

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5053
COMPANY NAME : OSK Holdings Berhad (“OSK” or “the Company”)
FINANCIAL YEAR : December 31, 2019

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 Company is led by an experienced Board of Directors ("Board"), with high personal integrity, business acumen and management skills, which is primarily entrusted with the responsibility of charting the direction of the Company and its subsidiaries (collectively referred to as "the Group").</p> <p>The Board is responsible for steering the businesses and affairs of the Group on behalf of the shareholders with a view towards enhancing its long-term value. The Board is responsible for establishing corporate goals and providing strategic direction for the Group. The Board also plays a critical role in ensuring that sound and prudent policies and practices are in place and performs an oversight role in the management of the Group's businesses.</p> <p>Major responsibilities of the Board are outlined in the Board's Terms of Reference ("TOR") and Board Charter, both of which are available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>In the financial year ended 31 December 2019 ("FY2019"), the Board discharged its key fiduciary duties, leadership functions and responsibilities, as summarised below:</p> <ul style="list-style-type: none">- Together with Senior Management, promoted good corporate governance culture within the Group, whilst reinforcing ethical, prudent and professional behaviour <p>The Board remained committed to ensure the highest standards of corporate governance in the Group and strives to continuously improve its governance process and structure aimed at enhancing long-term shareholder value. The Board has adopted the 'Code of Conduct and Business Ethics' and 'Fit and Proper Standards for Directors and Key Senior Management' since February 2018. The Code of Conduct and Business Ethics applies to all Directors and</p>

employees of the Group. The Group is committed to practice high ethical standards in its daily dealings with business partners. The Fit and Proper Standards for Directors and Key Senior Management applies to all Directors and Key Senior Management and sets the tone and standard at the top by possessing integrity and good character to nurture an ethical culture which engenders ethical conduct throughout all levels.

In addition, the Company adopts zero tolerance towards all forms of bribery and corruption among its employees and is applied to all the Group's dealings. In order to in line with this commitment, the Board has adopted the Anti-Bribery and Anti-Corruption Handbook ("**ABAC Handbook**") to ensure the compliance with the applicable anti-bribery and anti-corruption laws.

- **Reviewed and approved the Company's strategies, business plans and policies**

The Board plays a key and active role in reviewing and approving strategies, business plans and policies which are in line with the Group's objectives. The Board has established the Group Executive Committee ("**Group EXCO**") as an operating committee to serve as the medium between the Board and the Management. The Board has, through the Group EXCO, put in place an annual strategy planning process, whereby the Chief Executive Officer ("**CEO**") or Head of business and functional divisions present their recommended strategies, proposed business plans and budgets for the next three (3) years. The Group EXCO will review, deliberate and challenge Management's views and assumptions to deliver the best outcome before presenting the same to the Board for approval. The Group EXCO constantly monitors the implementation of the business plans and receives business updates from all Business Divisions at the monthly Group EXCO meetings.

The Management presented the Budget for FY2019 ("**2019 Budget**") for the Board's approval at the Board of Directors' Meeting ("**Board Meeting**") held in February 2019. While deliberating the 2019 Budget, the Board took into consideration the current and foreseeable market environment and discussed in detail prior to approving the 2019 Budget at the said meeting.

- **Oversaw the conduct of the Company's business and evaluated whether the business is being properly managed and sustained**

At each quarterly Board Meeting, the Management updated the Board on key or major developments, achievements and challenges faced by the Group. The Board supervised the performance of each Business Division, evaluated in depth the matters reported and provided their feedback and guidance before decision was made in the same meeting.

- Ensured competency and succession planning of the Board and Key Senior Management

The Board, through the Nomination and Remuneration Committee (“**NRC**”), is responsible for ensuring that there is an orderly succession planning for the Board and Key Senior Management of the Group. The NRC is also involved in the selection and assessment of new Directors and Key Senior Management.

The Board after considering the NRC’s recommendation, adopted the Group Succession Planning Framework to achieve the following:

- a) Ensure leadership continuity in key positions and to reduce risk due to leadership attrition;
- b) Retain and develop talents with high intellectual and knowledge capital for future sustainability;
- c) Encourage individual development; and
- d) Build a deep pool of talented employees who are ready to step into leadership roles.

In FY2019, NRC carried out an annual review of the required skillset, experience and requisite qualities of Directors, as well as conducted the annual assessment of the Board’s effectiveness as a whole, the performance of the Board Committees and the contribution of each individual Director.

In FY2019, the Board had, with the recommendation of NRC, adopted the revised Board Combined Skills Matrix, which facilitates the NRC in identifying additional skillsets required for the current composition of the Board and as a guide for sourcing the right candidate to enhance the Board’s composition.

- Ensured a sound risk management framework

The Board delegated the function of overseeing the Group’s risk management framework to the Risk Management Committee (“**RMC**”). The RMC advises the Board on key risk areas and the adequacy and integrity of the Group’s risk management framework.

The Board meets and deliberates on the top risks identified through the RMC meetings, which are held quarterly. Critical risks are escalated to the Board immediately for deliberation. Significant issues arising from changes in business environment are reviewed continuously with proposed mitigation measures to ensure minimal impact to the Group.

The Group Risk Management Department (“**GRM**”) is responsible for managing and monitoring the Group’s risk management. In providing assurance to the Board on the Group’s adequacy and effectiveness in risk management, the GRM, under the purview of

the Group Management Risk Committee (“**GMRC**”), actively monitors the Group’s portfolio of major risks via the Risk Control Self-Assessment approach.

In FY2019, risk reports from all business divisions are consolidated and updated to the GMRC and RMC on a quarterly basis, highlighting all risks and mitigating controls carried out by the respective business divisions. These were presented to the Board where internal controls and risk mitigation strategies were highlighted.

The activities carried out by the RMC and details of the Group’s risk management framework are set out in the Statement on Risk Management and Internal Control of our Annual Report 2019.

- **Ensured the adequacy and integrity of the Company’s internal control system**

The Board delegated the function of overseeing the internal audit function and ensuring the adequacy and integrity of the Company’s internal control system to the Audit Committee (“**AC**”).

The internal audit function is assumed by the in-house Group Internal Audit Department (“**GIAD**”), which is responsible for the overall internal audit activities of the Group. It functions independently of the activities it audits. The Head of the GIAD reports directly to the AC.

The GIAD assists the AC in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of internal controls by conducting independent, regular and systematic reviews of internal processes in addressing identified risks and ensuring that established policies and procedures, applicable laws and regulations are complied with.

In FY2019, the Head of GIAD presented to the AC a risk-based audit plan for year 2019 for discussion and approval. The audit plan prioritised audit review in accordance with the Group’s objectives, key risks and core/priority areas. It also covers review of the adequacy of operational and accounting controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes.

