

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7210  
**COMPANY NAME** : Freight Management Holdings Bhd.  
**FINANCIAL YEAR** : June 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 CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of Freight Management Holdings Bhd. ("Freight" or "the Company") is committed to observe the highest standard of corporate governance practices in achieving the objectives and long-term goals of the Company.</p> <p>The Board is accountable and responsible for the performance and affairs of the Company by overseeing the Group's strategies, policies and performance. It is also the responsibility of the Board to ensure the Company's strategies are aligned to the interest of the shareholders and other stakeholders. Guided by the prevailing legal and regulatory requirements as well as the Company's Constitution and the Board Charter, the Board had objectively discharged its fiduciary duties and responsibilities at all times in the best interest of the Company.</p> <p>Whilst the Board delegates the implementation of the Company's strategies to the Management, the Board ensures that it set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>To enable the Board to discharge its responsibilities in meeting the Company's goals and objectives of the Company, the Board had, among others, carried out the following duties as guided by the Board Charter:</p> <ul style="list-style-type: none"><li>(i) Managing performance of the Board as a whole and management;</li><li>(ii) Overseeing the conduct of business and financial operations;</li><li>(iii) Overseeing the succession planning of the Board and senior management;</li></ul>

	<ul style="list-style-type: none"> <li>(iv) Monitoring and reviewing the capital and solvency positions of the Group;</li> <li>(v) Reviewing and approving quarterly financial results, audited financial statements and statements &amp; reports of the Annual Report;</li> <li>(vi) Promoting good corporate governance and an ethical culture across all level of the Group;</li> <li>(vii) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures; and</li> <li>(viii) Promoting and maintaining effective and timely communication with stakeholders.</li> </ul> <p>In discharging its responsibilities, the Board had established its Board Committees namely, Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) and delegated specific duties to the respective Board Committees according to their Terms of References to assist the Board to perform certain of its function and to provide recommendations and advices to the Board. The ultimate responsibility for decisions on all matters lies with the Board.</p> <p>The Board Charter and Terms of Reference of the Board Committees are available on the Company’s website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by Tengku Nurul Azian Binti Tengku Shahrman, the Independent Non-Executive Chairman, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The key responsibilities of the Chairman are:</p> <ul style="list-style-type: none"><li>(i) leading the Board in setting the values and standards of the Group;</li><li>(ii) overseeing the Board in the effective discharge of its supervisory role, the efficient organisation and conduct of the Board's function and meetings;</li><li>(iii) ensuring all Directors receive accurate, timely and clear information by briefing of all Directors in relation to issues arising at meetings and allowing sufficient time for the discussion of complex or continues issues;</li><li>(iv) leading the Board in its succession planning program for the Board and senior management level;</li><li>(v) ensuring that there is a regular and effective evaluation of the Board's performance and is acting on the results of board performance evaluation by recognising the strength and addressing the weaknesses of the Board; and</li><li>(vi) ensuring effective communication with stakeholders and their views are communicated to the Board as a whole.</li></ul> <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter of the Company available on the Company's website.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of clear division of responsibilities between the Chairman of the Board and the Group Managing Director (“<b>Group MD</b>”) to ensure a balance of power and authority, and that no one individual has unfettered decision-making powers. Accordingly, the positions of Chairman and Group MD are held by different individuals.</p> <p>Tengku Nurul Azian Binti Tengku Shahrman is currently the Chairman of the Board. She leads the Board in its collective oversight of management focusing on strategy, governance and compliance.</p> <p>Whereas the Group MD, Chew Chong Keat manages the business and day-to-day operation of the Group. He ensures effective implementation of the Board’s policies, achieves strategic plans and performance targets, exercises high level of business judgement and manages the relationships with stakeholders and the interface with the public.</p> <p>Whilst the Chairman and the Group MD are collectively responsible for the leadership of the Group in promoting the highest standards of integrity and probity, this separation allows effective oversight of the management as well as to support objective and independent deliberation, review and decision making.</p> <p>The respective roles and responsibilities of the Chairman and the Group MD are clearly articulated in the Board Charter, which is available on the Company’s website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by Company Secretaries who are qualified to act as Company Secretaries under Section 235(2) of the CA 2016. They are Members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries constantly keep themselves abreast with the regulatory changes and corporate governance development through attending the relevant conferences and training programmes.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitutional matters, Board obligations, professional development requirements, compliance matters applicable to the Company as well as latest regulatory developments.</p> <p>The Company Secretary(ies) attend(s) all members' and Board meetings and ensure(s) that due processes and proceedings are in place and properly managed. They also ensure that records of meetings' proceedings, deliberation and resolutions passed at the Company's meetings are well captured, minuted and documented.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The details of other responsibilities of the Company Secretaries are set forth in the Board Charter of the Company.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.5

