

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7077
COMPANY NAME : GSB Group Berhad
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is fully aware of its continuing responsibilities over the stewardship of the Group's directions and operations, and ultimately the enhancement of shareholders' value.</p> <p>The Group is led and managed by an effective Board with wide range of business experiences and expertise required to successfully direct and supervise the Group's business activities, which are vital to the success of the Group.</p> <p>The Board has the overall responsibility for, apart from its statutory responsibility, determining the Group's overall strategic plans including approving of major investments and financing decisions. Financial performance review and implementation of corporate governance practice in the Group are reserved for the Board, which also has responsibility for Executive Directors' Remuneration and succession planning for top management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Mr Loy Kwee Keow was the Chairman of the Company until his redesignation on 19 June 2018. The present Chairman of the Company is Datin Toh Siew Chuon who was appointed on 19 June 2018. The Chairman is elected by the Board and presides at board meetings and shareholders' meetings. The Chairman has overall responsibility for running the Board and his effective leadership can ensure Board meetings are run efficiently with the right balance of opportunity to question and debate and coming to quick decisions made formally adopted so that the meetings progress	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr Loy Kwee Keow was the Chairman of the Company until his redesignation on 19 June 2018. The present Chairman of the Company is Datin Toh Siew Chuon who is appointed on 19 June 2018 and the Managing Director of the Company is Ms. Gan Pik Mui.</p> <p>There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the day to day running of the business, organisational effectiveness and implementation of Board policies and decisions.</p> <p>The Chairman is responsible for:</p> <ul style="list-style-type: none">• leadership of the Board;• overseeing the Board in the effective discharge of its supervisory role;• the efficient organisation and conduct of the Board's function and meetings;• facilitating and encouraging the effective contribution of all Directors;• briefing of all Directors in relation to issues arising at meetings;• the promotion of constructive and respectful relations between Board Members and between the Board and Management; and• committing the time necessary to discharge effectively his/her role as Chairman. <p>The Board delegates the Company's governance and management functions to the Management through the Managing Director. So far as the Board is concerned the authority and accountability of Management is considered to be the authority and accountability of the Managing Director and her team of senior management.</p> <p>The Managing Director is responsible for:</p> <ul style="list-style-type: none">• implementing the policies and corporate strategies adopted by the Board;• the day-to-day management of the Group with all powers and delegations authorised, from time to time, by the Board;• the efficient and effective operation of the Group;• the achievement of the Company's goals;

