CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	0039
COMPANY NAME	**:**	GFM SERVICES BERHAD
FINANCIAL YEAR	**:**	December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Rule 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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 Rule 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	:	As set out in the Board Charter, the Board is responsible to shareholders for the management and performance of the Group, including the following matters:- • Evaluating, approving and monitoring the Company's strategic and financial plans for the Group; • Evaluating, approving and monitoring the annual budgets and business plan and evaluating the Group's performance in relation to them; • Evaluating, approving and monitoring the progress of major capital expenditure, capital management, acquisitions, divestitures and all major corporate transactions including the issue and buy-back of any securities of the Company; • Monitoring major litigation; • Approving all financial reports to be published and related stock exchange announcements; • Monitoring other material reporting and external communications by the Company; • Approving the dividend policy and payment of dividends; • Succession planning, evaluation and appointments; • Appointing external auditors (subject to shareholders' approval); and • Considering and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.
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

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	:	The Company's Board Charter has specified the roles and responsibilities of the Chairman. The Board Charter is available on the Company's website at www.gfmservices.com.my. The Chairman leads the Board and is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and to ensure that Board proceedings are in compliance with good conduct and best practices.	
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

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of Chairman and Managing Director are distinct and separated and clearly defined in the Company's Board Charter, which is available on the Company's website at www.gfmservices.com.my. The Chairman of the Board, Mr. Abdul Rahim Bin Abdul Hamid is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings are in compliance with good conduct and best practices. The Managing Director, Mr. Mohammad Shahrizal Bin Mohammad Idris is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required.	
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

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board Chairman, Mr. Abdul Rahim Bin Abdul Hamid, is a member of the Audit and Risk Management Committee ("ARMC"). The Board Chairman was invited to participate in the ARMC Meeting and Nomination and Remuneration Committee ("NRC") Meeting as the committees are of the view that the Board Chairman's input and contribution is valuable to the review process.	
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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The Company Secretary, Ms. Wong Youn Kim is a qualified Chartered Secretary (ICSA) and Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended trainings and seminars conducted by relevant regulatories to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Rule 14 of the ACE LR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.
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

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	At least seven (7) days prior to each Board meeting, members of the Board will be provided with an agenda and a set of Board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The Board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval. The Senior Management, External Auditors and/or Internal Audit and Compliance Unit ("IACU") of GFM may be invited to attend the Board meetings, if required, to provide additional information on the relevant agenda tabled at the Board meetings. All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary. Besides Board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.
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

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board retains full and effective control of the Group. The Board has the primary responsibility for guiding and monitoring the business and affairs of the Group including compliance with the Company's corporate governance objectives. In giving effect to the Board Charter, each Director will at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company. Each Director will at all times act in the interests of shareholders of the Company and of the Company as a whole, and will have regard to the interests of employees and customers of the Group and the community and environment in which the Group operates. The salient features of the Board Charter had been uploaded on the Company's website at www.gfmservices.com.my. The Board has delegated specific responsibilities to various Board Committees namely ARMC and NRC whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each Committees. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective Committees' terms of reference and responsibilities. The Chairman of the various Committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.
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 :	The Board acknowledges and emphasises the importance for all Directors and employees of the Group to embrace the highest standards of corporate governance practices and ethical standards. In this respect, the Board has formalised a Code of Ethics and Code of Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations. The Code of Ethics and Code of Conduct had been uploaded on the Company's website at www.gfmservices.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	To enhance corporate governance practices across the Group, a Whistle-Blowing Policy was adopted which provide directors, employees, shareholders, vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination. The details of the Whistle-Blowing Policy are available for reference at the Company's website at www.gfmservices.com.my The Board also adopted the Anti-Bribery and Corruption Policy to set out the Group approach in combating bribery and corruption on 15 April 2020, the said policy has been made available on the Company's website.
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is responsible to oversee the Group's sustainability agenda, practices, strategies and performance supported by the Management. The Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans. The Terms of Reference of the ARMC has been revised to provide the explicitly ARMC's responsibilities to renew the Group's sustainability policies, goals and risks periodically. The Sustainability Report of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2021, is set out on pages 17 to 28 of the Annual Report 2021.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication are fundamental components of good corporate governance and serve to build vital relationships of trust the Company maintained with its stakeholders. The Company engages its stakeholders through various means of communication to enable them to more understand the Group's business operation and seek their feedbacks and inputs on several matters relevant to them. The Group identified them through issues which are material based on their impact to the Group's operation and the number of stakeholders affected. The Company strives to maintain an open and two-way communication with its employees to discuss, among others, the Company's performance and growth strategies. The Executive Vice Chairman has presented to the shareholders on the Group's overview, business model, strategy plans and financial review during the Annual General Meeting.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board took note of the importance of the sustainable development. The Company had formed a Management Committee to address the sustainability issues relevant to the Group and its business in order to achieve sustainable long-term value.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4
Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	The Board of Directors and Board Committees' assessment and evaluation have been performed on yearly basis to assess the following areas:- • Board and Board Committee Evaluation; • Board Skills Matrix; • Directors' Evaluation; and • Independent Directors' Self-Assessment Checklist. Based on the assessment and evaluation performed by each individual Directors and NRC, it was concluded that: - (a) NRC was satisfied that the Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors. (b) NRC was satisfied with the current structure, size and composition of the Board which comprises people who possess different expertise and experience in various fields and specialisations enable the Board to lead and manage the Company effectively. (c) NRC was satisfied with the performance and contribution of each individual Director and each Director is well qualified in his/her area of expertise and profession. (d) NRC was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up
The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Adopted
Explanation on adoption of the practice	:	As a responsible business entity, the Group has committed to develop sustainable strategies across all levels of management. In the effort to embed and achieve sustainable management and growth into the daily operations, the Group has established a governing body to oversee and implement sustainable programs. The Management Committee was formed to drive and implement the sustainability strategy of an organisation, championing its goals and monitoring its efforts. The Management Committee was chaired by the Managing Director, Mr. Mohammad Shahrizal Bin Mohammad Idris and assist by its committee members comprising of senior management from Finance, Operations, Legal, Safety and Compliance, Business Development and Human Resources departments. The roles and responsibilities of the Managing Director were as follows:- (a) Coordinate information and inputs from HOD; (b) Develop and improve sustainability strategies; and (c) Monitor sustainability programme performance. The HODs also play their roles to: - (a) Assist and gather information for sustainability reporting; (b) Implement sustainability practices approved by Managing Director; and (c) Identify Environmental, Social and Governance (ESG) by department.