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board holds at least four (4) meetings in a year and ad hoc Board meetings will be held as and when required. Meeting agendas for the items which require the approval or noting by the Board are arranged considering the complexity of the proposals to enable in-depth deliberation of matters.</p> <p>Notice of meetings setting out agenda and accompanied by the relevant Board papers are circulated to all Directors in advance prior to each Board meeting in order to allow ample time for the Directors to consider the relevant information on the matters to be deliberated at the meetings. Exceptions may be made for certain ad hoc or urgent instances upon Directors unanimously consent to short notice.</p> <p>The deliberations and conclusions of all pertinent issues discussed at the meetings are duly recorded by the Company Secretaries in the minutes of meetings. The minutes of meetings that record the proceedings, including key deliberation, decisions made and rationale for decision made and any dissenting issues or concerns are circulated to the Directors within a reasonable timeframe after the meeting for review.</p> <p>Thereafter, the meetings' minutes are tabled and approved by the Board or Board Committees at the subsequent meetings respectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out the Board’s strategic intent, authority and outlines the roles and responsibilities of the Board, Board Committees and individual Director.</p> <p>The Board Charter covers amongst others the following matters:</p> <ul style="list-style-type: none"> <li>(i) Matters reserved for the Board</li> <li>(ii) Duties and responsibilities of the Board, Board Committees and respective individual Directors</li> <li>(iii) Board structure and composition</li> <li>(iv) Policies and procedures</li> </ul> <p>Formal Board Committees are established by the Board with defined terms of reference, namely the ARMC, NC and RC, which assist the Board in the discharge of its duties. The Board Committees will deliberate and examine issues in greater detail within their respective Terms of Reference and make the necessary recommendations to the Board which retains full responsibility for decision making.</p> <p>The Board Charter is made available on the Company’s website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a> and is periodically reviewed and updated in accordance with the needs of the Company and any new development in relevant rules, regulations and laws that may have an impact on the Board in discharging its duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had adopted a Corporate Code of Business Conduct and Work Ethics Policy ("Code") to maintain the highest level of integrity and ethical conduct of Directors, Management, and employees of the Group, integrating the policies into Group-wide management practices which cover the following:-</p> <ul style="list-style-type: none"><li>• Compliance with applicable laws</li><li>• Conflict of Interest</li><li>• Confidentiality</li><li>• Fair Dealing</li><li>• Gifts, Gratuities and Entertainment</li><li>• Anti-Bribery</li><li>• Anti-Money Laundering</li><li>• Human Rights</li><li>• Protection and Proper Use of Company's Assets</li></ul> <p>The Company has designated the Group MD as its Compliance Officer to administer the Code. Complaints made from any Directors shall be reported to the Chairman of the Board or the Group MD. The Chairman of the Board or the Compliance Officer will refer the complaints submitted as appropriate to the Board of Directors.</p> <p>The Code is regularly reviewed by the Board and accessible on the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Professionalism, honesty and integrity are core to the Company’s business. The Company is committed to identifying and responding to reportable conduct, and fostering a culture of continuous improvement.</p> <p>The Whistleblowing Policy of the Group, which was last revised and adopted by the Board on 8 April 2020, provides an avenue for all its employees and members of the public to report or raise concerns of fraud, malpractices, illegal acts or improper conduct without fear of reprisals and unfair treatment of practices.</p> <p>A complaint shall be made via whistleblowing channels for any wrongdoings, including, but not limited to the following:</p> <ul style="list-style-type: none"> <li>• Bribery, Corruption and blackmail</li> <li>• Fraud, cheating, falsification, or misuse of the Group’s property and information</li> <li>• Harassment</li> <li>• Embezzlement, theft, pilferage, or participation in unauthorised financial transaction</li> <li>• Money Laundering</li> <li>• Conflict of interest</li> <li>• Criminal offences</li> <li>• Endangerment of an individual’s health and safety</li> <li>• Concealment or cover-up of any of the above improper conduct</li> </ul> <p>The ARMC Chairman shall provide oversight function over the administration of the Whistleblowing Policy assisted by the Compliance Department. A whistle-blower can lodge reports to the respective Head of Department, Head of Compliance Department and/or the ARMC Chairman. The ARMC Chairman has the responsibility to conduct investigation using appropriate channels, resources and expertise.</p> <p>The Whistleblowing Policy can be found on the Company’s website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>

