

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0053
COMPANY NAME : OSK VENTURES INTERNATIONAL BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The major responsibilities of the Board which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company, are outlined in the Board's Terms of Reference ("TOR") and Board Charter, both are available on the Company's website at www.oskvi.com/about_governance.php.</p> <p>In 2017, the Board has discharged its key fiduciary duties, leadership functions and responsibilities as summarised below:-</p> <ul style="list-style-type: none"> - Review and approve the strategies, business plans and policies - Oversee the conduct of the Company's business to evaluate whether the business is being properly managed and sustained - Ensure competent management and succession planning - Ensure establishment of sound risk management framework - Review the adequacy and integrity of the Company's internal control system <p>Kindly refer to Corporate Governance ("CG") Overview Statement in the 2017 Annual Report for further details on Board leadership.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board is led by the Independent Non-Executive Chairman, Mr. Leong Keng Yuen ("Mr. Leong") who was appointed as Chairman on 18 April 2017.</p> <p>As the Independent Non-Executive Chairman of the Company, Mr. Leong is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its roles and setting its agenda which mainly focus on strategy, performance and value creation. When running Board Meetings, Mr. Leong maintains a collaborative atmosphere and ensures that all Directors contribute to debates and a consensus is reached.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Leong Keng Yuen is the Independent Non-Executive Chairman of the Company and the Company does not have a Chief Executive Officer but an Executive Director/Chief Operating Officer (“COO”), Mr. Yee Chee Wai.</p> <p>Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for running the Group’s business.</p> <p>The roles and responsibilities of Chairman and COO are clearly defined in the Board Charter.</p> <p>The Chairman’s responsibilities include:</p> <ul style="list-style-type: none"> - leading the Board in setting the values and standards of the Company, including good corporate governance; - facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and - managing the business of the Board by, amongst others, setting the Board agenda, leading Board meetings and discussions and ensuring sufficient time is allowed for the discussion of complex or contentious issues.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>Ms Chua Siew Chuan and Ms Chin Mun Yee are the Company Secretaries of the Company. Both of the Company Secretaries are suitable qualified, experienced, competent and knowledgeable.</p> <p>They are responsible for ensuring that the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretaries also advise the Board on issues relating to the Company's Articles of Association, corporate governance best practices, and compliance with laws, rules and regulatory requirements.</p> <p>During the year, all Board meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notices of meetings and meeting materials are sent to the Directors at least five (5) business days in advance before the meeting. This provides the Board with sufficient time to go through the meeting papers, seek any clarification and consultation that they may need from Management, Company Secretaries or independent advisers before the meeting, if necessary and to raise relevant issues during the meeting.</p> <p>All proceedings of the meetings including issues raised, deliberations and decisions of the Board, including the Directors who abstained from deliberating or voting, are properly minuted. The draft minutes of meetings are circulated in a timely manner upon conclusion of the meetings.</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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company documents the policies that the Board has decided upon to discharge its responsibilities, including good governance and leadership. The Board Charter also serves as a primary reference and part of the induction literature, providing insights to prospective and existing Board members.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board will review the Board Charter from time to time to ensure its applicability to the Company’s current situation. The Board Charter was first adopted in year 2013 and, together with all related TORs, Codes and Policies, have been reviewed and updated in November 2017 to ensure its consistency with the Board objectives, all applicable laws, rules and regulations as well as best practices. The Board Charter is available on the Company’s website at www.oskvi.com/about_governance.php.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In ensuring that all Directors set the tone and standards at the top by possessing integrity and good character to nurture an ethical culture which engenders ethical conduct throughout all levels, the Company has adopted the Code of Conduct and Ethics for its Directors and Fit and Proper Standards for Directors and Key Senior Management employees, which are available on the Company's website at www.oskvi.com/about_governance.php.</p> <p>The Company is committed to implementing high ethical standards as its core business principle into its daily business dealings with various business partners. The Company has adopted the Anti-Corruption Policy setting out the minimum standards of conduct applicable to the Company's business environment for the prevention of corruption in the business operations so as to reduce the corruption risk.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company’s Whistleblowing Policy seeks to foster an environment where integrity and ethical behavior are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed.</p> <p>The Whistleblowing Policy sets out the principles and grievance procedures for employees or members of the public to raise genuine concerns of possible improprieties perpetrated within the Group. The details of lodgement channels and Frequently Asked Questions in relation to whistleblowing are available on the Company’s website at www.oskvi.com/whistle_blowing.php. The Company through the whistleblowing coordinator shall notify the whistleblower on the outcome of investigation according to the established whistleblowing procedures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board comprises a majority of independent directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	None of the Independent Directors has served more than nine (9) years on 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

