

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5248
COMPANY NAME : BERMAZ AUTO BERHAD
FINANCIAL YEAR : April 30, 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 TO 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 responsible for the performance and affairs of the Group and the provision of leadership and guidance for setting the strategic direction of the Group.</p> <p>The Board has in place a Mission and Vision Statement which sets out the primary goals and purposes of the Company and to provide a roadmap for the employees to achieve the objectives.</p> <p>The Board is also committed to instill good ethics and values amongst its members and its employees in tandem with its Mission and Vision Statement through its core values of Honesty, Integrity, Commitment, Loyalty and Humanity. This is clearly reflected through the adoption of a Code of Ethics for Directors, a Code of Conduct and Business Ethics for employees and a Whistleblowing Policy. The Board believes that the success of the Group's business should be built based on these foundations.</p> <p>In order to realise the Mission and Vision of the Company, the Board as a whole, led by the Executive Chairman, works together with senior management to promote good corporate culture and behaviour within the Company that is ethical, prudent and professional.</p> <p>The duties and powers of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant regulatory requirements that are in force.</p> <p>All members of the Board are aware of their responsibility to make decisions objectively and which promote the success of the Group for the benefits of shareholders and other stakeholders. The roles and responsibilities of the Board which are set out in the Board Charter, serves as a reference point for Board activities. The Board Charter is available on the Company's website at www.bauto.com.my.</p>

	<p>To ensure the fine tuning of the Group’s corporate strategies and the effective execution of these strategies, the Board has delegated to the Executive Chairman and the Chief Executive Officer (“CEO”) the daily management of the Group’s affairs. The Executive Chairman and the CEO leads the senior management of the Group in making, implementing and managing the day-to-day decisions of the business operations, the Group’s resources and the associated risks involved in pursuing the Group’s corporate objectives.</p> <p>The Executive Chairman, the CEO, and the senior management meet regularly to review and monitor the performance of the Group’s operations. The Executive Chairman and the CEO brief the Board on the Group’s business operations and the management’s initiatives during its quarterly Board meetings.</p> <p>Independent Non-Executive Directors are not involved in the daily management of the Group but contribute their own particular expertise and experience in the development of the Group’s overall business strategy. Their participation as members of the various Board Committees also contributed to the enhancement of corporate governance and controls of the Group.</p> <p>The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight on management and to ensure that there are appropriate checks and balances while discharging their oversight function: -</p> <ul style="list-style-type: none"> (i) Audit Committee; (ii) Nomination Committee; (iii) Remuneration Committee; (iv) Risk Management Committee; (v) Employees’ Share Scheme Committee; and (vi) Sustainability Working Committee. <p>Each of the Board Committees operates within their respective Terms of Reference (“TOR”) that also outlines their respective functions and authorities. The TOR are periodically reviewed by the respective Board Committees and approved by the Board to ensure that the TORs remains relevant and adequate in governing the responsibilities of the Board Committees and reflects the latest developments in the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance (“MCCG”). The Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The present Chairman of the Board is Dato' Sri Yeoh Choon San. He was previously appointed as the CEO of the Company. Subsequently on 1 January 2019, he was redesignated as the Executive Chairman of the Company, and is responsible for providing leadership to the Board and ensuring smooth and effective functioning of the Board.</p> <p>The Executive Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.</p> <p>The Executive Chairman contributes his expertise and experience in leading the Board in the determination of the Company's strategies and policies so that the Board can perform their responsibilities effectively. The Executive Chairman also encourages active participation and healthy discussion at meetings to ensure that dissenting views can be freely expressed and discussed. In addition, the Executive Chairman also leads the Board in establishing and monitoring good corporate governance practices in the Company and the Group.</p> <p>The other roles and responsibilities of the Executive Chairman of the Board is set out in the Board Charter which is available on the Company's website at www.bauto.com.my.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with their clear division of responsibilities ensures that there is a balance of power and authority, such that no individual has unfettered decision-making powers.</p> <p>The Executive Chairman, Dato' Sri Yeoh Choon San is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board whereas the CEO, Dato' Lee Kok Chuan is responsible for overseeing the day-to-day management of the Group's businesses and implementing Board's policies and decisions. The CEO in association with the Executive Chairman shall jointly oversee some of the divisional functions of the Group.</p> <p>Their key roles and responsibilities are set out in the Board Charter of the Company, which is available on the Company's website at www.bauto.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by the Company Secretaries who are qualified to act as Company Secretary as prescribed under Section 235(2) of the Companies Act 2016 and has the requisite experience and competency in company secretarial services. Both Company Secretaries are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries play an important role in good governance by helping the Board and the Board Committees to function effectively and in accordance with their terms of reference and best practices.</p> <p>The Company Secretaries also play an advisory role to the Board in relation to the Company's Constitution and advises the Board on its roles and responsibilities and keep the Board updated on matters relating to new statutory and relevant regulatory requirements and corporate governance and the resultant implications of any changes therein to the Company and the Directors in relation to their duties and responsibilities.</p> <p>The Company Secretaries organize and attend all Board Meetings and the meetings of the Board Committees where they act as Secretaries and are responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are minuted and maintained at the registered office of the Company.</p> <p>The Company Secretaries have also been attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and relevant regulatory requirements and corporate governance and to be able to provide the relevant advisory role to the Board.</p> <p>The roles and responsibilities of the Company Secretaries are also set out in the Board Charter which is available on the Company's website at www.bauto.com.my.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors have full access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, amongst others, periodic financial information, operational issues, regulatory compliance matters, investment proposals and management proposals that require Boards' approval.</p> <p>Board and Board Committees papers are disseminated at least five (5) days prior to the meeting as stated in the Board Charter, except for meetings called on an ad-hoc basis for special matters. This is to enable the Directors to have sufficient time to review the papers and have an overview of the matters to be discussed or reviewed at the meetings and to seek further clarifications, if any.</p> <p>The Directors are also provided with electronic devices, such as iPads for a more efficient communication and dissemination of the Board Papers.</p> <p>The senior management, external advisers and the Directors of the Company's subsidiaries are invited to attend the Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agendas. Besides direct access to management, Directors may obtain external independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.</p> <p>All deliberations and decisions of the Board and Board Committees are recorded by the Company Secretaries including disclosures of interests by any interested Directors and their abstention from voting and deliberating on a particular transaction. Minutes of meetings would be circulated to all Directors on a timely basis for review and thereafter for confirmation at next meeting of the Board and Board Committees.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is 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 has adopted a Board Charter which clearly sets out the roles and responsibilities of the Board, Board Committees and individual Directors in promoting the standards of corporate governance and practices. In addition, there is also a formal schedule of matters reserved for the Board's deliberation and decision as set out in the Board Charter to ensure that the direction and control of the Company are in the hands of the Board.</p> <p>The Board Charter is subject to review by the Board annually to ensure it remains consistent with the Board's objectives and responsibilities, current laws and practices.</p> <p>A copy of the latest Board Charter is available on the Company's website at www.bauto.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