On a quarterly basis, the GIAD submits audit reports and the status of the internal audit plan for review and approval by the AC. The reports include recommendations for corrective measures to address risks or internal control weaknesses that were identified, if any, to be implemented by the Management. GIAD also conducts follow-up works to confirm whether the Management has taken appropriate actions to correct deficient conditions and to improve control processes. The AC monitors and reviews the

	<p>effectiveness of internal audit activities, thereby ensuring that these activities contribute to the ongoing effectiveness of the Group’s system of internal control.</p> <p>During the FY2019, the GIAD conducted operation audits for various business divisions, corporate functions and Information Technology systems.</p> <p>Overall, the AC evaluated the performance of GIAD and is satisfied that the internal audit function had been carried out effectively and independently during FY2019.</p> <p>Details pertaining to the Company’s internal control system are available in the Statement on Risk Management and Internal Control of our Annual Report 2019.</p> <p>- Ensured effective communication with stakeholders</p> <p>The Board has established a Group Corporate Disclosure Committee to oversee the implementation of and adherence to the Corporate Disclosure Policy and Procedures in handling and disclosing material information to the shareholders and the investing public.</p> <p>The Group Corporate Disclosure Committee reviewed each announcement and ensured that shareholders are kept informed appropriately of any material information in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). Quarterly financial results have been released in a timely manner to provide shareholders and members of the public with an overview of the Group’s performance and operations.</p> <p>The Board believes that effective engagement with the stakeholders is a vital process in strengthening governance and building trust with the community. The Group is confident that meaningful involvement and participation of stakeholders in every aspect of our business provide us the opportunity to harness diverse perspectives, potential resources and support to create shared success and sustainable impact.</p> <p>Details of our methods of communication with stakeholders, frequency of engagement, areas of interest and OSK’s position on these aspects are found in “Stakeholder Engagement” section in our Annual Report 2019 and the Sustainability Report 2019, both published concurrently.</p> <p>- Ensured the integrity of the Company’s financial and non-financial reporting</p> <p>The AC reviewed the quarterly financial results and announcements as well as the year-end financial statements of the Group and ensured that the financial reporting and disclosure</p>
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	<p>requirements had been complied with before recommending them to the Board for approval.</p> <p>The Board has also provided assurance that the financial statements prepared for the financial year gives a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.</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 helmed by the Executive Chairman, Tan Sri Ong Leong Huat @ Wong Joo Hwa (“Tan Sri Ong”) and his profile is set out in the Directors’ Profile of our Annual Report 2019.</p> <p>As the Executive Chairman, Tan Sri Ong led the Board in instilling good corporate governance practices and ensuring its effectiveness in all aspects of its role including the setting its agenda during FY2019. During Board Meetings, Tan Sri Ong maintained a collaborative atmosphere, and ensured that all Directors contribute to debates with consensus reached and ensured that sufficient time was allowed for the discussion of complex and/ or contentious issues.</p> <p>The roles and responsibilities of the Executive Chairman are clearly defined in the Board Charter, which is available on the Company’s website http://www.oskgroup.com/corporate-governance/.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman is Tan Sri Ong and the role of CEO is assumed by Mr. Ong Ju Yan, the Group Managing Director of the Company (“GMD”).</p> <p>The profiles of Tan Sri Ong and Mr. Ong Ju Yan are set out in the Directors’ Profile of our Annual Report 2019.</p> <p>The Executive Chairman and GMD are collectively responsible for the leadership of the Group. In order to promote the highest standards of integrity and probity, there is a clear and effective division of responsibilities and accountability to distinguish the leadership of the Board and the executive responsibilities entailed in running the Group’s businesses.</p> <p>The roles and responsibilities of Executive Chairman and GMD are clearly defined in the Board Charter, which is available on the Company’s website http://www.oskgroup.com/corporate-governance/.</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 1.4

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 (FCIS) and Ms. Chin Mun Yee (ACIS) are the Company Secretaries of the Company. Both of Company Secretaries are suitably qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("CA2016") and are the members of the Malaysian Institute of Chartered Secretaries and Administrators. They are experienced, competent and knowledgeable in the CA2016, Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements"), Malaysian Code on Corporate Governance ("MCCG") and company secretarial matters.</p> <p>The Company Secretaries observed the Code of Ethics for Company Secretaries which was formulated to enhance the standard of corporate governance and to instil good corporate behaviour. A copy of the same is available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>The Company Secretaries are keeping abreast of the regulatory changes and corporate governance development, and had attended conferences and training programmes during FY2019.</p> <p>The main roles and responsibilities of the Company Secretaries, include but are not limited to the following:</p> <ul style="list-style-type: none">- Ensure Board procedures are being followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with;- Advise the Board on issues relating to the Company's Constitution, compliance with the CA2016 and Listing Requirements, application of MCCG, and any changes or amendments to the laws and regulations or corporate governance practices;- Manage the Board and Board Committees' meeting procedures, attend Board and Board Committees meetings and record minutes of the said meetings;- Ensure the proceedings of the general meetings are in order, properly called and convened, with minutes of the said meetings accurately recorded. Support the Board throughout the Questions

	<p>and Answers Session with shareholders present, where required;</p> <ul style="list-style-type: none"> - Provide advisory assistance to the newly-appointed Director(s) in relation to his roles and responsibilities pursuant to CA2016 and Listing Requirements; - Advise the Board on the additional or changes in obligations arising from the implementation of new laws and regulations or any amendments thereof; and - Ensure proper maintenance of the Company's statutory records. <p>The Board has full access to the advice and services of the Company Secretaries for the Board's affairs and the businesses.</p> <p>The Board, had through the NRC, reviewed the performance of the Company Secretaries for the FY2019 and was satisfied with the performance of the Companies Secretaries that they have carried out their roles and responsibilities set out above, provided the Board advice and ensured adherence to rules and procedures in relation to CA2016, Listing Requirements and corporate governance.</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