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Even though the Board does not have a policy which limits the tenure of its Independent Directors to nine (9) years, no Independent Director has served on the Board for more than nine (9) years.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company sees increasing diversity at the Board and Senior Management levels as an essential element in supporting the attainment of its strategic objectives and its sustainable development.</p> <p>The Nomination and Remuneration Committee (“NRC”) established by the Board, is responsible for screening, evaluating and recommending to the Board the suitable candidates for appointment as Directors and Key Senior Management employees as well as filling vacancies in Board Committees.</p> <p>The NRC is mindful of its responsibilities to conduct all Board appointments through various approaches and sources in a manner that promotes diversity in the Board which can offer greater depth and breadth in discussion. Other factors taken into consideration include suitability for the role, Board balance and composition, the required mix of skills, the candidate’s background, knowledge, integrity, competency, experience and potential contribution to the Group, and additionally, in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate’s independence.</p> <p>The Company also adopted ‘Fit and Proper’ standards for Directors and Key Senior Management employees in ensuring that they are of high calibre, sound judgement, high integrity and credibility on a continuing basis.</p> <p>The ‘Fit and Proper’ standards is available on the Company’s website at www.oskvi.com/about_governance.php.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board discloses the Diversity Policy, which include but is not limited to, gender, age, ethnicity and cultural background in the CG Overview Statement in 2017 Annual Report as summarised below:-</p> <p>The Board is committed to workplace diversity, including the representation of women in the composition of the Board of the Company and at Senior Management level of the Group through adopting the Diversity Policy.</p> <p>The Board views that the workplace and Board diversity is important to facilitate the decision making process by harnessing different insights and perspectives.</p> <p>Presently, there is one (1) female Director on the Board of the Company, representing 20% women participation in the Board and there are two (2) female employees, representing 66.7% women participation at Senior Management level.</p> <p>For further details, kindly refer to the "Diversity on Board and in Senior Management" section in the CG Overview Statement in 2017 Annual Report.</p> <p>The Diversity Policy is available on the Company's website at www.oskvi.com/about_governance.php.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, the Management or external parties including the Company’s contacts in related industries, finance, legal and accounting professions.</p> <p>There was no appointment of additional Director during the financial year 2017.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination and Remuneration Committee ("NRC") is chaired by Dr. Ngo Get Ping, the Senior Independent Non-Executive Director 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

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied								
Explanation on application of the practice	:	<p>The Board, through the NRC, has established a formal assessment in order for the NRC to carry out assessment on an annual basis on the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors.</p> <p>The Assessment Mechanism and Measurement System are available on the Company’s website at www.oskvi.com/about_governance.php. The annual assessment criteria of the Board, Board Committees and individual Directors have been updated and are aligned with the practices of the Malaysian Code on Corporate Governance which has come into force in April 2017 (“MCCG”). The areas covered in the assessment criteria are as follows:</p> <table border="1" data-bbox="552 1249 1390 1789"> <thead> <tr> <th data-bbox="552 1249 758 1357">Evaluation</th> <th data-bbox="758 1249 1390 1357">Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td data-bbox="552 1357 758 1538">Board</td> <td data-bbox="758 1357 1390 1538">Board mix and composition, understand the Group’s mission, succession planning and development, risk and internal control oversight, effectiveness and communication</td> </tr> <tr> <td data-bbox="552 1538 758 1646">Board Committees</td> <td data-bbox="758 1538 1390 1646">Composition, effectiveness, support, contribution and communication</td> </tr> <tr> <td data-bbox="552 1646 758 1789">Individual Directors</td> <td data-bbox="758 1646 1390 1789">Strength, contribution and performance, preparation for Board meetings and time commitment</td> </tr> </tbody> </table>	Evaluation	Assessment Criteria	Board	Board mix and composition, understand the Group’s mission, succession planning and development, risk and internal control oversight, effectiveness and communication	Board Committees	Composition, effectiveness, support, contribution and communication	Individual Directors	Strength, contribution and performance, preparation for Board meetings and time commitment
Evaluation	Assessment Criteria									
Board	Board mix and composition, understand the Group’s mission, succession planning and development, risk and internal control oversight, effectiveness and communication									
Board Committees	Composition, effectiveness, support, contribution and communication									
Individual Directors	Strength, contribution and performance, preparation for Board meetings and time commitment									
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 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has developed a Remuneration Policy on the remuneration of Directors and Key Senior Management employees. The Board is aware that a fair remuneration is critical to attract, retain and motivate its directors and Key Senior Management employees.</p> <p>The NRC is delegated by the Board to review the remuneration packages of Directors and Key Senior Management employees.</p> <p>The Remuneration Policy is available on the Company's website at www.oskvi.com/about_governance.php.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC carries out an annual review of the Directors’ remuneration whereupon recommendations are submitted to the Board for approval. Such annual review shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors of such caliber to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Group to drive the Company’s long-term objectives.</p> <p>The Executive Directors do not participate in the decision with regards to their own remuneration. The remuneration package for Directors is determined by the Board as a whole following the relevant recommendations made by the NRC, with the Directors concerned abstaining from deliberations and voting on his/her own remuneration.</p> <p>The duties and functions of NRC are outlined in its Terms of Reference (“TOR”) which is available on the Company’s website at www.oskvi.com/about_governance.php.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration for the financial year ended 31 December 2017 for individual Directors with breakdown into fees, salaries and bonus, benefits in-kind and other emoluments are disclosed in CG Overview Statement of 2017 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