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

### Intended Outcome

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently has eight (8) Directors, comprising of four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board has the right size, with the right balance of executive and non-executive directors and in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which states that at least two (2) Directors or one-third (1/3) of the Board of Directors are Independent Directors.</p> <p>Whilst the Board does not comprise a majority of Independent Directors, in order to promote greater objectivity and independence in boardroom's deliberation and decision making, all Independent Directors are free from any relationships with other Board members and any other corporation in similar industry. Due to their perceived distance from the Company, they act as a balancing element in boardroom discussions between different shareholder representatives and managing conflicts of interest affecting Board members.</p> <p>Moreover, the Independent Directors are of high calibre with diversified background and skills, and in-depth experience in boardroom and leaderships positions. They are able to contribute their expertise and experience in discharging their duties and responsibilities by bringing in external perspective and exercising independent judgement with unbiased views to foster greater objectivity in boardroom.</p> <p>Notwithstanding that, the Board acknowledges that having a majority of Independent Directors would undeniably uplift objectivity and prevent dominance in the boardroom as one element to improve Board effectiveness. The Company will periodically review its size and composition through the NC and to ensure that the number of members effectively supports the need of the Company and facilitates decision making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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.

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

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity and values the benefits that diversity can bring to the Board. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance. While promoting boardroom diversity is essential, the normal selection criteria of a Director is also based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the function of the Board.</p> <p>The NC is tasked with the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board.</p> <p>In terms of the recruitment and employment of senior management and employees, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally.</p> <p>In tandem with the Company's aspiration to attain diversity workforce, the Company has adopted a Diversity Policy which is available on the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity or religions, and cultural background and recognises the benefits of this diversity.</p> <p>The Company had met the target of at least 30% women directors recommended by the MCCG as currently the Board comprises three (3) female Directors, namely Madam Gan Siew Yong, Madam Lau Swee Chin and Tengku Nurul Azian binti Tengku Shahriman, representing a ratio of 37.5% of the Board composition.</p> <p>The Company's Diversity Policy is available on the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a> .</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of the Board’s succession planning, the NC has established procedures for the appointment of new Director. The NC is responsible to identify the set of skills and expertise required and select individuals on review of their individual merits, regardless of gender, race and age.</p> <p>Whenever necessary, the NC may seek professional advice and/or conduct search by utilising variety of independent sources to identify potential candidates before making a recommendation to the Board.</p> <p>The NC also relies on the existing network and referrals from Directors and major shareholder as a source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>There was no new appointment of Director during the financial year under review.</p> <p>The procedures for appointing Directors have been incorporated into the Terms of Reference of the NC which is available on the Company’s website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the NC is Madam Lau Swee Chin, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 NC had during the year conducted an annual assessment and evaluation on the effectiveness of the Board and the Board Committees and the performance of each individual Director for the financial year ended 30 June 2021, facilitated by the Company Secretaries from independent external secretarial firm making reference to the guides available and good corporate governance compliance. The evaluation process was based on self and peer assessments, using objective and appropriate criterion. The feedbacks and inputs provided by the Directors in the evaluation forms were compiled by the Company Secretaries for deliberation at the NC meeting. The NC had subsequently tabled the evaluation outcome together with recommended action plans on areas for improvement to the Board at the Board meeting held on 19 August 2021.</p> <p>Based on the recent assessment, the Board was satisfied that the Board has the right size, balance and composition in terms of mix of skills and experience to optimise the Company's performance and strategy. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively and contributed to the overall effectiveness of the Board and the Company. The Directors had also committed their time to responsibly fulfill their commitment to the Company during the year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, retain and motivate high-calibre Directors and senior management that can successfully run and manage the business of the Company.</p> <p>Various factors were considered when determining the remuneration of the Directors and senior management of the Company, among others, function, workload, roles and responsibilities, peers' practices, demand, scale and complexity of the business.</p> <p>The remuneration package of Directors consists of Directors' fees and benefits payable such as meeting allowance. For Executive Directors, it comprises fixed salary, performance-based bonus and other emoluments.</p> <p>Directors' fees and benefits payable to Directors for carrying their duties as Directors of the Company, which are determined by the Board as a whole, are approved at the AGM by the shareholders of the Company. Directors do not participate in decisions regarding their own remuneration packages.</p> <p>The Remuneration Policy and Procedures for Directors and Senior Management is available on the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>
<b>Explanation for departure</b>	:	

