

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5102
COMPANY NAME : GUAN CHONG BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:</p> <ul style="list-style-type: none">• Promoting good corporate governance culture within the Group together with Senior Management;• Reviewing and adopting a strategic plan for the Group and monitoring the implementation by Management• Ensuring the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability';• Overseeing the conduct of the Group's business, including the Group's and Management's performance, and evaluating whether or not its businesses are being properly managed;• Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;• Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks;• Setting risk appetite and establishing a sound framework to manage risks;• Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of Senior Management personnel and members of the Board;• Giving inputs to the development and implementation of an investor relations programme and stakeholder communications policy;• Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and

	<ul style="list-style-type: none"> Ensuring the integrity of company's financial and non-financial reporting. 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Mr. Tan Ah Lai, is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">• Represent the Board to Shareholders and ensure effective communication with shareholders;• Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance;• Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;• Ensure that all Board committees are properly established, composed and operated;• Ensure comprehensive induction programmes for new directors and updates for all directors as and when necessary;• Support the Chief Executive Officer in the development of strategy and, more broadly, to support and advise the Chief Executive Officer; and• Establish a harmonious and open relationship with the Chief Executive Officer.
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	:	The roles of the Chairman and the Chief Executive Officer are held by different individuals, Mr. Tan Ah Lai and Mr. Tay Hoe Lian respectively. The responsibilities of the Chairman and Chief Executive Officer are clearly divided to ensure that there is a balance of power and authority. The separation of roles is clearly defined in the Board Charter. The Chairman, an Independent Non-Executive Director is primarily responsible for ensuring the effective conduct of the Board whereas Executive management is led by the Managing Director/Chief Executive Officer who is responsible for the day to day management of the business as well as the implementation of the Board policies, decisions and operational effectiveness.	
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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: Chairman of the Board Mr. Tan Ah Lai is not the Chairman of any Board Committee but he is one of the members of Audit Committee, Nomination Committee, Risk Management Committee and Remuneration Committee. Currently, the Board comprises three Independent Non-Executive Directors and three Executive Directors. The Chairman of the Board, who is also an Independent Non-Executive Director and is a member of all the Board Committees in order to fulfil the requirement of having at least three members who are solely Non-Executive Directors and majority Independent Directors in the respective Board Committees.
<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 consider and appoint new and suitable Independent Director to join the committees, replacing Mr. Tan's role in the committees.
Timeframe	: Within 2 years

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of the Company are competent and qualified to act as company secretaries under Section 235 of the Companies Act 2016. The Company Secretaries of the Company, Ng Mei Wan and Tan Hui Khim, have practising certificate issued by Suruhanjaya Syarikat Malaysia with certification number of 201908000801 and 201908000859 respectively. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of her functions. All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries, advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and their impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities. The Company Secretaries ensure adherence to the Board's and Board Committees' policies and procedures. In order to ensure continuous professional development, in the financial year ended 31 December 2021 the Company Secretaries have attended seminars including <i>Secretarial Issues On Post-Incorporation Matters, Auditors, Directors, Shares and Beneficial Ownership Reporting, Best Practices and the Law and Violations of the Companies Act 2016: Oversights by Directors and Secretaries</i>.</p> <p>The Company Secretaries organise and attend all Board and Board Committees meetings and ensures meetings are properly convened; accurate and proper records are maintained accordingly at the Registered Office of the Company, and produced for inspection, if required.</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	:		
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Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	The Chairman ensures that the main board meetings and board committee meetings are held separately. A formal and structured agenda set by the Chairman, together with a set of Board and Board Committees papers, are forwarded to all Directors at least seven (7) days prior to the Board and Board Committees meetings, to enable the Board to make decisions and for Directors to be prepared to deal with matters arising from such meetings. Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter. In addition, reading materials on the subject matter are prepared and circulated prior to each meeting to assist Directors in having an understanding of the subject matter. The Management Team is invited to attend Board and Board Committees meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and circulated to Board of Directors accordingly.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of establishing a single source of reference for Board activities through a Board Charter. As such, the Board has adopted a Board Charter to clearly delineate the roles of the Board, Board Committees and Management in order to provide a structured guidance for Directors and Management regarding their responsibilities of the Board, its Committees and Management, including the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Group as well as boardroom activities. The salient features of the Board Charter are also accessible by the public through the Company website www.gcbcocoa.com . The Board Charter is reviewed annually and the last review has been done on 5 April 2022 in conjunction with the revised Malaysia Code of Corporate Governance 2021. Presently, no Senior Independent Director has been appointed.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised the Business Ethics Policy & Code of Conduct which aims to instill, internalise and uphold the value of 'uncompromising integrity' in the behaviour and conduct of the Board of Directors, Management, employees and all stakeholders of the Company. The policy is reviewed and annual review has been done on 5 April 2022. The policy is accessible through the Company website www.gcbcocoa.com.</p> <p>The Directors and employees of the Group are prohibited from trading in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced. Directors are also prompted not to deal in the Company's shares at any point when price sensitive information is shared with them, occasionally in the form of Board papers.</p> <p>To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.</p> <p>The Board has also updated the Anti-Corruption Policy, Anti-Fraud Policy and Whistleblower Procedure in ensuring that the Group's business is conducted in a socially responsible manner.</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