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 annual meeting schedule for the Board, Board Committees and Annual General Meeting (“AGM”) of the Company will always be circulated to the Directors and Management in advance of every new year. This is to ensure that the Management are given sufficient time for preparation of meeting materials for each meeting so as to achieve meeting effectiveness.</p> <p>The notices and meeting materials of the Board and Board Committees meetings are distributed at least five (5) business days in advance before the meetings.</p> <p>This is to ensure that Directors are provided sufficient time to read through the meeting materials, seek clarification from the Management, consult the Company Secretaries or independent advisers prior to the meetings, if required, and are prepared for quality deliberations and effective decision-making during the meetings.</p> <p>Board members have complete and unhindered access to the Senior Management and Company Secretaries at all times. Senior Management personnel are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, to brief and provide details to the Directors on recommendations or reports submitted to the Board. The Board may consult with other employees of the Group and seek additional information, where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company’s expense.</p> <p>Meeting agendas are scheduled according to the complexity of the agenda items and purpose (whether they are tabled for approval, discussion or notation by the Board). This could enhance the effectiveness of the meetings and enable in-depth deliberation for each matter.</p> <p>The proceedings of the meetings, deliberations and decisions of the Board and Board Committees are accurately recorded in the minutes by the Company Secretaries. The minutes of meetings are circulated in</p>

	a timely manner upon conclusion of the meetings.	
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 meet its responsibilities, 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. The Board Charter sets out, among others, the following:</p> <ul style="list-style-type: none"> - The key values, principles and ethics of the Company. - The governance structure, authority and TOR of the Board and its Board Committees. - The delegation of authority to Board Committees. - The expectation on individual Directors in terms of their commitment, roles and responsibilities as Board members. - The roles of Senior Independent Non-Executive Directors. <p>The Board Charter ensures 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, customers and other stakeholders and that the highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board Charter was first adopted in 2013 and, together with all related TORs, codes and policies, were reviewed, updated and approved for adoption in February 2018 to ensure its consistency with the Board's objectives, all applicable laws, rules and regulations as well as best practices. The Board will review the Board Charter from time to time to ensure its relevance.</p> <p>The Board Charter is available on the Company's website http://www.oskgroup.com/corporate-governance/.</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 3.1

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 Group's Code of Conduct and Business Ethics, which promotes good business conduct with high ethical behaviour and integrity, was reviewed and adopted in February 2018.</p> <p>This Code of Conduct and Business Ethics which applies to all Directors and employees of the Group provides guidance on the standards of behaviour expected of all Directors and employees of the Group, and outlines the policies to:</p> <ul style="list-style-type: none">- manage conflict of interest;- set control on the acceptance of cash or gifts, and offering of charitable / political contribution;- encourage the reporting of unlawful or unethical behaviour;- protect and ensure the proper use of the Group's assets;- prohibit the use of price sensitive information for insider trading;- prevent the risk of money laundering activities within the Group;- prohibit abuse of power or authority at workplace;- ensure compliance with laws, rules and regulations; and- forbid any form of workplace harassment. <p>With the implementation of the Code of Conduct and Business Ethics, the Company is committed to practise high ethical standards in its daily business dealings with business partners.</p> <p>In addition to the above, the Group has also adopted the following:</p> <ul style="list-style-type: none">- Related Party Transaction ("RPT") and Recurrent Related Party Transaction ("RRPT") Policy ("RPT & RRPT Policy") <p>The Group has first established the RPT & RRPT Policy in December 2018. The RPT & RRPT Policy was subsequently reviewed and approved by the Board in April 2019 to ensure continuous compliance to the regulatory requirements.</p>

	<p>The RPT & RRPT Policy aims to provide guidance in identifying, disclosing and reporting of RPT and/or RRPT that must be adhered to by all Directors and employees of the Group.</p> <ul style="list-style-type: none"> - Anti-Bribery and Anti-Corruption Handbook (“ABAC Handbook”) <p>The Board approved the adoption of the ABAC Handbook in November 2019. The ABAC Handbook was subsequently rolled out in January 2020 to define and enforce the Group’s zero tolerance position on bribery of all forms, matters of corruption and inappropriate conduct that might confront the Group in its day-to-day operations, as well as to ensure the Group’s compliance with enforceable anti-bribery and anti-corruption laws.</p> <p>The ABAC Handbook covers the following areas:</p> <ul style="list-style-type: none"> a) Anti-bribery and anti-corruption b) Gifts and hospitality c) Dealing with third parties <ul style="list-style-type: none"> - Anti-Money Laundering and Counter Financing of Terrorism Policy (“AML Policy”) <p>The Group has established the AML Policy in November 2018. The AML Policy outlines the framework and guideline in identifying, handling and reporting suspicious money laundering/ financing of terrorism activities under the Reporting Institutions within the Group and ensure compliance with applicable acts and regulations.</p> <ul style="list-style-type: none"> - Disciplinary Procedures <p>The Group first established its Disciplinary Procedures in December 2018. It was subsequently reviewed and approved in May 2019 to cater for misconduct on act of corruption or bribery and social media matters.</p> <p>The Disciplinary Procedures sets out the framework for a clear and consistent administration and management of the disciplinary process practised within the Group.</p> <ul style="list-style-type: none"> - Fraud Policy <p>The Group established the Fraud Policy in August 2017, which was subsequently reviewed and approved by the Board in November 2019 to supplement its stand on anti-bribery and anti-corruption matters. The Fraud Policy spelt out the Group’s commitment in promoting good business conduct and maintaining a healthy corporate culture in alignment with OSK Group’s core values. All Directors and employees are expected to share this commitment.</p>
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	<p>- Whistleblowing Policy</p> <p>The Group has established Whistleblowing Policy in August 2017. The Whistleblowing Policy provides an avenue for all employees of the Group or members of the public to raise genuine concerns on suspected and / or known improper conduct that they may have been observed or is occurring within the Group. Further details are enumerated in Practice 3.2 in this Report.</p> <p>- Fit and Proper Standards for Directors and Key Senior Management</p> <p>The Group has established a Fit and Proper Standards for Directors and Key Senior Management in February 2013 and the same was reviewed and approved by the Board in February 2018.</p> <p>The Fit and Proper Standards for Directors and Key Senior Management ensures all Directors and Key Senior Management sets the tone and standards at the top by possessing integrity and good character to nurture an ethical culture that engenders ethical conduct across all levels within the Group.</p> <p>Various awareness campaigns have been conducted, or planned, through training, induction program, townhall, email communication and Group’s internal e-portal by the respective entities responsible under the Group to keep abreast of and continuously update the Group’s employees on the latest approved or revised policies and procedures.</p> <p>The Code of Conduct and Business Ethics, Fit and Proper Standards for Directors and Key Senior Management, ABAC Handbook and Whistleblowing Policy are available on the Company’s website http://www.oskgroup.com/corporate-governance/.</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