The board, management, employees and other stakeholders are clear on what is considered acceptable 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 has adopted a Code of Conduct and Business Ethics ("Code") which provides the ground rules and guidance for proper standard of conduct and ethical behaviour for all Directors and employees of the Group when dealing with both internal and external parties and compliance with all applicable laws, rules and regulations in all its business activities.</p> <p>The Code covers, amongst others, the policies and procedures in managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering and unethical conduct or violation of laws, rules and regulations.</p> <p>The Board has also adopted a Code of Ethics for Directors which is incorporated in the Board Charter. The said Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors.</p> <p>The Company's Code of Conduct and Ethics is available on the Company's website at www.bauto.com.my.</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised a Whistleblowing Policy which serves as an internal communication channel in relation to whistleblowing at work place and to enable employees or the relevant parties to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis in accordance with the Malaysian Whistleblower Protection Act 2010 or other similar law prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.</p> <p>The Whistleblowing Policy provides contact details of the Executive Chairman, Chief Executive Officer, Group Human Resource and Head of Corporate Planning/Internal Controls of the Company as the avenue for the employees or relevant parties to raise concerns of non-compliance to them.</p> <p>The Whistleblowing Policy can be accessed on the Company's website at www.bauto.com.my.</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	:	Applied
Explanation on application of the practice	:	<p>The Board currently has seven (7) members comprising four (4) Independent Non-Executive Directors (“INEDs”), a Non-Independent Non-Executive Director, an Executive Chairman and a CEO.</p> <p>The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Securities, i.e. at least 2 or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors. The Company is categorised as a Large Company and the present composition of the Board is also in compliance with the requirements under Practice 4.1 of the MCCG, i.e. the Board of a Large Company should have a majority of Independent Directors.</p> <p>The independence of each Director is reviewed by the Nomination Committee on an annual basis. All the four (4) INEDs have satisfied the independence criteria as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities and they are able to continue to demonstrate their independent judgement and objectivity in the Board’s decision-making process. They form 57% of the total Board composition.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years			
Explanation on application of the practice	:	The length of service of Independent Directors as at 30 April 2021 is as follows:-			
		No.	Name of Independent Directors	Date of appointment	Length of service
		1.	Datuk Syed Hisham Bin Syed Wazir	19 December 2016	4 years 4 months
		2.	Dato' Kalsom Binti Abd. Rahman	2 April 2018	3 years 1 month
		3.	Adibah Khairiah Binti Ismail @ Daud	8 April 2019	2 years 1 month
		4.	Martin Giles Manen	11 November 2020	5 months
		Dato' Abdul Manap Bin Abd Wahab ("DAM") was redesignated as a Non-Independent Non-Executive Director of the Company immediately after the conclusion of the Company's Tenth Annual General Meeting ("AGM") held on 8 October 2020 in view of his tenure as an Independent Non-Executive Director has exceeded a cumulative term of nine (9) years after 27 July 2020. DAM has given notice that he does not wish to seek re-election as Non-Independent Non-Executive Director of the Company at the forthcoming 2021 AGM. Hence, he will retire as a Non-Independent Non-Executive Director of the Company immediately upon the conclusion of the forthcoming AGM to be held on 7 October 2021.			
Explanation for departure	:				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>					
Measure	:				