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	:	The Group has established and put in place a whistle blowing policy to provide an avenue for any persons, including but not limited to the employees, suppliers as well as members of the public a safe channel of reporting of concerns about possible improprieties. The responsibilities to administer and oversee the whistleblowing channel and conduct investigation has been appointed to the whistleblowing committee, which comprises of members of the Senior Management and Independent Directors. The Anti-Corruption Policy, Anti-Fraud Policy and Whistleblower Procedure is accessible through the Company website www.gbcocoa.com .	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	The Group has an established sustainability governance structure in place. The board takes on the vital role of driving awareness and adoption of sustainability practices across the Group. The board takes into account sustainability considerations when implementing business objectives. The board oversees the Sustainability Steering Committee, which is headed by an Executive Director of the Group and comprised of Heads of Department. This structure helps to ensure that issues relevant to all areas of the Group's wide business footprint are adequately considered. The Group has included sustainability matters as one of the regular agenda to discuss during Board meetings. The Group has implemented various sustainability initiatives across the Economic, Environmental and Social (EES) spectrum, including ensuring improving the sustainability and traceability of supply chain, lowering carbon emissions, and promoting diversity and inclusion within the employee group. Detailed sustainability activities of the Group can be found in the 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

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The board has established a clear channel to communicate its sustainability initiatives to internal and external stakeholders. The channel consists of various modes of engagement that are most appropriate for different stakeholders:</p> <ul style="list-style-type: none"> • Shareholders/investors: annual general meeting, extraordinary general meeting, quarterly investor briefing, sustainability report in the annual report • Media: press interview/release • Government/regulators: meetings, electronic communications, inspections and audits • Suppliers/contractors: meetings, electronic communications, supplier assessment • Customers: online conferencing meetings, electronic communications, customer audits, annual report • Employees: face-to-face meetings, online conferencing meetings, annual appraisals, email announcements, annual report • Local communities: corporate social responsibility events 	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	On a quarterly basis, the Cocoa Sustainability Committee report to the Board the progress of the Group's sustainability initiatives to keep the Directors informed of the latest developments. The Chairman also sought to ensure that the Directors are equipped with appropriate level of sustainability knowledge through trainings and seminars. The training in relation to sustainability attended by Directors in the financial year ended 31 December 2021 include <i>Sustainable Finance & ESG for Value Creation</i> and <i>Climate Change, Reporting and Sustainability Trends: The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change</i> .
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As this is a new practice, Practice 4.4 has not been implemented as the evaluation criteria.	
		Although not being part of the evaluation criteria currently, the Board ensures that Directors and Senior Management possess knowledge of the Group's sustainability matters through quarterly updates by the Cocoa Sustainability Committee.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The company is actively developing a systematic and standardised evaluation form that is able to track the performance of Board and Senior Management in sustainability.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for the overall composition of the board. The key roles of the Nomination Committee, amongst others, are as follows:</p> <ul style="list-style-type: none"> • Recommends to the Board nominated candidates for appointments as Directors or existing Directors for re-appointments after considering the required probity, personal integrity, reputation, financial integrity possessed, required experience, competency and time and commitment which the candidates or existing Directors can bring to the Board; • Accesses the effectiveness of the Board, its Committees and contribution of each Director on an annual basis; and • Reviews annually the Board structure, size and composition and makes recommendations to the Board with regard to any adjustments that are deemed necessary. <p>The Nomination Committee performs annual evaluation of the Directors, reviews the tenure of Independent Directors and reviews the independence status of Independent Directors during the reappointment of existing Directors for the Board's approval. Based on the actions taken by the Board, the Board is satisfied with the current composition of the Board. For the forthcoming 18th AGM, the Board has performed the same actions in preparation for the reappointment of Directors.</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 5.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board comprises six (6) Directors, of whom three (3) are Independent Non-Executive Directors. In this respect, at least half of the Board comprises Independent Directors. The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of the Board membership consisting of Independent Directors.	