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 Group’s Whistleblowing Policy seeks to foster an environment where a high standard of integrity, accountability and ethical behaviour are maintained in the conduct of the Group’s businesses and operations.</p> <p>The Whistleblowing Policy provides an avenue for all employees or members of the public to raise genuine concerns about any suspected and / or known improper conduct that they may observe, occurring within the Group. The policy is designed to ensure that employees or members of the public can raise concerns of improper conduct without fear of reprisals, unfair treatment or practices.</p> <p>The AC oversees the administration of the Whistleblowing Policy.</p> <p>A whistleblower may lodge a suspected and/or known improper conduct by submitting the information to our prescribed reporting channels, i.e. to the whistleblowing coordinator or to the Chairman of the AC. The details of lodgement channels and Frequently Asked Questions in relation to whistleblowing are available on the Company’s website http://www.oskgroup.com/corporate-governance/.</p> <p>Investigation procedures are set out in the Whistleblowing Operations Manual. The Company through the whistleblowing coordinator will notify the whistleblower on the outcome of the investigation, in accordance with 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	:		
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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 of independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Group is led by an experienced and competent Board with different expertise.</p> <p>Presently, there are eight (8) members of the Board, comprising:</p> <ul style="list-style-type: none">- four (4) Executive Directors (namely one (1) Executive Chairman, one (1) GMD, one (1) Deputy GMD and one (1) Executive Director);- three (3) Independent Non-Executive Directors; and- one (1) Non-Independent Non-Executive Director. <p>Independent Non-Executive Directors make up more than one-third (1/3) of the Board and is in compliance with the Listing Requirements.</p> <p>Being under the category of Large Companies, the Board does not have the majority presence of Independent Non-Executive Directors as recommended under the MCCG.</p> <p>Notwithstanding the above, the Board views the number of Independent Non-Executive Directors among Board members as adequate to provide the necessary check and balance to the Board's decision-making process. The Board is of the view that Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement. In addition, Independent Directors carried out private discussions with the External Auditors and Internal Auditors without the presence of the Executive Directors and the Management.</p> <p>The Board deems its composition as appropriate in terms of its membership and size. There is a good mix of composition, skills, experience and core competencies in the current Board membership. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of business management, finance, accounting and economics, capital markets services, governmental and international affairs.</p>

	The Board operates in a manner that ensures the Directors exercise independent judgement and the decisions made by the Board are in the best interests of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board through the NRC will continue to review the composition of the Board on a yearly basis and source for suitable candidates that can reinforce the independence of the Board.
Timeframe	:	Others
		Within 3 years subject to the NRC and Board's review and approval.

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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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 :	

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>With an objective to achieve a sustainable and balanced development, 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>In any appointment, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge have been considered to maintain a diversified Board and Senior Management team, which will help to grow and ensure stronger governance within the Group.</p> <p>The NRC that is established by the Board, is responsible for screening, evaluating and recommending to the Board suitable candidates for appointment as Directors and Key Senior Management, as well as filling vacancies in the Board Committees.</p> <p>In putting the Diversity and Inclusion Policy into action, the NRC is mindful of its responsibilities to conduct all Board appointment processes through various approaches and sources in a manner that promotes diversity in the Board which can offer greater depth, breadth and lead to better decisions made while taking into account suitability for the role. It will also take into consideration Board balance and composition, the required mix of skills, the candidates' background, knowledge, integrity, competency, experience and potential contribution to the Group. In addition, in the case of candidate proposed for appointment as Independent Non-Executive Director, the candidate's independence, which would be relevant to enhance the composition of the Board.</p> <p>The Company also adopted a Fit and Proper Standards for Directors and Key Senior Management in ensuring that they are of high calibre, possess sound judgement, high integrity and credibility on a continuing basis.</p> <p>The Diversity and Inclusion Policy and Fit and Proper Standards for Directors and Key Senior Management are available on the Company's website http://www.oskgroup.com/corporate-governance/.</p>

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

Intended Outcome

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

Practice 4.5

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

Application	:	Departure																																																											
Explanation on application of the practice	:																																																												
Explanation for departure	:	<p>The Board currently comprises eight (8) Directors, out of whom two (2) are women, equivalent to a 25% female representation at the Board level. There are currently six (6) female Senior Management, representing 46% women participation at the Senior Management level.</p> <p>The Board discloses the Diversity and Inclusion Policy in our Annual Report 2019, which includes gender diversity. The Diversity and Inclusion Policy is available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>The Board is committed to workplace diversity, which includes, but is not limited to gender, age, ethnicity and cultural background. The Board is also committed to Board diversity, which includes the representation of women in the composition of the Board of the Company, as well as at Senior Management level of the Group through adoption of the Diversity and Inclusion 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. The Board, through the NRC, will conduct all Board appointment processes in a manner that promotes gender diversity.</p> <p>The current diversity in the gender, ethnicity and age of the Board and Senior Management are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Ethnicity</th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>30</th> <th>40</th> <th>50</th> <th>≥ 60</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Number</td> <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td>39</td> <td>49</td> <td>59</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Directors</td> <td>2</td> <td>5</td> <td>1</td> <td>1</td> <td>2</td> <td>1</td> <td>4</td> <td>6</td> <td>2</td> </tr> <tr> <td>Senior Management^</td> <td>1</td> <td>18</td> <td>0</td> <td>1</td> <td>4</td> <td>9</td> <td>5</td> <td>13</td> <td>6</td> </tr> </tbody> </table> <p>Note : ^ include four (4) Executive Directors</p>		Ethnicity			Age Group				Gender		Malay	Chinese	Indian	30	40	50	≥ 60	Male	Female	Number				-	-	-								39	49	59				Directors	2	5	1	1	2	1	4	6	2	Senior Management^	1	18	0	1	4	9	5	13	6
	Ethnicity			Age Group				Gender																																																					
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Senior Management^	1	18	0	1	4	9	5	13	6																																																				