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

Practice 4.3 - 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	:	Not Applicable

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>The Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its board of directors.</p> <p>The Board also recognises that having a range of different skills, backgrounds, experience and diversity are essential to ensure a broad range of viewpoints to facilitate optimal decision makings and effective governance.</p> <p>The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director is based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the Board.</p> <p>The Nomination Committee (“NC”) was tasked with the responsibility for identifying, assessing and recommending the right candidate(s) to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the following selection criteria:-</p> <ul style="list-style-type: none">(a) Specific knowledge, skills and relevant working experience (capability);(b) Training and qualifications (competence);(c) Time commitment of the candidate;(d) Independence and any conflicts of interest;(e) External directorship of the candidate;(f) Probity, integrity and reputation; and(g) Other considerations include age, ethnicity and gender. <p>The selection criteria for the recruitment process and annual assessment of Directors are contained in the TOR of the NC which is available on the Company’s website at www.bauto.com.my.</p> <p>When identifying suitable candidate(s) for appointment or assessing Board composition, the NC will consider candidate(s) on merit against objective criteria and with due regard on the benefits of diversity on the Board and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience of the Board members.</p> <p>The Board has in place a Board Diversity Policy and it is available on the Company’s website at www.bauto.com.my.</p>

	The recruitment of senior management will be delegated to the Company's Head of Human Resource and they will focus on the working experience, skills, competencies, integrity and commitment in the assessment of any potential candidate for recruitment as senior management personnel before recommending them to the CEO of the Company for consideration, approval and recruitment.	
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	:	<p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.</p> <p>The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the boardroom.</p> <p>Currently, the Board has two (2) female directors namely Dato' Kalsom Binti Abd. Rahman and Puan Adibah Khairiah Binti Ismail @ Daud, representing about 29% of the Board composition.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Nomination Committee will source for a suitable and qualified female Director with the aim of achieving a representation of at least 30% women on the Board, to be in line with the MCCG.
Timeframe	:	Within 1 to 2 years

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board delegates to the NC the responsibility of recommending the appointment of any new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.</p> <p>The Board and NC are guided by the following process and procedures for the appointment of a new Director:-</p> <ol style="list-style-type: none"> 1. The candidate is identified upon the recommendation by the existing Directors, senior management, major shareholders and/or other independent source such as external consultants; 2. In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as INED, the candidate's independence; 3. Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and 4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	As and when required

