

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0023
COMPANY NAME : IFCA MSC BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board leads and has effective control over the Group, whereby collective decision and close monitoring are conducted on issues relating to corporate governance, strategic direction, succession planning, risk management, internal controls, formulation of policies and oversight of the Group's business and investment. • The Board has a Board Charter which sets out the roles and responsibilities of the Board Members. The matters reserved for the collective decision of the Board are listed in Appendix A of the Board Charter, which is available on the corporate website at www.ifca.asia. • The Board also oversees matters delegated to the Management, whereby updates are reported to the Board at least on a quarterly basis. Delegation of Authority Chart is adopted and approved by the Board, which the Management has to adhere to in carrying out its day-to-day functions. • The Board has delegated certain responsibility in carrying out its functions to the following committees: <ol style="list-style-type: none"> i. Audit and Risk Management Committee ii. Nomination Committee iii. Remuneration Committee • The powers delegated to the Committees are set out in the Terms of Reference of each Committee, as approved by the Board and set out in the Appendices B, C and D of the Board Charter which is available on the corporate website at www.ifca.asia. • The Board through the Nomination Committee and Remuneration Committee, is responsible to ensure that there is an effective succession planning, for formulating the nomination, selection and succession policies and remuneration packages for the Group's key management positions.
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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	:	<ul style="list-style-type: none"> • The Chairman, Mr Yong Keang Chuen, leads the Board and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. • The Chairman is committed to good corporate governance practices in the Group and has been leading the Board toward high performing and healthy corporate culture that engenders integrity, transparency and fairness. • Key responsibilities of the Chairman include the following: <ul style="list-style-type: none"> - Setting strategic direction in sustaining the overall growth of the Group; - Setting the board agenda and ensuring that board members receive complete and accurate information in a timely manner; - Leading board meetings and discussions; - Encouraging active participation and allowing dissenting views to be freely expressed; - Managing the interface between board and management; and - Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • The Chief Executive Officer (CEO) position has remained vacant since 1 October 2019. • Currently, the roles and responsibilities of the CEO are carried out by the Executive Chairman and the Executive Directors who oversee the Group's overall operational, research and development, finance and accounting, human resource and corporate service function. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Group outsourced the Company Secretary function. Mr. Ng Yim Kong from Strategy Corporate Secretariat Sdn Bhd was appointed as the Company Secretary of the Company and its local subsidiaries in 2019. • Mr. Ng Yim Kong is a secretary licensed by the Registrar of Companies by virtue of Section 235(2) of the Companies Act 2016 (LS0009297/PC No. 202008000309) • Key responsibilities of the Company Secretary include the following: <ul style="list-style-type: none"> - Ensure proper upkeep of statutory registers and records, and maintain a secured retrieval system which stores meeting papers and minutes of meetings; - Ensure adherence to board policies and procedures, rules, and best practices on corporate governance; - Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation; - Attend Board, Committees and Annual/Emergency General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising; and - Assist the Chairperson in the preparation for and conduct of meetings; in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board has full and unrestricted access to all information pertaining to the Group's business and affairs. They have direct access to the advice and service of the Company Secretary and Senior Management of IFCA. • Meeting materials are circulated usually five working days prior to the Board Meeting so that sufficient time is given to allow the Directors to obtain further information and explanation if required, to facilitate informed discussion and decision making. • The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes book, which is kept by the Company Secretary. 	
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	:	<ul style="list-style-type: none"> • The Board Charter was adopted by the Board in 2017, to ensure that all Board members are aware of their fiduciary duties and responsibilities, the 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 Group. • Any subsequent amendment to the Board Charter shall only be made after the approval by the Board. • The Board Charter would be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities, is subject to the Board's approval. • The Board Charter is available on IFCA's corporate website - www.ifca.asia. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • In 2017, the Group adopted the Code of Conduct and Ethics (CCE), which sets out the ethical practices and guidelines applicable to the directors, management and employees of the Group. • The CCE includes the following key areas:- <ul style="list-style-type: none"> - Integrity - Transparency - Accountability - Conflicts of Interest Policy - Anti-corruptions and Bribery Policy - Honesty - No Gift Policy • The CCE will be reviewed as and when deemed necessary to maintain more effective and ethical business conduct. • The CCE document is available on IFCA's corporate website, www.ifca.asia, and the Employee's Handbook. • The Group has adopted "No Gift Policy" to prevent any conflicts of interest in business dealings. The policy is made available on the Group's intranet to ensure that all employees are aware and working towards the Group's organisational goals. • Subsequent to the implementation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 to introduce corporate liability, the Group took steps to strengthen its anti-bribery and anti-corruption compliance with adoption of "Anti-Bribery and Anti-Corruption Policy" in May 2020. The code is made available on IFCA's corporate website, www.ifca.asia.