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

## Intended Outcome

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

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

## Practice 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.

<b>Application</b>	:	Applied										
<b>Explanation on application of the practice</b>	:	<p>The RC consists of exclusively Independent Non-Executive Directors, as follows: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Directors</th> <th>Designation/Directorate</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tengku Nurul Azian Binti Tengku Shahrman</td> <td>Chairman/ Independent Non-Executive Director</td> </tr> <tr> <td>2.</td> <td>Lau Swee Chin</td> <td>Member/ Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The RC is responsible for determining the Directors' fees and benefits payable which link to their level of responsibilities undertaken and contributions to the Board.</p> <p>The RC carried out its duties in accordance with its Terms of Reference which can be obtained from the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p>		No.	Directors	Designation/Directorate	1.	Tengku Nurul Azian Binti Tengku Shahrman	Chairman/ Independent Non-Executive Director	2.	Lau Swee Chin	Member/ Independent Non-Executive Director
No.	Directors	Designation/Directorate										
1.	Tengku Nurul Azian Binti Tengku Shahrman	Chairman/ Independent Non-Executive Director										
2.	Lau Swee Chin	Member/ Independent Non-Executive Director										
<b>Explanation for departure</b>	:											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
<b>Measure</b>	:											
<b>Timeframe</b>	:											

## Intended Outcome

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

### Practice 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.

<b>Application</b> :	Applied																																																																																	
<b>Explanation on application of the practice</b> :	<p>The breakdown of the remuneration received by the Directors, including Executive Directors and Non-Executive Directors for the financial year ended 30 June 2021 are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Directors</th> <th colspan="2">Company (RM)</th> <th colspan="3">Group (RM)</th> </tr> <tr> <th>Fees</th> <th>*Allowance</th> <th>Salaries &amp; Bonus</th> <th>Fees</th> <th>Other Emoluments</th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>Executive Directors</b></td> </tr> <tr> <td>Chew Chong Keat</td> <td>54,000</td> <td>5,000</td> <td>3,098,845</td> <td>108,223</td> <td>399,855</td> </tr> <tr> <td>Yang Heng Lam</td> <td>54,000</td> <td>5,000</td> <td>3,124,154</td> <td>108,223</td> <td>386,343</td> </tr> <tr> <td>Gan Siew Yong</td> <td>54,000</td> <td>5,000</td> <td>2,776,925</td> <td>108,223</td> <td>208,905</td> </tr> <tr> <td>Ong Looi Chai</td> <td>54,000</td> <td>5,000</td> <td>1,996,814</td> <td>54,000</td> <td>172,050</td> </tr> <tr> <td colspan="6"><b>Non-Executive Directors</b></td> </tr> <tr> <td>Tengku Nurul Azian</td> <td>72,000</td> <td>11,250</td> <td>*11,250</td> <td>72,000</td> <td>-</td> </tr> <tr> <td>Binti Tengku Shahrman</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lau Swee Chin</td> <td>54,000</td> <td>11,500</td> <td>*11,500</td> <td>54,000</td> <td>-</td> </tr> <tr> <td>Soh Chin Teck</td> <td>54,000</td> <td>11,000</td> <td>*11,000</td> <td>54,000</td> <td>-</td> </tr> <tr> <td>Khua Kian Keong</td> <td>54,000</td> <td>2,000</td> <td>*2,000</td> <td>54,000</td> <td>-</td> </tr> </tbody> </table> <p>* refer to meeting allowance only.</p> <p>The disclosure is made on a group level and the Company level, in accordance with Paragraph 11, Part A, and Appendix 9C of the MMLR of Bursa Securities.