		The Independent Directors come from diverse background and are subject to assessment by the Nomination Committee annually in order to ensure that their independence and objectivity are not diminished over time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board is actively searching for suitable candidates for Independent Directors.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The requirement has been reflected in the Board Charter. Even though the independent director, Mr. Tan Ah Lai, has served his role for more than 9 years, the Board has reviewed his independence status and is of the view that his independence status has not been infringed and therefore can retain his position. The company has sought for shareholders' approval through a two-tier voting process. The Board is actively searching for suitable candidates in order to fill the vacant positions.</p> <p>In line with the enhanced Main Market Listing Requirements of Bursa Malaysia Securities Berhad which limits the tenure of independent directors to 12 years, the Board aims to restructure the Board composition by 1 June 2023 in order to fulfil the requirement.</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 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>New candidates are being considered and evaluated by the Nomination Committee. If the Nomination Committee decides that a candidate fulfils the selection criteria and is a good fit to the Board, the Committee recommends the candidate to be approved and appointed by the Board. The Company Secretaries ensure that all appointments are properly made, all necessary information is obtained, and legal and regulatory obligation are met.</p> <p>The selection criteria used in the appointment process focuses on ensuring a good mix of skills, expertise and experience that is relevant for the Board to discharge its duties and responsibilities in an effective and competent manner. Apart from that, the Nomination Committee also considers the candidate's character, integrity, time commitment and professionalism, as well as having a balanced mix of age, experience, skills, race, gender and cultural background to facilitate optimal decision-making by harnessing different insights and perspectives. In order to ensure sufficient time commitment, Directors are not allowed to hold more than 5 directorships at the same time and there is no appointment of active politicians to the Board.</p> <p>Through the Nomination Committee, the Board also performs annual evaluation of existing Directors, reviews the tenure of Independent Directors and reviews the independence status of Independent Directors during the reappointment of existing Directors.</p> <p>There has been no new Director appointment during the financial year ended 31 December 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee does not solely rely on recommendations from either the Management, the existing Board member(s) or major shareholder(s) for the proposed appointment of Directors of the Company. The Nomination Committee may also obtain the list of suitable candidates from independent sources such as directors' registry, open advertisement or use of independent search firms in furtherance of their duties at the Company's expense, subject to approval by the Board, depending on the amount of the fees involved. In the event that the selection process was based solely on the recommendations made by the Management, the existing Board member(s) or major shareholder(s), the Nomination Committee will explain why other sources were not used.
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 5.7

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

Application	:	Applied
Explanation on application of the practice	:	Information such as name, working experience and any conflict of interest as well as directorship in other companies of Directors who are subject to re-election were included in the Profile of Directors of the Annual Report 2021. Prior to recommending a Director for re-election, the Board, facilitated by the Nomination Committee carries out an evaluation of the Director's contribution and performance and an independence assessment of the Directors. Only upon a satisfactory outcome, the Board would make the recommendations. The Board also includes a statement and reasons in the Notice of 18th AGM as to whether it supports the Directors eligible for re-election so that shareholders are able to access the information.
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 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is chaired by Independent Non-Executive Director, Ms. Ang Nyee Nyee and comprises wholly of Independent Non-Executive Directors. The members of the Nomination Committee are:</p> <ol style="list-style-type: none">1. Ang Nyee Nyee (Chairman, Independent Non-Executive Director)2. Tan Ah Lai (Member, Independent Non-Executive Director)3. Nurulhuda Binti Abd Kadir (Member, Independent Non-Executive Director) <p>The Nomination Committee operates under its terms of reference and had one (1) meeting during the financial year ended 31 December 2021 which was attended by all members.</p> <p>The Nomination Committee is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of Directors. As and when the need arises, the Nomination Committee also identifies and recommends candidates with the necessary qualities to strengthen the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Presently, two out of six members of the board are women directors, making the total female representation on the Board of 33%.	
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 5.10