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Group has in place a Whistleblowing Policy to promote the culture of good business ethics and governance, and to encourage the employees to report genuine concerns in relation to breach of a legal obligation (including negligence, corrupt practices, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. • The Board is responsible for overseeing the implementation of the Whistleblowing Policy for Directors, and all whistle-blowing reports are addressed to the Chairman of Audit Committee/Senior Independent Director or the Chairman of the Company. • The Whistleblowing Policy is available on IFCA's corporate website, www.ifca.asia.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Company is supportive of objective and independent deliberation, review and decision making. • As at the date of this report, the Board comprises six (6) members; of which three (3) are Independent Directors and three (3) are Executive Directors. • The Board is in compliance with the Practice 4.1 of the Code which recommends at least half of the board to comprise Independent Directors. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none"> • Mr. Chew See Chiew, an Independent Non-Executive Director, has served the Board for more than nine (9) years but less than twelve (12) years as at the date of this report since his appointment on 3 February 2010. • The Board has via the Nomination Committee assessed and is fully satisfied that Mr. Chew has continued to be independent and have carried out his duties professionally, diligently, without fear and favour and always in the best interest of the Company and the stakeholders. Given his extensive experience and in-depth knowledge of the Group's businesses, his participation in meetings and advice given have always been invaluable input to the decision-making process of the committees and the Board. • The Board believes that Mr. Chew will continue to bring valuable insights and contributions to the Board and his exercise of independent judgement will not be affected by the length of his service as an independent director because of Mr. Chew's calibre, experience, personal qualities and character. • The Board will seek shareholders' approval by way of ordinary resolution via single tier voting process at the forthcoming 23rd Annual General Meeting of the Company to retain Independent Director.
<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 4.3 - 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	:	<ul style="list-style-type: none"> • The Group does not have a policy which sets term limits for its Independent Directors. • The Board is of the view that the ability of long-serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by the tenure of service or any predetermined age.

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	:	<ul style="list-style-type: none"> • Appointment of the Board and Senior Management is based on objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background. • The Board pursues diversity in both the Board and Senior Management level and is mindful that a diverse board can offer greater depth and breadth, compared to a non-diverse Board. • Diversity at the Senior Management level will also provide constructive debates and thought leadership, which will lead to better decisions, innovations and solutions. 	
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	:	<ul style="list-style-type: none"> • Presently, there is no female director who sits on the Board after the resignation of Ms. Ooi Bee Bee on 1 March 2021. • The Board acknowledges the recommendation of the Code on gender diversity for the Board Composition. The Board is of the view that the selection criteria of a Director is based on the effective blend of merit, skills, experiences, knowledges and competencies. • Nevertheless, the Board, through the Nomination Committee, will continue to consider gender diversity as part of its future selection of Directors. • With respect to the Senior Management, IFCA currently has 22% of women holding key positions in the Group. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<ul style="list-style-type: none"> • On 1 March 2021, there was a new director (namely Mr. Eng Kim Haw) appointed to the Board. The new Board member was recommended by an existing board member in consideration of his extensive knowledge and exposure in various industries. • Mr. Eng Kim Haw has more than 30 years' experience and knowledge in property holding, property development and construction industries. He is also hands-on in Corporate Finance for public listed companies with knowledge of KLSE requirements, corporate governance and taxation. • The Board is confident that Mr. Eng could bring valuable contribution to the Group with his wide industry expertise and experience accumulated over the years.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Nominating Committee (“NC”) comprises solely of Independent Non-Executive Directors. The NC is responsible for the recommendation of candidates for the appointment of new Directors to the Board. • The NC is chaired by the Senior Independent Director, Mr. Chew See Chiew who was elected on 28 May 2018. • The principal responsibilities of the NC are: <ul style="list-style-type: none"> - Reviewing the Board composition and proposing new nominees to the Board and Board committees. The Board considers diversity from various areas, including gender, age, ethnicity, academic and professional experience and skills. The Board reviews the appointment and resignation of Chief Financial Officer for the Board’s consideration. - Assessing the effective functioning of the Board and Board Committees to meet the needs of the Group and the contribution of each Director (including the Independent Non-Executive Directors) and Chief Financial Officer every year. The Board takes into consideration the required mix of skills, knowledge, expertise and experience contributed by Independent Non-Executive Directors. - Reviewing the term of office and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their Terms of Reference. • The Terms of Reference of NC is approved by the Board and set out in Board Charter, which is available on IFCA’s corporate website – www.ifca.asia.