</p>					Name of Directors	Company (RM)		Group (RM)			Fees	*Allowance	Salaries & Bonus	Fees	Other Emoluments	<b>Executive Directors</b>						Chew Chong Keat	54,000	5,000	3,098,845	108,223	399,855	Yang Heng Lam	54,000	5,000	3,124,154	108,223	386,343	Gan Siew Yong	54,000	5,000	2,776,925	108,223	208,905	Ong Looi Chai	54,000	5,000	1,996,814	54,000	172,050	<b>Non-Executive Directors</b>						Tengku Nurul Azian	72,000	11,250	*11,250	72,000	-	Binti Tengku Shahrman						Lau Swee Chin	54,000	11,500	*11,500	54,000	-	Soh Chin Teck	54,000	11,000	*11,000	54,000	-	Khua Kian Keong	54,000	2,000	*2,000	54,000	-
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**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The top four Executive Directors on the Board also occupy the offices of the top five senior management of the Company. By virtue of the application of Practice 7.1, the Company has simultaneously applied Practice 7.2.</p> <p>The detailed remuneration of the four Executive Directors and the top four senior management is disclosed under the explanation of Practice 7.1.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the ARMC is distinct from the Chairman of the Board. This allows the Board to review the ARMC’s findings and recommendations with unfettered objectivity.</p> <p>The Chairman of the Board is Tengku Nurul Azian Binti Tengku Shahrman, an Independent Non-Executive Director.</p> <p>The ARMC Chairman is Soh Chin Teck, an Independent Non-Executive Director who is a Fellow Member of the Chartered Accountants of Australia and New Zealand and a Member of the Malaysian Institute of Accountants.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In line with the recommendation of the MCCG, the Terms of Reference of the ARMC sets out the requirement for a cooling-off period of at least two (2) years before a former key audit partner could be appointed as a member of the ARMC to safeguard the independence of the audit of the financial statements.</p> <p>Such restriction is stated in the ARMC's Terms of Reference which is available on the Company's website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a>.</p> <p>To-date, the Company has not appointed any former key audit partner either as a Director or as an employee.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC is responsible for reviewing the audit provided by the external auditors. The ARMC ensures that the independence and objectivity of the external auditors are not compromised in accordance with the criteria set out in the External Auditors Assessment Policy adopted by the Company. Besides, the ARMC also reviews the nature and extent of non-audit services rendered by the external auditors ensuring the provision of these services did not compromise their independence and objectivity.</p> <p>In addition, the external auditors are also required to provide confirmation to the ARMC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Guided by its External Auditors Assessment Policy, the ARMC had on 19 August 2021 assessed the performance of the external auditors, Crowe Malaysia PLT on their adequacy of resources, audit expertise and experience, audit scope and planning, audit communications, independence and objectivity.</p> <p>Based on the assessment results, the ARMC was satisfied with the overall performance, independence and competency of Crowe Malaysia PLT for FY2021 and recommended to the Board the re-appointment of Crowe Malaysia PLT as the external auditors of the Company for the ensuing year ending 30 June 2022 at the forthcoming AGM.</p> <p>For further details, please refer to the ARMC Report in pages 94 to 97 of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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.