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Terms of Reference (“TOR”) of Nomination Committee (“NC”) has stipulated that the NC shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors. The Chairman of the Committee shall be an Independent Director or a Senior Independent Director.</p> <p>The NC members currently comprises exclusively of Non-Executive Directors with the majority being Independent Directors as follows:-</p> <ol style="list-style-type: none"> 1) Datuk Syed Hisham Bin Syed Wazir Independent Non-Executive Director/ Chairman 2) Puan Adibah Khairiah Binti Ismail @ Daud Independent Non-Executive Director 3) Dato’ Abdul Manap Bin Abd Wahab Non-Independent Non-Executive Director <p>The Chairman of the NC is Datuk Syed Hisham Bin Syed Wazir and he has also been designated as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed following the retirement of Dato’ Syed Ariff Fadzillah Bin Syed Awalluddin as the Senior Independent Non-Executive Director of the Company at the conclusion of the Company’s Tenth AGM held on 8 October 2020.</p> <p>The roles and responsibilities of the Senior Independent Director are set out in the Board Charter, which is available on the Company’s website at www.bauto.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	: Departure
Explanation on application of the practice	<p>The NC is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors.</p> <p>The annual evaluation which is internally facilitated, involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and the Board Committees, their effectiveness and areas where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involves a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors.</p> <p>The outcome of the assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the NC in the discharge of its duties are properly documented.</p> <p>During the financial year ended 30 April 2021, the NC carried out the following activities:-</p> <ul style="list-style-type: none">• reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;• reviewed and assessed the performance of each individual Director; independence of the Independent Directors; effectiveness of the Board and the Board Committees;• recommended retirement of Directors and their eligibility for re-election and/or re-appointment;• reviewed the performance of the Audit Committee and its members; and• reviewed and assessed the financial literacy of the Audit Committee members. <p>Based on the results of the evaluation for the financial year ended 30 April 2021, the Board was satisfied with the performance of the Board and the Board Committees as a whole and that each individual Director of the Board and each member of the Board Committees for the said financial year.</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	:	The Board took cognizance of Practice 5.1 of the MCCG and will at the appropriate time, engage independent experts to facilitate the annual board evaluations within the next 3 to 5 years.
Timeframe	:	Within the next 3 to 5 years

Intended Outcome

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

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

Practice 6.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board has formalized a Remuneration Policy that supports the Directors and senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value.</p> <p>The Company's objective in this respect is to offer a remuneration package that is competitive to attract, develop and retain talented individuals to serve as Directors and senior management.</p> <p>The Remuneration Committee ("RC") is entrusted by the Board to review and recommend matters relating to the remuneration of Directors and senior management.</p> <p>The remuneration package for the Executive Chairman and CEO depends on the performance of the Company during the financial year and includes, amongst other, the performance in terms of revenue and pre-tax profit. The Executive Chairman receives a contractual incentive of 8% of pre-tax profit of the Group subject to a cap of RM2.0 million a year, as determined by the Board of Directors and the RC.</p> <p>The Executive Chairman and the CEO concerned shall not participate in the decisions of their respective remunerations. However, in the event where the presence of the Executive Chairman and/or the CEO are required, the Chairman of the RC may invite them to attend to such meeting.</p> <p>The remuneration packages of Non-Executive Directors who serve on the Board and Board Committees is reviewed by the RC annually and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board will then recommend on yearly basis the Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each AGM of the Company in accordance with Section 230 (1) of the Companies Act 2016.</p>

	<p>The remuneration package of senior management is reviewed annually during Company's annual performance review to reflect the level of responsibilities, and contributions made in order to retain high performing and talented individuals.</p> <p>The Remuneration Policy of the Company is available on the Company's website at www.bauto.com.my.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.2

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board has in place a Remuneration Committee ("RC") which comprises three (3) members as follows:-</p> <ol style="list-style-type: none">1) Dato' Abdul Manap Bin Abd Wahab Non-Independent Non-Executive Director / Chairman2) Datuk Syed Hisham Bin Syed Wazir Independent Non-Executive Director3) Dato' Kalsom Binti Abd. Rahman Independent Non-Executive Director <p>The primary function of the RC is to set up policy framework, including the fee structure and level of remuneration for Directors and senior management.</p> <p>The RC also had a meeting on 18 June 2021 and carried out the following activities:-</p> <ol style="list-style-type: none">(a) Reviewed and recommended the payment of Directors' fees for the financial year ended 30 April 2021; and(b) Reviewed and recommended the payment of Directors' remuneration (excluding Directors' fees) for the period from 8 October 2021 until the next AGM of the Company to be held in 2022. <p>The Board had adopted a Remuneration Policy to support the Directors and senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and senior management who will manage and drive the Company's success.</p> <p>The duties and responsibilities of the RC are governed by its TOR, which is available on the Company's website at www.bauto.com.my.</p>