	<ul style="list-style-type: none"> • monitoring the business of the Group and bringing material and other relevant matters to the attention of the Board in an accurate and timely manner; and • assessing business opportunities which are potential benefit to the Group. 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of the Company are Ms. Leong Shiak Wan, a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and Puan Zuriati Binti Yaacob, a licenced secretary by the Companies Commission of Malaysia.</p> <p>The Board recognises the importance of suitable qualified and competent Company Secretary to function as an advisor to the Board on corporate governance matters, compliance to rules and regulation and conduct of meetings in proper and effective manner.</p> <p>The Board review and consider the suitability, qualification, experience and competency of a candidate for Company Secretary prior to their appointment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Unless otherwise agreed due to reasonable reason, all notice, agenda and materials for meeting including Board paper shall be forwarded to each Directors at least 7 days before the meeting day. This is to ensure all Directors have reasonable time to study and prepare for the matters to be discussed in the meeting beforehand.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter has been adopted by the Board to set out the role, responsibilities, composition and operations of the Board and the commitment to corporate governance, including matters reserved for the Board.</p> <p>The Board will periodically review this Charter to ensure it remains consistent with the Company's objectives and Board's responsibilities and in compliance with any new regulations.</p> <p>The Board Charter is made available in the corporate website at “www.gsbsummit.com.my/conduct.html”.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board observes the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and commits to ethical values through the maintenance of a code of conduct and ensure the implementation and compliance with the code of conduct.</p> <p>In discharging his/her duties, each Director must:</p> <ul style="list-style-type: none"> • comply with laws, regulations and the Board Charter; • observe high standard of corporate governance; • exercise care and diligence; • act in good faith and in the best interests of the Company and the Group; • not improperly use his/her position or misuse information of GSB; • commit the time necessary to discharge effectively his/her role as a Director; and • declare any personal, professional or business interests that may arise and conflict with his/her responsibility as a Director. <p>The Code of Conduct and Ethics is made available in the corporate website at "www.gsbsummit.com.my/conduct.html" under the sub-heading "<i>Ethical Standards & Code of Conduct</i>".</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	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistleblowing Policy governs the disclosures, reporting and investigation of misconduct within the Group as well as the protection offered to the persons making those disclosures from any reprisal treatment in accordance to Whistleblower Protection Act 2010. The scope of the policy applies to the Group’s Board members, employees and other stakeholders.</p> <p>Under the Whistleblowing Policy, any person may report allegations of misconduct or any breach of law or regulation that may adversely impact the Group. Disclosures can be made to ANY of the following reporting channels, in strictly confidential manner:</p> <p>Email to whistleblowing@gsbsummit.com.my whereby this email shall be auto forwarded to Mr. Loy Kwee Keow, the Company’s Senior Independent Non-Executive Director’s personal email account, who shall bring the matter to the attention of the Audit Committee; or Write to the attention of Mr. Loy Kwee Keow, the Company’s Senior Independent Non-Executive Director.</p> <p>The Whistleblowing Policy is made available in the corporate website at “www.gsbsummit.com.my/conduct.html”.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In Financial Year Ending 31 March 2018, the Board consists of 4 members, of whom 2 of them were Independent Directors. However, on 19 June 2018, the Company had appointed 2 new Executive Directors to the Board and hence the Independent Directors in the Board composition had dropped from 50% to 33.33%.</p> <p>The Board acknowledged that the presence of independent non-executive Directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the Executive Director, thereby ensuring that no one individual or group dominates the Board decision-making process.</p> <p>The Board will consider the need of the balance Board as recommended and take appropriate action accordingly.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	Please specify number of years.

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.), who each has served on the Board as Independent Director of the Company for a cumulative term of more than twelve (12) years do not wish to seek for re-appointment at the forthcoming Annual General Meeting.	
		The Company will appoint Independent Directors thereafter to fulfill the requirements of Bursa Malaysia Securities Berhad's Main Market Listing Requirements on the composition of the Board of Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Besides considering criteria such as suitability, qualification, experience and competency of a candidate to the Board, the Board and Nomination Committee also take consideration of the requirement of balanced Board in view of board diversity in skills set, age and gender.</p> <p>On annual basis, the Nomination Committee will conduct a review on the Board mix of skills, experience and other qualities and submit its recommendations to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 recognises the benefits and importance of gender diversity in the Board composition. Although, the Board have yet to form a gender diversity policy, however, the Board has no restriction in choosing women candidates whom is suitable, qualified, experience and competent candidates.	
		The Board currently has 6 members, of whom 2 of them were women, representing 33.33% women or 3.33% above the benchmark of 30% women directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	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 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	:	In identifying candidates for appointment of directors, the Board and Nomination Committee may rely on recommendations from existing board members, management or major shareholders. However, the Board and Nomination Committee has no restriction in taking recommendation from independent sources to identify a suitably qualify candidate.	
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	:	The Nomination Committee is chaired by Mr. Loy Kwee Keow, whom is a Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	On annual basis, the Nomination Committee will undertake an assessment on the Board as a whole, Board Committee and individual director to evaluate their effectiveness and performance. Thereafter, the summary results and recommendations (if any) will be tabled and discussed in the Board meeting. The process of evaluation was headed by the Nomination Committee and administered by the Company Secretary.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of an attractive remuneration package to attract and retain directors and senior management. The Board does not formalised its remuneration policy, however, the Board and Senior Management are remunerated based on their skills, experience, qualification and performance.	
		Apart from remunerating the Board and Senior Management based on their skills, experience, qualification and performance, the Board also consider the performance of the Group in short term and long term objectives.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Presently, the Group does not have a Remuneration Committee. However, moving forward as the Board and Senior Management grow larger, the Board will consider the need for a Remuneration Committee. Currently, the remuneration of the Board are determined and reviewed by the Board itself.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	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 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	:	In line with the corporate governance best practice, the remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments are disclosed in the Company's Annual Report under 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	:	Applied	
Explanation on application of the practice	:	In line with the corporate governance best practice, the remuneration breakdown of top five senior management's remuneration includes fees, salary, bonus, benefits in-kind and other emoluments are disclosed in the Company's Annual Report under 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 7.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	In line with the corporate governance best practice, the remuneration breakdown of senior management's remuneration includes fees, salary, bonus, benefits in-kind and other emoluments are disclosed in the Company's Annual Report under Corporate Governance Overview Statement.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of Audit Committee and the Board is held by two different individual.</p> <p>The Chairman of the Audit Committee is Mr Loy Kwee Keow and the Chairman of the Board is Datin Toh Siew Chuon.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of independence of audit committee member and no potential conflict of interest shall arise.	
		Presently, none of the audit committee were former audit partners of the Company's external auditors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will review the Term of Reference of Audit Committee and formalise the above policy where necessary.	
Timeframe	:	Within 1 year	