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

Measure	:	The Board through the NRC will continue to source for suitable female candidate for appointment to the Board within 2 years.	
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 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>The primary responsibility on screening, evaluating and nominating new Board Member(s) for appointment is delegated to the NRC. The nomination process for the appointment of Directors and the criteria used by the NRC in the selection process are provided in the Board Charter.</p> <p>In respect of the appointment of Directors, the Company practises a clear and transparent nomination process, which involves the following five (5) stages:</p> <p>Stage 1: Identification of candidates Stage 2: Evaluation of suitability of candidates Stage 3: Meeting up with candidates Stage 4: Final deliberation by the NRC Stage 5: Recommendation to the Board</p> <p>Identification of candidates for the appointment of Directors is facilitated through recommendations from the Directors, Management or external parties, including the Company’s contacts in related industries, finance, legal and accounting professions.</p> <p>The NRC ensures candidates possess the appropriate mix of skills, experience, qualification and core competencies to ensure the effectiveness of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is chaired by Dato' Thanarajasingam Subramaniam, the Senior Independent Non-Executive Director of the Company. The profile of Dato' Thanarajasingam Subramaniam is set out in the Directors' Profile of our Annual Report 2019.</p> <p>Under the leadership of Dato' Thanarajasingam Subramaniam, the NRC carried out, among others, the following activities during FY2019:</p> <ul style="list-style-type: none"> - Reviewed and amended performance assessment forms of the Chairman, Executive Director and Non-Executive Director, and recommended the same to the Board for adoption; - Reviewed and amended Board Skills Matrix and recommended the same to the Board for adoption; - Reviewed the Board's and Board Committees' effectiveness, deliberated on their findings and reported the outcome in the Board meeting; and - Reviewed the performance of each individual Director from the peer assessment, deliberated their findings and reported the outcome in the Board meeting as well as to the individual Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Departure																						
Explanation on application of the practice	:																							
Explanation for departure	:	<p>The Board, through the NRC, has established a formal assessment mechanism 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. The Assessment Mechanism and Measurement System are available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>Being under the category of Large Companies, the Board does not engage independent experts for Board evaluations as recommended under the MCCG.</p> <p>In FY2019, the Board had, under the recommendation of NRC, adopted the following Board Combined Skills Matrix in replacement of the existing Mix of Skills and Experience Matrix. The aforesaid matrix represents the skillsets/experience which the Board views as imperative to its ability to provide effective oversight to the Group's affairs and strategic to steer the Company's business, strategy and operations moving forward:</p> <table border="1"> <thead> <tr> <th colspan="2">Board Combined Skills Matrix</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Senior Leadership Experience</td> </tr> <tr> <td>2</td> <td>Business/ Industry Experience</td> </tr> <tr> <td>3</td> <td>Global Perspective</td> </tr> <tr> <td>4</td> <td>Financial Expertise/ Knowledge</td> </tr> <tr> <td>5</td> <td>Good Corporate Governance</td> </tr> <tr> <td>6</td> <td>Strategic Planning and Business Development</td> </tr> <tr> <td>7</td> <td>Human Capital Management</td> </tr> <tr> <td>8</td> <td>Legal and Regulatory Requirements</td> </tr> <tr> <td>9</td> <td>Risk Management and Internal Control</td> </tr> <tr> <td>10</td> <td>Entrepreneurial Experience</td> </tr> </tbody> </table>	Board Combined Skills Matrix		1	Senior Leadership Experience	2	Business/ Industry Experience	3	Global Perspective	4	Financial Expertise/ Knowledge	5	Good Corporate Governance	6	Strategic Planning and Business Development	7	Human Capital Management	8	Legal and Regulatory Requirements	9	Risk Management and Internal Control	10	Entrepreneurial Experience
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10	Entrepreneurial Experience																							

The annual assessment criteria of each individual Directors was last reviewed and updated in November 2018 and are aligned with MCCG practices. The areas covered in the annual assessment criteria of the Board, Board Committees and individual Directors are as follows:

Evaluation	Assessment Criteria
Board	<ul style="list-style-type: none"> • Board mix and composition • Understanding of the Group’s vision and mission • Succession planning and development • Oversight on risk and internal controls • Effectiveness • Communication to stakeholders
Board Committees	<ul style="list-style-type: none"> • Composition • Effectiveness in the respective jurisdictions • Group and business support • Contribution to financial and non-financial performance • Communication to Board
Individual Directors	<ul style="list-style-type: none"> • Overall skillset and competency • Time commitment • Preparation for meetings • Contribution to Board oversight and leadership • Performance in discharge of fiduciary duties

During FY2019, the NRC had conducted the annual assessment on the following areas:

- the Board’s effectiveness as a whole;
- the performance of the Board Committees, determined via self-evaluation by each Board Committee;
- the peer performance assessment for each individual Director;
- the overall composition of the Board in terms of size, mix of skills, experience and core competencies and the balance between Executive Directors, Non-Executive Directors and Independent Directors;
- the independence of the Independent Directors;
- the performance of Directors who will be retiring at the 29th AGM in year 2019 prior to recommending them for the Board’s approval for re-election;
- the diversity of the Board and workforce composition in terms of gender, ethnicity, age and nationality;

	<ul style="list-style-type: none"> - the training programmes attended by the Directors during the financial year; - the performance of the Group Chief Financial Officer (“Group CFO”), who is primarily responsible for the management of the financial affairs of the Company pursuant to paragraph 2.20A of Listing Requirements; and - the performance of the Company Secretaries. <p>Following the annual review, the NRC agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings. In addition, the NRC obtained the annual declaration of independence from the Independent Directors confirming their independent status pursuant to the Listing Requirements. Post evaluation, each Board member has been provided with his/her individual performance assessment result and comments, if any, for personal information and further development.</p> <p>The Board views the current evaluation process as adequate to provide an objective assessment on the effectiveness of the Board, the Board Committees and each individual Director and that there was no necessity to engage an independent party to conduct the evaluation for the FY2019. The Board will review the necessity of engaging an independent party for Board evaluations on an annual basis.</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>: The Board viewed the current evaluation process is adequate to provide an objective assessment on the effectiveness of the Board, the Board Committees and each individual Director.</p>		
<p>Timeframe</p>	<table border="1"> <tr> <td data-bbox="528 1509 948 1648"> <p>: Others</p> </td> <td data-bbox="948 1509 1404 1648"> <p>The Board will review the necessity of engaging an independent party for Board evaluations on an annual basis.</p> </td> </tr> </table>	<p>: Others</p>	<p>The Board will review the necessity of engaging an independent party for Board evaluations on an annual basis.</p>
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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 adopted a Remuneration Policy for the remuneration of Directors and Key Senior Management. The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and Key Senior Management.</p> <p>In determining the level and make-up of the Director's remuneration, the NRC is guided by the Remuneration Policy to consider, among others, the following:</p> <ul style="list-style-type: none">- Ensure the remuneration package supports the Group's objective, culture and strategy;- Remuneration and employment norms of the industry and market as a whole;- The Group's performance;- Individual's performance against established criteria and performance related elements, his or her responsibility and accountability;- The remuneration for Non-Executive Directors must be in line with the level of contribution, taking into account factors such as effort and time spent and the responsibilities entrusted; and- The remuneration for each Board member is to be based on their individual level of expertise, knowledge and experience. <p>The Remuneration Policy is reviewed periodically and was last reviewed in February 2018. The Remuneration Policy is available on the Company's website http://www.oskgroup.com/corporate-governance/.</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 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 is delegated by the Board to implement the Remuneration Policy and to review the remuneration packages for Directors and Key Senior Management.</p> <p>The NRC consists wholly of Independent Non-Executive Directors and is governed by its TOR, which is available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>The NRC is empowered by its TOR to have the resources, full and unrestricted access to any information required to perform its duties.</p> <p>In FY2019, the NRC carried out an annual review of the Directors' remuneration, whereupon recommendations were submitted to the Board for approval. Such annual review is to ensure that the remuneration package of the Directors remains sufficiently attractive to retain the Directors of such calibre to provide the necessary skills and experience and commensurate with their responsibilities to ensure the effective management and operations of the Group to achieve the Group's long-term objectives.</p> <p>The level of remuneration for Non-Executive Directors generally reflects the experience and level of responsibilities undertaken. They are paid a basic fee as ordinary remuneration, a sum based on their respective responsibilities in Board Committees, meeting allowance and reimbursement for reasonable expenses incurred in the course of their duties to ensure the remuneration and incentives for Independent Directors are not in conflict with their obligations to deliver objectivity and independent judgement on matters discussed at board meetings.</p> <p>The proposed Directors' fees for the FY2019 and the proposed Directors' benefits for the period from the next day after the forthcoming 30th AGM until the next AGM of the Company to be held</p>