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the importance of boardroom and management diversity and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Hence, the Board is in support of a policy of non-discrimination on the basis of gender.</p> <p>The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.</p> <p>Inssofar as board diversity is concerned, the Board does not set gender diversity policy as the appointment of new directors is based on merits and other qualities which would bring value to the Board as a whole.</p> <p>Presently, two (2) out of six (6) members of the Board are women Directors, making the total female representation on the Board of 33%. One (1) out of four (4) members of the Senior Management is woman, making the total female representation of the Senior Management of 25%.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The company is actively developing gender diversity policy, in ensuring that the Board is committed to workplace diversity, with focus on supporting the representation of women in the composition of the Board and Senior Management.
Timeframe	:	Within 1 year

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board through the Nomination Committee’s annual appraisal, believes that the current composition of the Board brings the requisite mix of skills and core competencies required for the Board to discharge its duties effectively. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board. The Nomination Committee is also tasked to review succession plans and boardroom diversity and to develop criteria for the assessment of the Board, Board Committees and individual Directors, including where appropriate, criteria on assessing the independence of candidates’ appointment as Independent Non-Executive Directors and to assess the contribution and performance of members of the Board.</p> <p>An evaluation form, namely Board Assessment and Evaluation, is used to access the individual performance of each Director and their performance within the Board Committees and Board. The evaluation process is currently coordinated by the Company Secretaries, and the Group is of the view that their independence status has not been infringed.</p> <p>In respect of the assessment for the financial year ended 31 December 2021 which was carried out via the evaluation forms, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively. The Board was also satisfied that the Board composition in terms of size, the balance between Executive Directors, Non-Executive and Independent Directors and mix of skills was adequate.</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

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Company has in place a remuneration policy which aims to attract and retain Directors and Senior Management necessary for proper governance and hence success of the Group. The Remuneration policy is reviewed from time to time to ensure that the remuneration of Directors and Senior Management are on par with those of other public listed companies in order to ensure competitive remuneration policy that reflects the prevailing market rate. The components of the remuneration can be found in the table in Practice 8.1. The determination of remuneration is linked to performance assessment including managing sustainability risks and opportunities. The Board is of the view that the remuneration for Independent Directors do not conflict with their independent objectivity and judgment. The Remuneration Policy was last reviewed on 1 April 2022 and is available at the Company website www.gcbcocoa.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee was established on 26 April 2005 and is primarily responsible for the development and review of the remuneration policy and packages for the Board members. The Terms of Reference of the Remuneration Committee is published on the website of the Company at www.gcbcocoa.com. The Remuneration Committee comprises wholly of Independent Non-Executive Directors. The members of the Remuneration Committee are as follows:</p> <ol style="list-style-type: none">1. Nurulhuda Binti Abhd Kadir (Chairman, Independent Non-Executive Director)2. Tan Ah Lai (Member, Independent Non-Executive Director)3. Ang Nyee Nyee (Member, Independent Non-Executive Director) <p>The Remuneration Committee had one (1) meeting during the financial year ended 31 December 2021 which was attended by all members.</p> <p>The Remuneration Committee is responsible for recommending the remuneration packages of Executive Directors to the Board. None of the Executive Directors participated in any way in determining their individual remuneration.</p> <p>The Board as a whole recommends the remuneration of Non-Executive Directors in accordance with the fiduciary duties, experience, level of responsibilities undertaken and time commitments expected of Non-Executive Directors and Board Committee members with individual Directors abstaining from decision in respect of their individual remuneration.</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 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board. Remuneration of the directors for the financial year ended 31 December 2021 was disclosed on a named basis and set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus*	Benefits-in-kind	Other emoluments*	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tay Hoe Lian	Executive Director	-	-	-	-	-	-	-	180	1	1839	6825	16	309	9169
2	Tay How Sik	Executive Director	-	-	-	-	-	-	-	180	3	1003	1905	17	42	3150
3	Hia Cheng	Executive Director	-	-	-	-	-	-	-	180	1	1904	5523	77	231	7916
4	Tay Puay Chuan (resigned w.e.f. 15 April 2021)	Independent Director	36	-	-	-	-	-	36	-	-	-	-	-	-	-
5	Tan Ah Lai	Independent Director	63	4	-	-	-	-	67	-	-	-	-	-	-	-
6	Dato Dr Mohamad Musa (resigned w.e.f 15 April 2021)	Non-Executive Non-Independent Director	18	-	-	-	-	-	18	-	-	-	-	-	-	-
7	Ang Nyee Nyee	Independent Director	64	1	-	-	-	-	65	-	-	-	-	-	-	-
8	Nurulhuda Binti Abd Kadi	Independent Director	45	1	-	-	-	-	46	-	-	-	-	-	-	-

