of each Committee are collectively made in accordance with the TOR of each Committee.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the members of the Board is a former key audit partner of the External Auditors that shall be subject to a cooling-off period of at least three (3) years before being appointed as a member of the AC.  The TOR of the AC is available on the Company's website at <a href="http://www.compugates.com">www.compugates.com</a>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC assess the suitability, objectivity and independence of the Group's External Auditors every year before making a recommendation on the reappointment of External Auditors to the Board for consideration. The Board upon satisfaction of the recommendation from AC will propose the reappointment of External Auditors to the shareholders for approval at an annual general meeting.</p> <p>The External Auditors, Grant Thornton Malaysia PLT ("GTM") are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC had one (1) private session with GTM without the presence of Management to discuss audit related matters that they wish to raise directly with the AC in respect of the financial year ended 31 December 2021.</p> <p>GTM declared their independence in accordance with the IAASB Handbook of International Auditing, Assurance and Ethics Pronouncements and By-Law (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The AC was satisfied with the suitability, objectivity and independence of GTM and has recommended the re-appointment of GTM for the ensuing year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All the members of AC are financially literate and have extensive experience, business knowledge and skills. The qualification and experience of the individual AC members are disclosed in the Directors' Profile of the Annual Report 2021.  The AC members have attended training programmes/seminars/webinars during the financial year 2021 based on individual learning requirements as well as to stay abreast of financial or corporate developments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of sound controls and risk management practices to good corporate governance.</p> <p>The functions of the AC have been expanded to ensure risk management and proper internal controls are in place with an adequate awareness and understanding of risk by the Management and to safeguard shareholders’ interest and the Company’s assets.</p> <p>The Board delegates the determination of risk appetite to the Risk Management Committee (“RMC”) and ensures that the risk appetite is in line with the Group’s strategy.</p> <p>The information on risk management framework and internal control system are disclosed under the Statement on Risk Management and Internal Control of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Companies 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 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The key features of the Company's risk management framework and internal control system and its adequacy and effectiveness can be found under the Statement on Risk Management and Internal Control of the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies 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 10.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board had on 27 November 2017 established a RMC comprising majority of Independent Non-Executive Directors which is chaired by Tan Sri Datuk Asmat bin Kamaludin. The RMC is assisted by Risk Management Working Group ("RMWG") which consists of mainly departmental Heads of the Group. The RMC meets annually and deliberates on top risks identified through the RMWG before forwarding to AC for further deliberation.</p> <p>Both RMC and RMWG are committed to achieve the Group's strategic plans and ensure overall risks are communicated appropriately to all levels.</p> <p>There was no significant risk issue that was above the risk tolerance level of the Board nor any material weakness in the risk management and internal control which could result in any significant losses.</p>

### 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 11.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group has outsourced the internal audit function to an independent professional service provider ("Outsourced IA") which reports directly to the AC.  The AC reviews the work of the Outsourced IA periodically to ensure it provides independent, objective assurance and consulting services to enhance the organisational value.  The activities of the internal audit function carried out during the financial year ended 31 December 2021 are set out in the AC Report of the Annual Report 2021. .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Outsourced IA is independent and free from any business relationships or conflicts of interest when conducting any internal audit activities.</p> <p>The Outsourced IA has 5 personnel based in their office. The Head of Internal Audit, Mr Clement Cheong, is a member of the Malaysian Institute of Accountants. The Outsourced IA conducted their audit in adherence to the International Standards for the Professional Practice of Internal Auditing (Standards) as advocated by the Institute of Internal Auditors.</p> <p>The internal audit functions and activities carried out during the financial year ended 31 December 2021 are as disclosed in the AC Report of the Annual Report 2021.</p> <p>The AC is also satisfied that the Outsourced IA has the necessary competency, experience and sufficient sources to carry out the internal audit function effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors and endeavours to provide timely disclosures on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.</p> <p>Nevertheless, the Company recognises that electronic media via its website is used as the primary communications channel to promote instant communication and wide coverage to the shareholders. Shareholders and investors can access the Company's website at <a href="http://www.compugates.com">www.compugates.com</a> to enquire about investor relations matters.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company issued its Notice of 16th AGM, together with its Explanatory Notes, Form of Proxy and the Annual Report 2020 on 30 April 2021, that was at least 28 days before the 16th AGM to be held on 1 June 2021, to allow sufficient time for shareholders to consider the resolutions to be tabled at the 16th AGM and to make arrangement to attend either in person or by proxy(ies), corporate representative(s) or attorney(s).</p> <p>The Company had on 18 May 2021 issued a Revised Notice of 16th AGM to change the mode of meeting to fully virtual. On 18 June 2021, the Company had issued a notification to shareholders to adjourn its 16th AGM to 30 June 2021 due to the Full Movement Control Order implemented by the Government.</p> <p>The Company will continue this best practice for the forthcoming 17th AGM to be held on 30 May 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors, Chairpersons of AC, NC, RC and RMC, Management, and External Auditors attended the Adjourned 16th AGM held on 30 June 2021 to respond to the shareholders' queries.</p> <p>During the Adjourned 16th AGM, the Board encouraged participation from the shareholders by having a question-and-answer (Q&amp;A) session.</p> <p>The proceedings of the Adjourned 16th AGM were recorded in the minutes of meeting and the said minutes together with summary of key matters discussed at the Adjourned 16th AGM was published on the Company's website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Adjourned 16th AGM was held and conducted on a fully virtual basis through live streaming and online remote voting on an online meeting platform on 30 June 2021, which is in line with the revised Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. All shareholders and proxies who are attending and participating in the Adjourned 16th AGM remotely through remote participation and voting ("RPV") facilities were able to vote online.</p> <p>The Company used the RPV facilities provided by the service provider which has been robustly tested to gain assurance on its reliability, stability and security to allow for a large number of participants to attend, participate and vote the Adjourned 16th AGM simultaneously.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman of the Company has always been cognisant of the importance in ensuring the annual general meeting supports meaningful engagement between the Board, Management and shareholders.</p> <p>At the Adjourned 16th AGM held on 30 June 2021, the Chairman encouraged the participation of shareholders and proxies through Q&amp;A session. The shareholders were given opportunity to email their questions to the Board of Directors of the Company prior to the Adjourned 16th AGM as well.</p> <p>The CEO was authorised to answer all questions raised by the shareholders and proxies during the Adjourned 16th AGM of the Company.</p> <p>The outcome of the Adjourned 16th AGM was announced to Bursa Securities on the same day after the conclusion of the AGM.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Company's Adjourned 16th AGM was successfully held and conducted on a fully virtual basis through live streaming and online remote voting on 30 June 2021. The shareholders and proxies are encouraged to pose their questions using RPV facilities.  The CEO has answered all questions posed by the shareholders and proxies present at the Adjourned 16th AGM.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Company was in compliance with this practice as the minutes of the Adjourned 16th AGM was published on the Company's website within 30 business days from the conclusion of the Adjourned 16th AGM.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**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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