	<p>in year 2021 will be tabled at the forthcoming 30th AGM for the approval of the shareholders. The interested Directors had abstained from voting on the resolutions approving the Directors' fees and Directors' benefit at the 29th AGM held in year 2019 and will continue this practice at the forthcoming 30th AGM.</p> <p>The proposed annual Directors' fee for the Non-Executive Directors is RM65,000 each, with an additional fee of RM10,000 to be payable to the Chairman of the AC and RM5,000 each to be payable to the Chairman of the RMC and NRC.</p> <p>Executive Directors are not entitled to the above Director's fee nor are they entitled to receive any meeting allowance for the Board or Board Committees meetings that they attend.</p> <p>For Executive Directors, the components of their remuneration are structured so as to link reward to corporate and individual performance. The current remuneration package of Executive Directors includes a monthly salary and benefits-in-kind/ emoluments such as company car, driver, travel allowance and other components.</p> <p>In addition to the above, the Directors are provided with the Directors & Officers ("D&O") insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Group. However, the said insurance policy does not indemnify a Director or principal officer if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty or trust.</p> <p>The Executive Directors do not participate in the decision with regard to their own remuneration. The remuneration package for all 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>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

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

Practice 7.1

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

Application	:	Applied																				
Explanation on application of the practice	:	<p>Total remuneration paid/ payable to Directors of the Group for the FY2019 are as follows:</p> <p><u>Executive Directors</u></p> <table border="1"><thead><tr><th>Name of Directors</th><th>Total Remuneration (RM'000)</th></tr></thead><tbody><tr><td>Tan Sri Ong Leong Huat @ Wong Joo Hwa</td><td>3,196</td></tr><tr><td>Mr. Ong Ju Yan</td><td>2,276</td></tr><tr><td>Mr. Ong Ju Xing</td><td>1,853</td></tr><tr><td>Dato' Saiful Bahri bin Zainuddin</td><td>875</td></tr></tbody></table> <p><u>Non-Executive Directors</u></p> <table border="1"><thead><tr><th>Name of Directors</th><th>Total Remuneration (RM'000)</th></tr></thead><tbody><tr><td>Dato' Thanarajasingam Subramaniam</td><td>79</td></tr><tr><td>Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir</td><td>78</td></tr><tr><td>Mr. Leong Keng Yuen</td><td>84</td></tr><tr><td>Ms. Ong Yee Ching</td><td>74</td></tr></tbody></table> <p>The Directors' fee payable to the Non-Executive Directors for FY2019 are subject to the shareholders' approval.</p> <p>The detailed breakdown of the Directors' remuneration are disclosed under Note 41 of the Financial Statements in our Annual Report 2019.</p>	Name of Directors	Total Remuneration (RM'000)	Tan Sri Ong Leong Huat @ Wong Joo Hwa	3,196	Mr. Ong Ju Yan	2,276	Mr. Ong Ju Xing	1,853	Dato' Saiful Bahri bin Zainuddin	875	Name of Directors	Total Remuneration (RM'000)	Dato' Thanarajasingam Subramaniam	79	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	78	Mr. Leong Keng Yuen	84	Ms. Ong Yee Ching	74
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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 commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

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

Application	:	Departure														
Explanation on application of the practice	:															
Explanation for departure	:	<p>Remuneration for the Company's top five (5) Senior Management (including benefits-in-kind and other emoluments) in FY2019 falls within the following bands:</p> <table border="1"> <tr> <td colspan="2">2019</td> </tr> <tr> <td>RM1,250,001 up to RM1,300,000</td> <td>1</td> </tr> <tr> <td>RM1,450,001 up to RM1,500,000</td> <td>1</td> </tr> <tr> <td>RM1,850,001 up to RM1,900,000</td> <td>1</td> </tr> <tr> <td>RM2,250,001 up to RM2,300,000</td> <td>1</td> </tr> <tr> <td>RM3,150,001 up to RM3,200,000</td> <td>1</td> </tr> <tr> <td>Total:</td> <td>5</td> </tr> </table> <p>The Company had disclosed the top five (5) Senior Management's remuneration in bands of RM50,000, but not on named basis. The Board is of the view that the detailed disclosure of the Senior Management's remuneration on named basis may give rise to recruitment and talent retention issues, due to confidentiality and sensitivity of each remuneration package.</p> <p>The performance of Senior Management is evaluated on an annual basis and measured against the targets sets for the year. The remuneration packages are reviewed annually and adjustments to their remuneration are made based on not only on their individual performance and contributions in the preceding year, but also the Company's performance.</p>	2019		RM1,250,001 up to RM1,300,000	1	RM1,450,001 up to RM1,500,000	1	RM1,850,001 up to RM1,900,000	1	RM2,250,001 up to RM2,300,000	1	RM3,150,001 up to RM3,200,000	1	Total:	5
2019																
RM1,250,001 up to RM1,300,000	1															
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RM3,150,001 up to RM3,200,000	1															
Total:	5															
<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 continue to evaluate the implication of the disclosure of the Senior Management's remuneration on named basis annually.														
Timeframe	:	Others														
		This will be reviewed on an annual basis.														

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management 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	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is chaired by Mr. Leong Keng Yuen, an Independent Non-Executive Director of the Company.</p> <p>Mr. Leong Keng Yuen is not the Chairman of the Board as the Board acknowledges that the AC, being an independent and objective body, should function as the Company's independent watchdog to ensure the integrity of financial controls and effective financial risk management.</p> <p>Under the leadership of Mr. Leong Keng Yuen during the FY2019, the AC ensured that:</p> <ul style="list-style-type: none"> - they received an audit report from the External Auditors wherein they reported on matters related to the Company's audit and its financial statements and these matters had been addressed. - the External Auditors met with the AC twice during FY2019 without the presence of the Management. The AC received assurance from the External Auditors that there was no issue or concern of fraud, which required to be highlighted to the AC. - AC's concerns on matters that may have an effect on the financial or audit of the Company were communicated to the External Auditors. - the internal audit function is effective and is able to function independently. Further details are enumerated in Practice 10.1 in this Report.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 February 2018, the TOR of the AC has been updated with requirements to observe the cooling-off period of at least two (2) years before appointment of a former key audit partner as a member of the AC.</p> <p>In FY2019, none of the AC members were former key audit partners of the Company.</p> <p>The TOR of the AC is available on the Company's website http://www.oskgroup.com/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has adopted the Policy and Guidelines on the Performance Evaluation of External Auditors. The said Policy and Guidelines were approved by the Board in February 2013.</p> <p>In FY2019, the AC had conducted an annual assessment of the suitability, objectivity and independence of the External Auditors, Messrs. BDO PLT, in respect of the financial year ended 31 December 2018. The AC is satisfied with the performance and independence of the External Auditors, as well as the fulfillment of criteria based on several factors, which included independence of the External Auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources in carrying out audit works that they were tasked with, as set out in the Policy and Guidelines on the Performance Evaluation of External Auditors.</p> <p>Based on the outcome of its assessment, the AC had recommended to the Board for the re-appointment of Messrs. BDO PLT as External Auditors for the Company which was subsequently approved by shareholders at the 29th AGM in year 2019.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted		
Explanation on adoption of the practice	:	The composition of the AC as at 31 December 2019 is as follows:		
		No.	Member	Designation
		1.	Mr. Leong Keng Yuen (Chairman)	Independent Non-Executive Director
		2.	Dato' Thanarajasingam Subramaniam	Senior Independent Non-Executive Director
		3.	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	Independent Non-Executive Director