<b>Application</b>	:	Adopted		
<b>Explanation on adoption of the practice</b>	:	The ARMC comprise solely of Independent Directors as follows:		
		<b>No.</b>	<b>Directors</b>	<b>Designation/Directorate</b>
		1.	Soh Chin Teck	Chairman/ Independent Non-Executive Director
		2.	Tengku Nurul Azian Binti Tengku Shahrman	Member/ Independent Non-Executive Director
		3.	Lau Swee Chin	Member/ Independent Non-Executive Director

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the ARMC, collectively, possess a wide range of skills, knowledge and industry practice and the requisite financial literacy to discharge its duties effectively. The qualification and experience of the individual ARMC members are disclosed in the Annual Report.</p> <p>The members of the ARMC continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the ARMC meeting.</p> <p>The ARMC members are encouraged to undertake professional development by attending trainings, workshops, seminars or briefings in order to continue keep abreast of the latest development in accounting and auditing standards to enable them to sustain active participation in the functions of the ARMC.</p> <p>Based on the recent evaluation in regard to term of office and performance of the ARMC for the financial year ended 30 June 2021, the Board was satisfied that the ARMC has proper balance of knowledge, experience and ability to fulfil its oversight responsibilities on financial reporting and internal control system. All ARMC members possess a range of knowledge, experience and skills and the requisite financial literacy to discharge its duties effectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for establishing and overseeing the Group's risk management framework and system of internal control and ensuring the adequacy and effectiveness of the system.</p> <p>The Board affirms its overall responsibility and has established an Enterprise Risk Management ("ERM") framework which proactively identifies, evaluates and manages key risks of the Group. The ERM framework and its methodology are in line with ISO 31000:2018 – Risk Management Principles and Guidelines, to promote risk ownership and the continuous monitoring of key risks identified.</p> <p>During the year, the Board exercises its oversight of risk management and internal control through the ARMC which meets on a quarterly basis. The ARMC is supported by an adequately resourced internal audit department.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal control and risk management framework of the Company is designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.</p> <p>The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration of the changing business environment.</p> <p>The Company also engages the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the ARMC whilst the Chairman of the ARMC reports to the Board on the activities and significant matters arising thereof.</p> <p>The key features of the Company's risk management and internal control framework and its adequacy and effectiveness can be found in the Statement on Risk Management and Internal Control, on pages 114 to 118 of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

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

### **Practice 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.

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



## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is provided by the Internal Audit Division ("IAD"), which report directly to the ARMC.</p> <p>The internal audit function undertakes an independent assessment on the internal control system of the Group on a quarterly basis and provides assurance to the ARMC that the Company's system of internal control is satisfactory and operating effectively.</p> <p>The responsibility to review the adequacy and integrity of the internal control function has been delegated by the Board to the ARMC. On 19 August 2021, the Board had, through the ARMC, reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Functions and was satisfied with the competency and independence of the Internal Auditors in carrying out its scope of work as well as the adequacy and effectiveness of the system of internal control 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.</p> <p>The Internal Auditors had adopted a risk-based approach in undertaking the internal audits for the Group which involved the establishment of a comprehensive audit plan formulated through a risk assessment process. With the necessary understanding of these risks, it had facilitated the Internal Auditors to develop comprehensive audit programs in order to identify any weaknesses in the system of internal control.</p> <p>The Board recognises that the development of good internal control system for the Group is a continuous process. Hence, the Board encourages interactive discussions of audit findings through the ARMC, taking into consideration possible establishment of additional control measures in managing its risks within the Group from time to time.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is performed in-house by the IAD in which the Head of IAD and other internal audit personnel are independent from the operational activities of the Company and they do not hold management authority and responsibility over the operations that internal audit covers in its scope of works.</p> <p>The internal audit team, which comprises of 4 internal audit personnel, is helmed by Mr Alan Kan Chee Kuan. Mr Alan Kan has more than 30 years of working experiences in the areas of engineering, business operation and HSSE. He is a mechanical engineering graduate from Tunku Abdul Rahman College and possess a Master Degree in Business Administration from University of Hull. In term of audit, Mr Alan is a qualified lead auditor proficient in ISO Management System. He had attended training on “Planning for effective risk-based audit methodology” by the Malaysian Institute of Accountants and has periodically upgrade his skills and knowledge by attending seminars and related training.</p> <p>Mr Alan has led and performed many internal audits review on business management systems for various industries, among others, engineering and construction, electric power generation, and logistics companies. He acted as the Lead Auditors performing management audit for an electric power plant between year 2000 to 2005.</p> <p>The internal audit team has been trained in the audit methodology. The staff involved in the internal audit engagements and reviews have 3 to 10 years of working experiences. Each of them possesses professional qualifications and/or a University/College degree in either finance, accounting and/or management.</p> <p>All internal audit work carried out is guided by International Professional Practices Framework published by The Institute of Internal Auditors.</p>