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The details of the Directors' remuneration on named basis for the remuneration of each Director paid by the Company and the Group during the financial year ended 30 April 2021 are disclosed in the Corporate Governance Overview Statement in the Company's 2021 Annual Report.</p> <p>The remuneration breakdown of individual Directors includes fees, salaries, bonuses, benefits in-kind and other emoluments.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Disclosure on the remuneration of top five (5) senior management in the bands of RM50,000 is provided in the Corporate Governance Overview Statement in the Company's 2021 Annual Report.</p> <p>The Board is of the view that the detailed disclosure of senior management's remuneration on a named basis with various components will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Such disclosures may also cause disharmony and/or unhealthy rivalry among the senior management.</p> <p>Currently, the remuneration package of senior management is reviewed annually during the Group's annual performance review and measured against the targets set for the year.</p> <p>The Board will ensure that the remuneration for the senior management personnel commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.</p>
<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 closely monitor any changes in the market practice and will review its response to Practice 7.2 annually.
Timeframe	:	Other

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

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 Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Directors ("INEDs").</p> <p>The AC Chairman is led by Mr Martin Giles Manen and he is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He is not the Chairman of the Board.</p> <p>The Terms of Reference ("TOR") of the AC has been revised on 12 March 2018 in order to be in line with Practice 8.1 of the MCCG which stipulates that the Chairman of the AC is distinct from the Chairman of the Board.</p> <p>The duties and responsibilities of the Chairman of the AC are set out in the TOR of the AC, which is available on the Company's website at www.bauto.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee (“AC”) had on 12 March 2018 adopted the External Auditor Policy to reflect the requirements in Practice 8.2 of the MCCG.</p> <p>The External Auditor Policy has encapsulated the requirement for a cooling-off period of at least two (2) years for any former key external audit partner and other team members prior to any one of them being considered for appointment as a member of the AC or as a Director. This is to safeguard the independence and objectivity of the appointment of the AC members.</p> <p>The Board had also adopted a revise Terms of Reference of the AC to include the additional requirement for any former key external audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC.</p> <p>Currently, none of the AC member is a former key external audit partner of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	: Applied
Explanation on application of the practice	<p>The AC is responsible to review, assess and monitor the performance, suitability, objectivity and independence of External Auditors on an annual basis.</p> <p>The AC had on 12 March 2018 adopted the External Auditors Policy ("EA Policy") which governed the assessment and monitoring of the External Auditors so that the External Auditors' competence, objectivity, professionalism and independence are maintained in driving its effectiveness. The EA Policy sets out the policies and procedures on appointment and re-appointment of External Auditors, the annual assessment of the External Auditors as well as the declaration of independence by the External Auditors as specified in the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants.</p> <p>The Board has delegated to the AC to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include, among others, the External Auditors' caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.</p> <p>To support the AC's assessment of their independence, the External Auditors had provided the AC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.</p> <p>At the AC meeting held on 10 March 2021, the External Auditors namely, Ernst & Young PLT ("EY") has presented to the AC its 2021 Audit Plan which included EY's confirmation that EY is independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The External Auditors had also on 3 August 2021 declared their independence to the AC.</p>