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC's effectiveness hinges on a number of critical factors, which includes knowledge, experience and commitment of the AC members, the AC's leadership, dynamics and chemistry, and their quality interaction with Management, Internal Auditors and External Auditors.</p> <p>The members of the AC collectively have the necessary skills related to financial, banking experience and commercial expertise to discharge their responsibilities and to effectively challenge the Management.</p> <p>In FY2019, the NRC had carried out an annual assessment on the effectiveness of the AC and its individual AC members. 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 were appropriate, and collectively, the AC members are financially literate and able to understand matters under the purview of the AC, which includes the financial reporting process.</p> <p>All AC members have undertaken ongoing trainings and development to keep abreast of the latest developments and changes to the regulatory environment, and ensure that they are equipped with the relevant knowledge and skills in discharging their duties effectively. Details on trainings attended by AC members during FY2019 are disclosed in the Corporate Governance Overview Statement in our Annual Report 2019.</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

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 (“ERMF”) was established to provide the overall guideline and approach to the Group’s risk management. The ERMF was recently reviewed and approved by the Board in February 2019.</p> <p>The GRM is responsible to manage and monitor risk management. In providing assurance to the Board on the Group’s adequacy and effectiveness of risk management, the GRM, under the purview of GMRC, actively monitors the Group’s portfolio of major risks via the Risk Control Self-Assessment approach.</p> <p>The GRM is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such persons with vital insights of respective businesses and are able to actively influence the identified risks through decisions and actions.</p> <p>In FY2019, the risk reports from all Business Divisions were consolidated and updated to the GMRC and RMC on a quarterly basis, highlighting all risks and mitigating controls carried out by the respective Business Divisions. These were presented to the Board where internal controls and risk mitigation strategies were highlighted.</p> <p>The AC monitors and reviews the effectiveness of the internal audit activities and ensures that actions have been taken by the Management to correct the deficient conditions and improve control processes highlighted by the internal auditors, thereby contributing to the ongoing effectiveness of the Group’s system of risk management and internal control.</p> <p>The above are also set out in the Statement on Risk Management and Internal Control in our Annual Report 2019.</p>
Explanation for departure	:

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

Intended Outcome

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

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

Practice 9.2

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

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>: The Group’s risk management function is benchmarked against the ISO 31000:2009 Risk Management – Principles and Guidelines to embed Enterprise Risk Management into activities and processes of the Group. Risk Management enable the Group to identify, assess and mitigate risks systematically through the following:</p> <ul style="list-style-type: none"> - Ascertain functional responsibilities and accountabilities within committees and sub-committees work group for management of risks; - Establish a Risk Management Framework that sets risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group; and - Develop risk strategies which are in line with the risk appetite and tolerance of the Group. <p>On a quarterly basis at the respective business division management committee meetings, major risks and mitigation controls from the various operating subsidiaries are highlighted and deliberated. Thereafter, the consolidated risk profiles are updated in the GMRC’s meeting. The consolidated risk profiles are reported to the RMC and the Board on a quarterly basis and are deliberated on while ad-hoc or new critical risks are escalated to the Board immediately for deliberation.</p> <p>In providing assurance to the Board on the Group’s adequacy and effectiveness of risk management, GRM, under the purview of GMRC, actively monitors the Group’s portfolio of major risks via the Risk Control Self-Assessment approach. The quarterly risk reports from all Business Divisions are consolidated and updated to the GMRC, RMC and Board for their review and deliberation.</p> <p>The Board will meet and deliberate on the top risks identified quarterly. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. GRM is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners, the respective heads of operating subsidiaries being such</p>

	person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Adopted												
Explanation on adoption of the practice :	<p>The RMC comprises majority Independent Non-Executive Directors and is chaired by an Independent Director. The RMC is governed by its TOR, a copy of which is available on the Company's website http://www.oskgroup.com/corporate-governance/.</p> <p>As at 31 December 2019, the composition of the RMC are as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Member</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Chairman)</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dato' Thanarajasingam Subramaniam</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Ms. Ong Yee Ching</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table>	No.	Member	Designation	1.	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Chairman)	Independent Non-Executive Director	2.	Dato' Thanarajasingam Subramaniam	Senior Independent Non-Executive Director	3.	Ms. Ong Yee Ching	Non-Independent Non-Executive Director
No.	Member	Designation											
1.	Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir (Chairman)	Independent Non-Executive Director											
2.	Dato' Thanarajasingam Subramaniam	Senior Independent Non-Executive Director											
3.	Ms. Ong Yee Ching	Non-Independent Non-Executive Director											

Intended Outcome

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

Practice 10.1

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

Application	: Applied
Explanation on application of the practice	<p>The AC is established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting, internal control systems and to ensure proper checks and balances within the Company.</p> <p>To ensure the effectiveness of the internal audit function, the AC is responsible to:</p> <ul style="list-style-type: none">- oversee the internal audit function and ensure compliance with relevant regulatory requirements especially with regard to independence.- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.- review the internal audit process, the results of the audits or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.- evaluate performance, set compensation and decide on the appointment/dismissal of the Head of internal audit function. <p>The internal audit function is assumed by the in-house GIAD which is responsible for the overall internal audit activities of the Group. It functions independently with regards to the activities it audits. The Head of the GIAD reports directly to the AC.</p> <p>The GIAD assists the AC in discharging its duties and responsibilities to provide reasonable assurance on the adequacy and effectiveness of the system of internal control by conducting independent, regular and systematic reviews of the internal processes in addressing the risks identified and that established policies and procedures, applicable laws and regulations are complied with.</p> <p>In FY2019, the Head of GIAD presented a risk-based audit plan for year 2019 to the AC for discussion and approval. The audit plan prioritised the audit review according to the Group's objectives, key risks and core/priority areas and also covered the review of the adequacy of operational and accounting controls, compliance with applicable laws and regulations, established policies and procedures as well as</p>