	<p>The ARMC had assessed the effectiveness of the internal audit function of the Group for the financial year ended 30 June 2021. Overall, the ARMC was satisfied that the Internal Auditors have discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work.</p> <p>The statement relating to the Internal audit function of the Group is set out in the ARMC Report contained in the Annual Report 2021.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board endeavors to ensure that communications with the Group's stakeholders are conducted in a continuous and forthcoming manner guided by the Company's Corporate Disclosure Policies and Procedures.</p> <p>The Group ensures that the Company's corporate website at <a href="http://www.fmgloballogistics.com">www.fmgloballogistics.com</a> contains all information relating to the Company, corporate announcements, quarterly financial results, Annual Reports, Company's policies and procedures so as to promote a closer association with its stakeholders by allowing accessibility of information.</p> <p>The Company also encourages engagement with shareholders at the AGM where shareholders have the opportunity to post questions and comments on the Company's performance and operations.</p> <p>Shareholders and investors may also forward their enquiries about the Company via email: <a href="mailto:enquiry-my@fmgloballogistics.com">enquiry-my@fmgloballogistics.com</a> any time throughout the year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Whilst certain hallmarks of integrated reporting may be embodied in the Company's Annual Report such as qualitative sustainability indices contained within the Sustainability Report of the Company, it is on the whole not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.</p> <p>Currently the Group has yet to adopt an integrated reporting as the Company is not a Large Company as defined by the MCCG. The Board believes that the Company's integrated reporting journey should be built on the foundational steps in tandem with the growth of the Company.</p> <p>At present, the annual report of the Company is comprehensive enough to provide the overview on the Company's financial and non-financial information including strategic performance. Components such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of non-financial information.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 24<sup>th</sup> AGM was circulated to the shareholders of the Company on 28 October 2020, i.e. at least 28 days prior to the date of the meeting on 27 November 2020.</p> <p>This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.</p> <p>The notice of the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable, to shed clarify on the matters that will be decided at the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Due to the Covid-19 pandemic, the 24<sup>th</sup> AGM was convened virtually through live streaming from the broadcast venue at Tricor Business Centre on 27 November 2020.</p> <p>The Chairman, together with the four (4) Executive Directors were present at the broadcast venue whilst the three (3) Independent Non-Executive Directors, the Non-Independent Non-Executive Director had participated the 24<sup>th</sup> AGM via video conference. The external auditors were also in attendance, to provide necessary response to questions raised.</p> <p>The AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group, before matters on the agenda are put to vote. All issues and questions raised pertaining to the Company's financial statements and other items for adoption at the meeting were responded by the Management.</p> <p>The date of the AGM of the Company is commonly scheduled at the beginning of the calendar year to ensure that all the Directors are present to provide meaningful response to questions addressed to them.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 24<sup>th</sup> AGM of the Company held on 27 November 2020 was the first meeting conducted virtually through live streaming using Remote Participation and Voting (“RPV”) facilities, broadcasted live from Tricor Business Centre.</p> <p>During the financial year, due to the implementation of full Movement Control Order, the Company had conducted its Extraordinary General Meeting scheduled to be held on 1 June 2021 fully virtually through the Online Meeting Platform provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“TIH”) in Malaysia via TIH Online website at <a href="https://tiah.online">https://tiah.online</a>.</p> <p>The conduct of the 24<sup>th</sup> AGM and EGM were in accordance with Section 327(2) of the Companies Act 2016 and Clause 75 of the Company’s Constitution which allows for general meetings to be held using any technology or electronic means. A step-by-step administrative guide was published on the Company’s website to assist the shareholders on the registration, participation and voting using RPV facilities.</p> <p>During the 24<sup>th</sup> AGM and EGM, shareholders used the RPV facilities provided by TIH to pose questions to the Chairman and Board members via real time submission of typed texts. All resolutions set out in the Notice of the general meeting were voted remotely using the RPV facilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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