* Includes bonus and performance incentives

** Include EPF, SOCSO and EIS

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of view that disclosing the remuneration of the top five key Senior Management in bands of RM50,000 jeopardises personal security and therefore chooses not to disclose such information.	
		The Board views that the transparency in respect of the key Senior Management's remuneration has been appropriately dealt with by the 'band disclosure' presented in the Corporate Governance Overview Statement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Others	The Board will continue to review this requirement on an annual basis.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Audit Committee, Ms Ang Nyee Nyee, is not the Chairman of the Board. She is an Independent Non-Executive Director.</p> <p>The Audit Committee is tasked to oversee matters relating to financial reporting, auditing, internal controls, related party transactions, conflicts of interest situation and assessment carried out on the independence, performance and objectivity of the external auditors and internal auditors. The Audit Committee brings to the Board an independent and objective approach that safeguards the integrity of the Company's financial reporting, which includes ensuring the independence and quality of audit activities which are important in providing necessary assurance to the Audit Committee in forming its basis for recommendation to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee has a 3-year cooling-off period policy for a candidate who is a former partner of the external audit firm of the Group (including all former partners of the audit firm and/or the affiliate firm) before being appointed as a member of the Audit Committee. However, the said policy does not apply to the Audit Committee currently given that neither the Audit Committee nor Board members is a former key audit partner as at the date of this Report. This policy is established in the terms of reference of the Audit Committee.	
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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee has established the policy and procedure to assess the suitability, objectivity and independence of the external auditor, in order to meet the Board's obligation to establish formal and transparent arrangements in considering how it should maintain an appropriate relationship with the Group's external auditors.</p> <p>The Audit Committee discusses with the external auditors on the nature and scope of the audit and reporting obligations before audit commences. The Audit Committee ensures that the Management provides timely response on any material queries raised by the external auditors, in respect of the accounting records, financial accounts or system of controls. The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors.</p> <p>The Audit Committee undertakes an annual assessment of the suitability, objectivity and independence of the external auditors via an evaluation form. The Audit Committee also seeks written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the relevant requirements pertaining to independence.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee is chaired by Independent Non-Executive Director, Ang Nyee Nyee, and comprises wholly of Independent and Non-Executive Directors. The members of the Audit Committee are:</p> <ol style="list-style-type: none">1. Ang Nyee Nyee (Chairman, Independent Non-Executive Director)2. Tan Ah Lai (Member, Independent Non-Executive Director)3. Nurulhuda Binti Abd Kadir (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 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee was established on 10 January 2005 to assist the Board on the discharge of its duties on financial reporting. The composition of the Audit Committee, including its roles and responsibilities are set out in the Audit Committee Report. One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Malaysia Securities Berhad and the annual statutory financial statements. The Audit Committee consists of members who are financially literate and have sufficient knowledge of the Group's business. To assist the Board in reviewing the financial information and to ensure compliance with applicable financial reporting standards, all the Audit Committee members continuously undertake professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules. Trainings attended by the Audit Committee members in the financial year ended 31 December 2021 in relation to finance and accounting include <i>2022 Budget Seminar, Workshop on Malaysian Property Tax, Estates and Trusts</i> and <i>Workshop on Tax Incentives</i> .
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	:		
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Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	In dealing with its stewardship responsibilities, the Board recognises that an effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework and internal control system which will allow the Group to be able to identify, evaluate, monitor and manage risks continuously that may affect the achievement of the Group's business objectives. The Group has a formal risk management policy and framework approved by the Board. The Board oversees the Risk Management Committee, which is supported by the Enterprise Risk Management Committee comprising of heads of department in overseeing the risk management efforts within the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.2