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • During the financial year, the Board evaluation process was conducted via a set of questionnaires to assess and review the ability and performance on the Board, the Board Committees and individual directors. • The questionnaires are categorised into 5 areas: - <ul style="list-style-type: none"> • Board and Board Committees evaluation • Individual Director self and peer evaluation • Assessment on Mix of Skill and Experience • Group Chief Financial Officer evaluation • Evaluation of level of Independence of a Director • The Nomination Committee was satisfied that the skills, experiences and contributions of the Directors are adequate to enable the Board and the Board Committees to discharge their respective duties and responsibilities effectively.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • The Remuneration Committee (RC) is responsible for remuneration procedures for the Board of directors and operates under its own terms of reference (TOR). The Terms of Reference of RC is approved by the Board and set out in Board Charter, which is available on IFCA's corporate website – www.ifca.asia • There is no policy in place for senior management. The remuneration of senior management is evaluated and determined by Executive Chairman and Executive Directors on a periodic basis. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 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	:	<ul style="list-style-type: none"> • The Remuneration Committee ("RC") comprises two Independent Non-Executive Directors and the Non-Independent Executive Chairman. The current members of Remuneration Committee are: <ul style="list-style-type: none"> - Chew See Chiew (Independent Non-Executive Director) – Chairman - Yong Keang Cheun (Non-Independent Executive Chairman) – Member - Ang Boon Pheng (Independent Non-Executive Director) – Member • The RC is responsible for the recommendation of general remuneration procedures of the Board. • The Terms of Reference of RC is approved by the Board and set out in Board Charter, which is available on IFCA's corporate website – www.ifca.asia.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> The detailed disclosure for remuneration of individual directors is set out in the Corporate Governance Overview Statement in the Company's Annual Report. The details of the remuneration are broken down into category, of fees, salary, bonus, benefits in-kind and other emoluments. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> The Company had disclosed the top six senior management's remuneration components in bands width of RM50,000 but not on named basis. This was due to confidentiality and sensitivity of individual remuneration package, especially for the IT industry. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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	:	<ul style="list-style-type: none"> • The Audit and Risk Management Committee comprises solely of Independent Non-Executive Directors. The current members of ARC are: <ul style="list-style-type: none"> - Chew See Chiew (Independent Non-Executive Director) – Chairman - Ang Boon Pheng (Independent Non-Executive Director) – Member - Ooi Bee Bee (Independent Non-Executive Director) – Member (resigned on 1 March 2021) - Eng Kim Haw (Independent Non-Executive Director) – Member (appointed on 1 March 2021) • The Chairman of Audit and Risk Management Committee, Mr Chew See Chiew, is not the Chairman of the Board. • Mr. Chew holds a Bachelor of Degree in Accountancy from the University of Technology in Australia and is a Chartered Accountant.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the Audit and Risk Management Committee, which is incorporated in the Terms of Reference (TOR) of Audit and Risk Management Committee. • The TOR of Audit and Risk Management Committee is approved by the Board and set out in Board Charter, which is available on IFCA's corporate website – www.ifca.asia • None of the members of the Board were former auditors or audit partners. 	
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	:	<ul style="list-style-type: none"> • The Group, through the Audit and Risk Management Committee, maintains a formal and transparent professional relationship with the Group's external auditors. • Meetings are held at least once a year without the presence of the management of the Company to ensure that the external auditors can freely discuss and express their opinions on any matter to the Audit and Risk Management Committee. • In addition, the external auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report. • The Audit and Risk Management Committee had conducted the assessment on Messrs UHY to assess the suitability and independence of external auditors based on criteria adopted from best practices. The outcome of the assessment was satisfactory and accordingly, the Audit and Risk Management Committee had recommended to the Board to table the resolution for their re-appointment as external auditors for the next financial year for shareholders' approval at the forthcoming 23RD AGM of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<ul style="list-style-type: none"> • The Audit and Risk Management Committee comprises three Independent Non-Executive Directors. The current members are: <ul style="list-style-type: none"> - Chew See Chiew (Independent Non-Executive Director) – Chairman - Ang Boon Pheng (Independent Non-Executive Director) – Member - Ooi Bee Bee (Independent Non-Executive Director) – Member (resigned on 1 March 2021) - Eng Kim Haw (Independent Non-Executive Director) – Member (appointed on 1 March 2021)

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	:	<ul style="list-style-type: none"> • The members of Audit and Risk Management Committee have the relevant experience and financial literacy to effectively discharge their duties. • The qualification and experience of the individual Audit and Risk Management Committee members are disclosed in the Board of Directors' Profile in the Annual Report. • The members of Audit and Risk Management Committee had undertaken continuous professional development to keep themselves abreast of recent development on accounting standards, rules and practices. • The training programmes attended are set out in the Corporate Governance Overview Statement of the Annual Report for FYE 31 December 2020.