	<p>governance processes.</p> <p>On a quarterly basis, the audit reports issued during the quarter by GIAD are reviewed and discussed at the AC meetings with a summary report tabled by the Chief Internal Auditor providing his opinion on the adequacy and effectiveness of the systems of risk management and internal control noted on the audits conducted, highlights of significant weaknesses reported and the corrective measures taken, status of the internal audit plan and other administrative matters pertaining to staffing and training. Included in the audit reports are recommendations for corrective measures on risks or internal control weaknesses identified, if any, for implementation by the Management. GIAD also conducts follow-up works to check whether the Management has taken actions to correct deficient conditions and improve control processes. The AC monitors and reviews the effectiveness of the internal audit activities, thereby ensuring that these activities contribute to the ongoing effectiveness of the Group's system of internal control.</p> <p>During the FY2019, the GIAD conducted audits of operations under various business divisions, corporate functions and Information Technology systems. The key areas are set out in the AC Report of our Annual Report 2019.</p> <p>Overall, the AC evaluated the performance of GIAD and is satisfied that the scope of internal audit coverage is adequate and that it has been carried out effectively and independently during FY2019.</p> <p>The above is also set out in the AC Report of our Annual Report 2019.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</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 10.2

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>During FY2019, all internal auditors are independent from the activities they audit on and are free from any business relationships or conflict of interest situation when conducting audit activities. Additionally, each internal auditor had signed a statement on their employment that they will apply and uphold the principles as set forth in the Institute of Internal Auditors’ Code of Ethics when performing internal audit services.</p> <p>As at 31 December 2019, the GIAD comprised 18 personnel based in Head Office. The Head of GIAD, 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. The GIAD is governed by the Internal Audit Charter approved by the AC and is guided by the International Professional Practices Framework.</p> <p>The AC is also satisfied that in FY2019, the GIAD has the necessary competencies, experience and sufficient resources to carry out its functions effectively.</p> <p>The above is also set out in the AC Report of our Annual Report 2019.</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 Board recognises the importance of timely and high quality disclosure as a key component in upholding the principles and best practices of corporate governance within the Group. As such, maintaining an effective communication policy and practices between members of the public and the Company is important to build a common platform of shared understanding and trust between the Company and our stakeholders.</p> <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 our shareholders and the investing public. The Board has established a Group Corporate Disclosure Committee to oversee the implementation of and adherence to the Corporate Disclosure Policy and Procedures.</p> <p>The following communication channels are primarily used by the Company to disseminate information on a timely basis to our shareholders and the investing public:</p> <ul style="list-style-type: none">- General meetings which is an important forum for shareholders to engage with the Directors and Senior Management of the Company;- The Annual Report communicates comprehensive information on the Group's businesses, corporate developments, financial results and key activities undertaken by the Group;- Quarterly announcements and corporate disclosures to Bursa Malaysia, which are available on Bursa Malaysia's website: http://www.bursamalaysia.com/ and on the Company's website: http://www.oskgroup.com/corporate-announcements/;- Press releases, media, customer and investor events provide up-to-date information on the Group's key corporate and marketing initiatives, as well as new product and service launches; and

	<p>- The Company's website: http://www.oskgroup.com/ provides corporate information of the Group, where information on the Company's businesses, sustainability programmes, corporate governance, announcements and financial information can be accessed.</p> <p>The Board also recognises that effective dissemination of communiques related to the Company's business strategies, financial performance and business initiatives, as essential to upholding transparency and the Group's good standing within the investing community. Other than the Company's website: http://www.oskgroup.com/ which provides comprehensive, accurate and timely corporate information to the general investing public, Ms. Ng Lai Ping, the Group CFO, has been identified to address enquiries from the shareholders, investors and the general public. The profile of Ms. Ng Lai Ping is set out in the Key Senior Management's Profiles of our Annual Report 2019.</p> <p>Dato' Thanarajasingam Subramaniam 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 Dato' Thanarajasingam Subramaniam is set out in the Directors' Profiles of our Annual Report 2019.</p> <p>The Board is committed to enhancing and improving its investor relations initiatives in the coming years and to continue hosting effective engagements with our shareholders, institutional investors and key stakeholders.</p> <p>In addition to the above, shareholders and investors can enquire about investor relations matters via the dedicated email address: ir@oskgroup.com.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt integrated reporting for FY2019.	
		During the financial year, the Management has begun exploring the principles and features of integrated reporting to further enhance the performance of our annual report. Integrated concepts underscoring the inter-dependency/ inter-connectedness between financial and non-financial values will be adopted with a measured approach in the coming years, in tandem with the Group's ongoing transformation.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will consider adoption of the integrated reporting which is based on a globally recognised framework.	
Timeframe	:	Others	The Company is working towards adopting the elements of the integrated reporting progressively.

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>During FY2019, the Notice of 29th 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, were sent to shareholders at least 28 days prior to the date of the 29th AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the 29th AGM, and to arrange for proxies to attend the 29th AGM on their behalf, if so required.</p> <p>The Notice of 29th AGM was accompanied with an Administrative Guide, containing information to the shareholders with regard to the details of the 29th AGM, their entitlement to attend the AGM, their rights to appoint proxy and information as to who may count as a proxy.</p> <p>The Notice of 29th AGM, which sets out the businesses to be transacted at the AGM, was also announced via Bursa LINK in Bursa Malaysia's website, and published in a major local newspaper and the Company's website.</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

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, Chairman of AC and NRC had attended the 29th AGM held on 30 April 2019, except for Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir, the chairman of RMC, who was away due to her prior commitment.</p> <p>The Chairman of 29th AGM provided ample time for the Question and Answer sessions in the 29th AGM. The Directors had actively responded to relevant questions addressed to them during the 29th AGM. The Group CFO and representatives of external auditors were also present to respond to the queries raised by the shareholders.</p> <p>In addition, written queries raised by Minority Shareholders Watch Group (MSWG) was presented to the shareholders at the 29th AGM together with the Company's response.</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

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 29th AGM of the Company was held in Klang Valley and the meeting venue is easily accessible by public transport. It is currently not cost effective or practical for the Company to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in general meetings.
		In the event the shareholders are unable to attend the general meeting, the shareholders are allowed to appoint any person or the Chairman of the meeting as their proxies to attend and vote in his stead at the general meeting.
<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 monitor the development of this practice in the market and source for suitable vendors who are able to meet the requirements of the Company at reasonable cost.
Timeframe	:	Others
		The Company is working towards adopting this practice.

**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.