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 Board delegates the oversight function of risk management and internal controls to the Risk Management Committee and the Audit Committee respectively. The Risk Management Committee and the Audit Committee reports quarterly to the Board. The key elements and features of the Group's Risk Management Framework and Internal Control System are disclosed under the Statement on Risk Management and Internal Control in the 2021 Annual Report. The Risk Management and Internal Control System is regularly reviewed by the Board to ensure that the system in place is appropriate, adequate and effective.	
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 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee was established on 24 August 2020 and is responsible in assisting the Board to monitor the effectiveness of the Group's approach on risk management. The Risk Management Committee is chaired by Non-Independent Executive Director, Mr. Hia Cheng and comprises majority of Independent Non-Executive Directors. The members of the Risk Management Committee are:</p> <ol style="list-style-type: none">1. Hia Cheng (Chairman, Non-Independent Executive Director)2. Tan Ah Lai (Member, Independent Non-Executive Director)3. Ang Nyee Nyee (Member, Independent Non-Executive Director) <p>The Group has a formal risk management policy and framework approved by the Board and the Risk Management Committee is supported by the Enterprise Risk Management Committee comprising of heads of department, headed by the Chief Financial Officer in overseeing the risk management efforts within the Group.</p>

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is fully aware of the importance of the internal audit function and has outsourced this function to an independent professional service provider to provide an independent appraisal over the system of internal control of the Group to the Audit Committee.</p> <p>The internal auditors provide quarterly reports to the Audit Committee, reporting on the outcome of the audits conducted and highlighting the effectiveness of the system of internal controls and significant risks. The Audit Committee reviews and evaluates the key concerns and issues and ensures that appropriate and prompt remedial action is taken by Management.</p> <p>The internal auditors adopt a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business unit of the Group. Scheduled internal audits are carried out by the internal auditors based on the approved internal audit plan. Upon the completion of the internal audit field works during the financial year, the internal audit reports are presented to Audit Committee quarterly during its scheduled meetings. During the presentation, the internal audit findings priority level, significant risks, potential implications, recommendations as well as management responses are presented and deliberated with the Audit Committee. Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to the Management for review and corrective actions together with persons-in-charge and date of implementation. Apart from the internal audit reports, updates on the implementation progress of action plans formulated per previous internal audit reports are presented to Audit Committee for review and deliberation. The internal auditors report their staff strength, qualification, experience as well as continuous professional education for the Audit Committee's review during the same meeting. During the financial year ended 31 December 2021, 2 internal audit cycles were completed.</p> <p>The Audit Committee performs annual evaluation of the internal auditors, including reviewing the adequacy of the audit scope, competency and resources of the internal audit function, and results of the internal audit process. The Audit Committee also reviews the appointment and resignation of the internal audit function, and the proposed internal audit fee. The roles and responsibilities of the Audit</p>

	<p>Committee in relation to the internal audit function are detailed in the terms of reference.</p> <p>Based on the evaluation performed by the Audit Committee, the Committee is satisfied:</p> <ul style="list-style-type: none"> • that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence; • with the scope of the outsourced internal audit function; • that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and <p>with the internal audit plan, the processes, the results of the internal audit and/or investigation undertaken.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Company is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, who reports directly to the Audit Committee to uphold its independence and objectivity. The internal auditors have unrestricted access to the Group’s employees and documents in the performance of their engagement.</p> <p>The audit engagement of the outsourced internal audit function is governed by the engagement letter (which includes purpose and scope of works, accountability, independence, the outsourced internal audit function’s responsibilities, the Management’s responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, the proposed fees and engagement team) and Internal Audit Charter (which includes purpose and mission, its roles, professionalism required including adherence to the Institute of Internal Auditors’ mandatory guidance, its authorities, reporting structure, independence and objectivity required, its responsibilities, purpose of internal audit plan, reporting and monitoring and quality assurance and improvement programme) which are reviewed by the Audit Committee and approved by the Board.</p> <p>The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework (“IPPF”), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global (“IIA Global”).</p> <p>The outsourced internal audit function is led by an Engagement Director, Mr. Pang Nam Ming, who is a Certified Internal Auditor (“CIA”), has a Certification in Risk Management Assurance (“CRMA”) accredited by the IIA Global and is a professional member of the Institute of Internal Auditors Malaysia (“IIAM”). The outsourced internal audit function was manned by one (1) Senior Director, one (1) Director, five (5) Senior Managers/Manager/Assistant Manager and ten (10)</p>