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Audit Committee do not have a written policy yet on the assessment of the external auditors' suitability, objectivity and independence.	
		However, on yearly basis, the Audit Committee will consider the appointment/re-appointment of the External Auditors, audit fees, non-audit professional services and question on any resignation or dismissal of the External Auditors before making recommendation to the Board. During the course of external audit, the External Auditor is required to give an oral/written confirmation confirming on the status of their independence.	
<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	:	All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report. In additions, the Audit Committee members also kept abreast to the changes and updates of accounting standards, practices and rules affecting the Group.
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	:	<p>The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders’ investments and the Group’s assets.</p> <p>Details of the risk management and internal control framework was published in the Company’s Annual Report under Statement on Risk Management & Internal Control.</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 9.2

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	:	The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework were published in the Company's Annual Report under Statement on Risk Management & Internal Control.	
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 :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of directors of GSB Group Berhad (“the Board”) acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance.</p> <p>The Group’s Internal Audit function is outsourced to external consultant. The Internal Audit team reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit Committee on a periodic basis. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.</p> <p>The Internal Audit team continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance measures in respect of any non-compliance. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee annually. The Audit Committee oversees the Internal Audit team’s functions, its independence, scope of work and resources.</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	:	In line with the best practice of corporate governance, The board had made disclosure on :– <ul style="list-style-type: none"> ▪ 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. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board ensures that its shareholders are well informed via proper procedures which have been established for the timely release of material share price-sensitive information, quarterly financial results, regulatory financial statements and other matters affecting shareholders' interests and stakeholders as well. Stakeholders can obtain information on the Group by accessing the Group's and also Bursa Securities' websites.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the benefits of Integrated Reporting based on a globally recognized framework which includes greater clarity on business issues and performance, more integrated thinking and management and more efficient reporting for both the users and preparers of reports.	
		The current Annual Report had addresses business issues and performance through the Management Discussion & Analysis.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board recognises the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified at least 28 days prior to the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group and 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

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors was present in the Annual General Meeting.</p> <p>The Shareholders are encourage to give their feedback and ask for clarification related to the conduct of the Company and performance of the Company. The Chairperson of the Board/Committee are required to revert those question/feedback under their purview in the Annual General Meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board understand that certain Shareholders are located outside Klang Valley, whom find it difficult to attend the General Meeting in Klang Valey. Amid the diversified location of Shareholders, the Company's general meetings have always been held at a venue which is easier accessible by majority Shareholders.</p> <p>So far, there was no feedback from Shareholders that wish to attend the General Meeting but can't attend due to the venue of the Company's General Meeting.</p> <p>In the event that, there were any comments from Shareholders on the venue of the Company's General Meeting, the Board will take note and consider on a case by case basis.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**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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