	<p>The AC also reviewed the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement of Risk Management and Internal Control.</p> <p>Based on the outcome of the assessment, the AC will decide on the recommendation for the re-appointment of External Auditors to the Board. The Board will in turn seek the shareholders' approval on the re-appointment of External Auditors for the ensuing year at the forthcoming AGM.</p> <p>In addition, the TOR of the AC also requires the AC to assess the suitability, objectivity and independence of the External Auditors annually.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC comprises the following members all of whom are INED:-</p> <p><u>Chairman/Independent Non-Executive Director</u> Mr Martin Giles Manen</p> <p><u>Members/Independent Non-Executive Directors</u> Datuk Syed Hisham Bin Syed Wazir Puan Adibah Khairiah Binti Ismail @ Daud</p> <p>All the INEDs have satisfied the independence test based on the criteria set out in the Main Market Listing Requirements of Bursa Securities.</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	: Applied
Explanation on application of the practice	<p>The members of the Audit Committee ("AC") possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference ("TOR") of the AC.</p> <p>The Chairman of the AC is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Hence, he has fulfilled the requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities, which stipulates that at least one (1) member of the AC is a member of the Malaysian Institute of Accountants.</p> <p>All the members of the AC are financially literate and are able to understand, analyse and challenge matters under purview of the AC including financial reporting process.</p> <p>The AC members are aware of the need to continuously develop and to broaden their knowledge in the areas of accounting and auditing in order to carry out their roles and duties effectively. Various training has been undertaken by the AC members on an ongoing and timely basis to keep themselves abreast of relevant industry developments.</p> <p>The training attended by the AC members during the financial year ended 30 April 2021 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Company's 2021 Annual Report.</p> <p>In addition, the AC members were also briefed by the External Auditors, namely Ernst & Young PLT on the following key areas at the AC meeting held during the financial year:</p> <ul style="list-style-type: none">(i) Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018;(ii) Transfer pricing - updates from the Malaysian Income Tax Act, 1967; and(iii) Important tax related updates.

	<p>For the financial year ended 30 April 2021, the Board through the NC had reviewed the effectiveness of the AC via an evaluation questionnaire. The Board is satisfied with the AC's performance and that the necessary skills, experience, knowledge and other relevant field of expertise of the AC members had contributed to the overall effectiveness of the AC.</p> <p>The detailed report on the activities of the AC for the financial year ended 30 April 2021 is set out in the Company's 2021 Annual Report.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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 acknowledges its responsibility in maintaining a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the Group's risk management and internal control system.</p> <p>The Board has delegated and entrusted the Risk Management Committee ("RMC") of the Company which comprises a majority of Independent Directors, with the overall responsibility to oversee the risk management framework of the Group, reviews the risk management policies formulated by the management and makes relevant recommendations to the Board for approval. This enables the management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its risk management and internal control procedures to ensure, as far as is possible, the protection of its assets and its shareholders' investments.</p> <p>The implementation of these control systems were taken by the management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the AC and RMC. The AC comprises of Board members only whilst the RMC comprises of a majority of Board Members with the Head of Risk Management and Investor Relations as its Secretary.</p> <p>The RMC has adopted the Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology focussing on risk ownership and continuous monitoring of key risks identified.</p> <p>The RMC is supported by the Sustainability Working Committee ("SWC") which maintains the risk and sustainability oversight within the Group at management level, as outlined in the ERM framework. At Board level, the RMC assumes the oversight and strategic role of ERM. RMC and SWC assists the Board in discharging its risk management responsibilities.</p>

	<p>The RMC and SWC facilitate the risk and sustainability assessment process by providing independent enquiry on risk / sustainability identification and risk / sustainability ratings determination by the respective process owners (line managers) based on the risk / sustainability appetite set by the Board. Head of Departments is responsible for identifying, analysing and evaluating risks / sustainability issues, as well as developing, implementing and monitoring risk / sustainability action plans and reporting key risks / sustainable issues to the RMC.</p> <p>The key elements of the risk management and internal control structure are as follows:-</p> <ul style="list-style-type: none"> (a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority; (b) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment; (c) Active participation and involvement by the Executive Chairman, CEO (both RMC members) and the Chief Financial Officer in the daily running of the business and regular discussions with the respective Heads of Departments on operational issues; and (d) Monthly financial reporting to the Executive Chairman and CEO. 	
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 the risk management and internal control framework of the Group and its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as contained in the Company's 2021 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a RMC comprising the following members, a majority of whom are INEDs, to oversee the risk management framework of the Group, reviews the risk management policies formulated by management and makes relevant recommendations to the Board for approval:-</p> <ol style="list-style-type: none">1) Mr Martin Giles Manen (Chairman/Independent Non-Executive Director)2) Datuk Syed Hisham Bin Syed Wazir (Member/Independent Non-Executive Director)3) Dato' Kalsom Binti Abd. Rahman (Member/Independent Non-Executive Director)4) Dato' Sri Yeoh Choon San (Member/Executive Chairman)5) Dato' Lee Kok Chuan (Member/CEO)