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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board maintains a sound risk management framework and system of internal control to safeguard the Group's assets and shareholders' investment. • The Board has delegated the role of reviewing the adequacy and the integrity of the Group's internal control systems, which includes risk management practices as well as financial, operational and compliance controls, to the Audit and Risk Management Committee. • As an ongoing process, the Audit and Risk Management Committee has reviewed the risk policy during FY2020. Significant business risks are identified and evaluated so that risk assessment and risk mitigation can be carried out effectively. • Internal controls are vital for risk management and the Board is committed to ensure that the Group has in place an effective and efficient internal control system. The Internal Audit function, which is outsourced, regularly tests and assesses if internal controls are robust and viable.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> The key features of the risk management and internal control framework are covered in two separate sections in the Annual Report; namely the Statement of Risk Management and Internal Control and the Audit and Risk Management Committee Report 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<ul style="list-style-type: none"> • The Board has delegated the role of reviewing the adequacy and the integrity of the Company's internal control systems, which includes risk management practices as well as financial, operational and compliance controls to the Audit and Risk Management Committee. • The Audit and Risk Management Committee comprises wholly Independent Directors and is chaired by Mr. Chew See Chiew, the Senior 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	:	<ul style="list-style-type: none"> • The Board of Directors has always placed significant emphasis on sound internal controls, which are necessary to safeguard the Group's assets and shareholders' investment. • The internal audit plan is designed to test the internal controls put in place to check the identified risks and to ensure that they do not breach the risk tolerance level of the Group. • The annual internal audit plan is presented to the Audit and Risk Management Committee for review, consideration and recommendation to the Board for approval before the internal auditors commence work. • Internal audit reports are made available, and they highlight significant findings or deficiency requiring the management's attention and provide recommendations on areas for improvement. Follow-up reviews would subsequently be conducted to ensure that appropriate corrective action plans have been implemented to address highlighted control weaknesses. 	
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 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	:	<ul style="list-style-type: none"> • The internal audit function of the Group is outsourced to an external professional service firm, Crowe Governance Sdn Bhd, and the findings are regularly and directly reported to the Audit Committee. • The internal auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence. • The function is carried out by the team, headed by Mr. Amos Law, who holds a Bachelor in Accountancy and Finance from Heriot-Watt University in the UK. He is also a certified internal auditor and a Chartered Member of The Institute of Internal Auditors Malaysia (IIA). • The team comprises three (3) internal auditors who ensure that the internal audit function is carried out in accordance to the International Professional Practices Framework issued by the IIA. 	
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	:	<ul style="list-style-type: none"> • The Board recognises the importance of an effective, transparent and regular communication channel between the Board, shareholders and general public. • The Company engages with analysts, journalists and institutional investors on the Group's performance, developments and matters of interest to the investing public regularly. • Investor relations activities such as meetings with fund managers and analysts, and interviews by the media are attended by the Executive Chairman or Executive Directors. • Corporate website (www.ifca.asia) is maintained so that the shareholders and public can access to the Company's background, products, financial performance, latest information and many other corporate disclosures. • Shareholders can raise their queries through IFCA's corporate website, via email or phone.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • Whilst certain indication of integrated reporting may be incorporated in the Annual Report of IFCA, such as the Sustainability Statement, it is not an integrated report on the whole with respect to the Group's business, policies on governance, environment and social responsibility. • The Board would like to allow an advocacy period for the awareness of integrated reporting to be better appreciated by Management staff before it is adopted. Presently, the Board is of the view that the Company's Annual Report is sufficient for stakeholders to make informed decisions. 	
		<ul style="list-style-type: none"> • The current Annual Report provides stakeholders with a fairly comprehensive overview on the Group's financial and non-financial information. Components such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The AGM represents the principal forum for dialogue and interaction with shareholders, where the Board sets out the progress, performance and outlook of the Group since the last meeting held. • In view of the operational difficulties caused by the re-imposition of Movement Control Order (MCO) which commenced from 13 January 2021 to 4 March 2021, Bursa Malaysia had granted a one-month extension to the listed issuers on issuance of Annual Report which is due by 30 April 2021. Under the circumstances, the Group will release the Annual Report 2020 and CG report 2020 on 28 April 2021. • The Notice of Annual General Meeting (AGM) must be circulated to shareholders to 28 days at least before the meeting. The Company will continuously apply this Practice in the upcoming AGM. • Shareholders are encouraged to attend each AGM and are given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.
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	:	<ul style="list-style-type: none"> • All Directors and the Chairs of Committees attended the Company's previous annual general meeting. • During the Question and Answer session, the Directors, Senior Management, the Auditors and Company Secretary are available to respond to the queries raised. • In the event that a question cannot be immediately answered at the meeting, the Chairman will undertake to provide a written reply to the shareholder after the AGM. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Company's Annual General Meeting ("AGM") has been held within the capital city limits and never in remote location. • The Company has had its previous AGM at IFCA own's auditorium at Dataran Prima, Petaling Jaya. The venue location is easily accessible and familiar to most of the shareholders. • A shareholder of the Company can vote in person or appoint a proxy to participate and vote on his/her behalf.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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