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that it is inappropriate to disclose the remuneration of Senior Management employees other than the Executive Directors given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please refer to the explanation for departure disclosure in Practice 7.2 above.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Audit Committee, Dato' Thanarajasingam Subramaniam is not the Chairman of the Board. The change was effected in November 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In November 2017, the Board through the updating of the TOR of the Audit Committee (“AC”) requires that the appointment of a former key audit partner as a member of the AC shall observe a cooling-off period of at least two (2) years.</p> <p>The updated TOR of the AC is available on the Company’s website at www.oskvi.com/about_governance.php.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee has adopted the Guidelines on the Performance Evaluation of External Auditors.</p> <p>The Audit Committee conducted an annual assessment of the suitability and independence of the external auditors in respect of the financial year under review based on several factors, including independence of the external auditors, Messrs. Ernst & Young, quality of audit review procedures and adequacy of the firm's expertise and its resources in carrying out the audit work that they were tasked with, as set out in the Guidelines on the Performance Evaluation of External Auditors which was approved by the Board on 5 February 2013.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC's effectiveness hinges on a number of critical factors, including knowledge, experience and commitment of the AC members, the AC's leadership, dynamics and chemistry, and their quality interaction with management and internal auditors and external auditors.</p> <p>The members of the AC collectively have the necessary skills related to finance, banking, commerce and capital markets to meet their responsibilities and provide an effective level of challenge to management.</p> <p>The Nomination and Remuneration Committee ("NRC") has undertaken an annual assessment on the effectiveness of the AC. Following the annual review, the NRC agreed that the overall composition of the AC in terms of size, mix of skills, experience, core competencies and the balance between the AC members is appropriate, and collectively, the AC members are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>As stated in the "Continuing Education of Directors" section of CG Overview Statement in the 2017 Annual Report, all the AC members constantly received ongoing training and development to keep themselves abreast with the latest development and changes to regulatory requirements, and to ensure they are equipped with relevant knowledge and skills to discharge their duties more effectively. The training programmes, seminars and forums attended by AC members are as follows:</p>