	<p>Senior Consultants/Consultants as at the end of the financial year under review.</p> <p>During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) Manager and assisted by at least one (1) Senior Consultant and one (1) Consultant per one (1) engagement with oversight performed by the Engagement Director. The members involved in the fieldwork are members of professional accounting bodies, who continuously keep abreast with the latest development in the internal audit and risk management via attendance of relevant Continuing Professional Development programs.</p> <p>More detailed explanation for the function of Internal Audit can be found in the Statement of Risk Management and Internal Controls.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognises the importance of being transparent and accountable to its stakeholders and, as such, maintains an active and constructive communication policy that enables the Board and Management to communicate effectively with different stakeholders.</p> <p>The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the annual and extraordinary general meetings and through the Company website at www.gcbcocoa.com, from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. Other modes of communications include online conference meetings with suppliers, customers and employees and corporate social responsibility events held at local communities.</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 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has prepared its 2021 Annual Report based on the International IR Framework. The Company has provided concise information in relation to its strategy, performance, governance and prospects through various statements published in the Annual Report, such as financial statements, corporate governance overview statement, sustainability statement and statement of corporate social responsibility. This is to ensure that the stakeholders are well informed of the business and performance of the Company and to promote transparency and accountability of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company dispatched its Notice of 17 th Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM on 31 May 2021 and will continue to do so for the forthcoming 18 th AGM. The Notice is available at the company website www.gcbcocoa.com and also in the Annual Report. The provision of longer notice allowed the shareholders to have sufficient to consider the resolutions and make informed voting decisions during the general meeting. Such requirement has also been updated in the Board Charter.	
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 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's Annual General Meeting ("AGM") provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group. All directors attended the 17 th AGM held on 31 May 2021. Shareholders are encouraged to attend and participate at the AGM by raising questions on the resolutions being proposed or on the Group's business operations in general. Shareholders who are unable to attend are allowed to appoint proxies. Members of the Board including the chairman of Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee, the external auditors and where applicable, other advisers of the Company are present to answer queries at the AGM as well as to discuss with shareholders and invited attendees and members of the press. Shareholders and the public can convey their concerns and queries to the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	The latest 17 th AGM has been conducted virtually and voting has been done electronically amid the COVID-19 pandemic as part of the safety measure and in an effort to promote remote shareholders’ participation. The upcoming 18 th AGM will also be conducted virtually. The Group has engaged Boardroom Limited to conduct the virtual meeting due to its reputation and comprehensive and secured software tools developed. The engagement letter signed with them includes a clause in regards to the protection of data privacy and cybersecurity.	
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 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: Shareholders have shown active participation during the past AGMs, by asking various questions related to the company's performance and future plans. During the latest 17 th AGM, Administrative Guide was issued along with the Notice of 17 th AGM and Annual Report in order to guide shareholders on the steps to be followed before and during the day of AGM. During the 17 th AGM, shareholders were able to post their queries on a designated platform and their questions were displayed to all meeting participants when the Chairman answered their questions. All questions posted by shareholders were answered at the 17 th AGM and were promptly addressed afterwards in the meeting minutes which are uploaded to the Company website www.gcbcocoa.com .
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 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	The latest 17 th AGM has been conducted virtually and there has been technology in place to facilitate a fruitful discussion between the board, Senior Management and shareholders. The meeting started at 11am and ended at 12.45pm. Shareholders and proxy were able to attend the meeting. The polling started at 11.30am and ended when the Chairman announced the ending of the polling session. The poll result was verified by a scrutineer before the announcement of the result by the Chairman. During the question and answer session, questions have been actively posed by shareholders and all participants were able to view the questions posted by the shareholders. All questions posted by shareholders were answered at the 17th AGM.
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 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the 17 th AGM and Key Matters Discussed are uploaded to the company website www.gbcocoa.com within 30 days from the date of AGM held.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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