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>For the financial year ended 30 April 2021, the internal audit function is outsourced to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd (“IAD”), which reports directly to the Audit Committee (“AC”) and carries out their internal audit based on the audit plan approved by AC.</p> <p>The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and AC Report.</p> <p>The principal activity of the IAD is to conduct regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.</p> <p>IAD role is to provide the AC with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group, and the extent of compliance with the Group’s established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements. Observations from internal audits are presented to the AC together with management’s responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audit review with implementation status reported to the AC.</p> <p>The summary of activities undertaken by IAD during the financial year ended 30 April 2021 is set out in the AC Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is outsourced to an independent consulting firm, Messrs. PKF Risk Management Sdn Bhd (“PKF”). PKF’s engagement director who is in charged of the Group’s internal audit has over 27 years of professional experience in internal auditing. She is a Certified Internal Auditor, Certified Information Systems Auditor, and Certified Fraud Examiner and Certification in Risk Management, IIA Inc.. PKF’s internal audit personnel is free from any relationship or conflict of interest, which could impair its objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the AC.</p> <p>PKF normally deploys up to four (4) of its personnel for the internal audit review, which is led by the Engagement Director. All the personnel involved in the internal audit review are university graduates and/or have professional qualifications.</p> <p>The internal audit function is guided by the Code of Professional Standards – International Professional Practices Framework that sets out the objectives, authority, independence, scope and responsibility of the internal audit function.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally.</p> <p>The various channels of communications with stakeholders are through the following: -</p> <ul style="list-style-type: none"> (i) the quarterly announcements on financial results and other periodical or relevant announcements to Bursa Securities; (ii) circulars and annual reports; (iii) general meetings of shareholders; (iv) meetings with investors, analysts and fund managers and briefing where appropriate; and (v) the Company's website at www.bauto.com.my where shareholders can access corporate information such as Board Charter, TORs of the Board Committees, Board Policies, press releases, financial information, Company announcements and others. <p>The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company has yet to adopt integrated reporting for 2021 Annual Report. The management of the Company will look into adopting integrated reporting in the near future.
		At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management's Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and Sustainability Statement form an integral part of the non-financial information.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company would review the need to adopt the integrated reporting based on a globally recognised framework at the appropriate time.
Timeframe	:	Within 3 to 5 years

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company despatches its notice of meeting together with the Administrative Details at least twenty-eight (28) days before the AGM. Pursuant to paragraph 2.19B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Company have discontinued the delivery of any documents to its shareholders in printed copies. Hence, the Annual Report can be viewed and downloaded from the websites of the Company and Bursa Malaysia Securities Berhad.</p> <p>In 2020, the notice of Tenth AGM was despatched to the shareholders on 28 August 2020 for the AGM held on 8 October 2020. The notice period is more than 28 days' notice to the shareholders.</p> <p>The additional time given to the shareholders will enable them to have sufficient time to consider the resolutions that will be tabled at the AGM as well as to make the necessary arrangement to attend and participate personally at the AGM or through a proxy or a corporate representative.</p> <p>The Administrative Details are to provide information regarding attendance and the conduct of the meeting. Each item of the special business included in the Notice of AGM is accompanied by a brief explanatory statement to enable shareholders to have a better understanding and evaluation of the resolution to be tabled and allows shareholders to make an informed decision in exercising their voting rights at the AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors of the Company have attended the last AGM.</p> <p>The Chairman of the AC, NC, RMC, RC, Employees' Share Scheme Committee and SWC together with the management have also attended the AGM, interacted with shareholders and provided meaningful responses to shareholders' queries during the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In accordance with Clause 70 of the Company's Constitution, the Company may convene a meeting of members at more than one (1) venue using any technology or method that enables the members to participate and to exercise the members' rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.</p> <p>In view of the COVID-19 pandemic and as part of the Company's precautionary measures, the Tenth AGM of the Company was held on a fully virtual basis through live streaming from the broadcast venue and online remote voting using the Remote Participation and Electronic Voting facilities ("RPEV facilities") provided by the Poll Administrator of the Company, Boardroom Share Registrars Sdn Bhd via its online website at https://web.lumiagm.com/. This allows shareholders to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via the RPEV facilities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

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

Click here to enter text.