	<p>Dato' Thanarajasingam Subramaniam</p> <ol style="list-style-type: none"> 1. OSK Group - KPMG Risk Management Training 2. The Ethical Challenge: Building the Culture of Professionalism and Integrity 3. Global Business Insight Series - Innovation in the Financial Sector: Where the world will be, How to Get There 4. Case Study Workshop for Independent Directors 5. Companies Act 2016 and Malaysian Code on Corporate Governance 2017 <p>Leong Keng Yuen</p> <ol style="list-style-type: none"> 1. OSK Group - KPMG Risk Management Training 2. Are You Ready for the Companies Act 2016? – Key Revamp Updates with Tax Planning Elements 3. Latest Updates on Practical Tax Issues 4. 2018 Budget Seminar <p>Dr. Ngo Get Ping</p> <ol style="list-style-type: none"> 1. OSK Group - KPMG Risk Management Training 2. FIDE Elective Programme: Advanced Risk Governance & Risk Management 3. Executives and Directors Remuneration
<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 make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>An Enterprise Risk Management Framework has been established to provide the overall guidelines and approach to the Group's risk management.</p> <p>In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, the Risk Management Function actively monitors the Group's portfolio of major risks via the Risk Control Self-Assessment ("RCSA") approach. The RCSA results and Major Risk Cards were presented to the Risk Management Committee ("RMC") and the Board, where internal controls and risk mitigation strategies were highlighted.</p> <p>The RMC and the Board will meet and deliberate on the top risks identified on a quarterly basis. Ad-hoc or new critical risks are escalated to the RMC immediately for deliberation. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group.</p> <p>The above is also set out in the Statement on Risk Management and Internal Control in the 2017 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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	:	<p>The Group established the Enterprise Risk Management Framework that sets the tone of the Group's approach to enterprise risk management practices. The following are the key features of the risk management framework:</p> <ul style="list-style-type: none"> a) Assure - Provide assurance to the Board that a firm and sound risk management and internal control systems are in place and to meet any requirements of regulatory bodies; b) Guide - Provide guiding risk management principles to Heads of Business Divisions to govern the actions of risk identification and assessment; c) Monitor - To ensure the risk management processes are applied systematically across the Group to identify, assess, treat and manage risks that threaten resources or the achievement of the organisation's objectives; d) Strategies - Provide Management with a summary of key risks that may affect the respective Business Divisions and to ensure these risks are adequately managed; and to report on the group risk exposures and mitigation plans. <p>The above is also set out in the Statement on Risk Management and Internal Control in the 2017 Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board oversees the risk management framework of the Group through the Risk Management Committee ("RMC"). The RMC advises the Board on the key risks area and the adequacy and integrity of risk management policies and framework within the Group.</p> <p>The RMC comprises entirely Independent Non-Executive Directors and is chaired by the Senior Independent Director.</p> <p>The above is also set out in the Statement on Risk Management and Internal Control in the 2017 Annual Report.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the "Internal Audit Function" section in Audit Committee Report in the 2017 Annual Report, the internal audit function is outsourced to the Group Internal Audit ("GIA") of OSK Holdings Berhad headed by the Chief Internal Auditor, who reports directly to the AC.</p> <p>The outsourced internal audit function is independent of the activities and operations of the Group. All the internal audit personnel providing this outsourced service are also free from any relationships or conflicts of interest.</p> <p>During the financial year under review, the AC has:</p> <ol style="list-style-type: none">1. Reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit function providing the internal audit services;2. Reviewed and discussed the internal audit plan to ensure adequate scope and coverage over the activities of the Group and ensure that all high risk areas were covered during the review;3. Reviewed the internal audit reports tabled during the year including the audit recommendations made and Management's response to these recommendations;4. Reviewed the corrective actions taken by Management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis;5. Evaluated the performance of the outsourced internal audit function for the audits carried out in providing assurance on the Group's risk management and internal control during the year; and6. Met with the internal auditors once in November 2017 without the presence of Management, during which no private issues were highlighted.
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

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As stated in the “Internal Audit Function” section in Audit Committee Report in the 2017 Annual Report, the internal audit function is outsourced to the Group Internal Audit (“GIA”) of OSK Holdings Berhad headed by the Chief Internal Auditor, Mr. Young Tat Yong and he reports directly to the AC. Mr. Young Tat Yong is a chartered fellow of the Institute of Internal Auditors Malaysia and an associate member of the Chartered Institute of Management Accountants and has more than 30 years’ experience in auditing.</p> <p>All the internal audit personnel providing this outsourced service are free from any relationships or conflicts of interest. Auditing activities are guided by the International Professional Practices Framework.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Company has adopted the Corporate Disclosure Policy and Procedures, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to the shareholders and the investing public. The Board has established a Corporate Disclosure Committee to oversee the implementation of and adherence to the Corporate Disclosure Policy and Procedures.</p> <p>The Board recognises that effective and timely communication of information related to the Company's business strategies, financial performance and business initiatives is essential in maintaining good relationship with the investors and stakeholders. Other than the Company's website www.oskvi.com which provides comprehensive, accurate and timely corporate information to the general public, Mr. Yee Chee Wai, the Executive Director/Chief Operating Officer of the Company has been identified to address enquiries from the shareholders, investors and the general public. The profile of Mr. Yee Chee Wai is set out in the Directors' Profile of this Annual Report.</p> <p>Dr. Ngo Get Ping has been identified by the Board as the Senior Independent Non-Executive Director of the Company to whom concerns of the shareholders and other stakeholders may be conveyed. The profile of Dr. Ngo Get Ping is set out in the Directors' Profile of this Annual Report.</p> <p>In addition to the above, shareholders and investors can enquire about investor relations matters via the dedicated email address which is made available on the Company's website at www.oskvi.com/contact.php.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company under MCCG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The 2017 Annual Report, which contains the Notice of Annual General Meeting (“AGM”), together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, is sent to the shareholders at least 28 days prior to the date of the AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the AGM, and to arrange for proxies to attend the AGM on their behalf, if so required.</p> <p>The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper and Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All directors are committed to attend General Meetings to foster effective two-way communication between the shareholders and the Board and will take any relevant questions addressed to them unless illness or other pressing commitments preclude them from attending General Meetings.</p> <p>During the year, one (1) Executive Director was absent from the preceding Thirteenth AGM being on maternity leave.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in General Meetings. It is also currently not cost effective nor practical for the Company to do so.	
<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 TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK
NEGARA MALAYSIA**

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

Not Applicable.