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

Practice 5.1
The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	The NRC was formed to assist the Board on 16 October 2016. The NRC had performed Board assessment on annual basis to ensure that the right group of people with appropriate mix of skill was appointed. The NRC also conducted an assessment of Directors who are seeking for re-election at the forthcoming 9th Annual General Meeting ("AGM") and concluded that Mr. Ashok Virendra Shah and Mr. Zainal Bin Amir are eligible for re-election. The Board had approved and proposed the re-election of Mr. Ashok Virendra Shah and Mr. Zainal Bin Amir at the coming AGM. The Board had revised its Board Charter on retaining an Independent Director after a cumulative term of nine (9) years by seeking annual shareholders' approval through a two-tier voting process to be in line with the Malaysian Code on Corporate Governance 2021 ("MCCG").	
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	The principle emphasises the importance of right Board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of Board members. The Board currently has seven (7) members, consisting of one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. The Company complies with the criteria of ACE LR of Bursa Securities ensuring that at least two (2) Directors or one-third (1/3) of the Board of Directors, whichever is the higher, are independent directors. The profiles of each of the Directors are presented on pages 29 to 35 of the Annual Report 2021. The current composition of the Board is well balanced with the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decision-making process. All Independent Non-Executive Directors are independent of management duties and they do not have any family relationship with any of the other Board members which could interfere with their exercise of independent judgement during the decision-making process of the Board or the ability to act in the best interest of the Company and its shareholders.
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
Application	:	Adopted
Explanation on adoption of the practice	:	The Board has adopted the policy that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's redesignation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NRC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and the candidate's performance.

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

Practice 5.5
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

Application :	Applied	
Explanation on application of the practice :	The NRC will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Directors of the Company based on the following evaluation criteria:- • Skills, knowledge, expertise and experience; • Professionalism; • Time commitment to effectively discharge his role as a director; • Contribution and performance; • Character, integrity and competence; • Boardroom diversity including gender diversity; and • In the case of candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities and functions as are expected from Independent Non-Executive Directors. The NRC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.	
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

Application	:	Applied
Explanation on application of the practice	:	The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements. The profile of the Board members are set out on pages 29 to 35 of the Annual Report 2021. The MCCG endorses a formal procedure for appointments to the Board based on the recommendation of a nominating committee. As such the Board has established a NRC who is responsible for:- • recruitment, retention, training and basically developing the best available Directors suitable for the Company; • management of the Board's renewal and succession planning effectively; and • reviewing and recommending to the Board, the remuneration frameworks for Directors and assists the Company in ensuring that the remuneration of the Directors reflects the responsibility and commitment undertaken by the Board membership. When there are changes in the regulatory requirements and retirement of Directors, the Board would through the NRC review the composition of the Board members in order to ensure that the current composition of its Board functions competently.
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7
The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application :	Applied	
Explanation on application of the practice :	The details of the Directors seeking re-election at the AGM including their qualification, working experience, directorship in other public listed company, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report 2021. The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 31 December 2021 are also disclosed in the Annual Report. Based on the assessment of the NRC, the NRC had recommended that Mr. Ashok Virendra Shah and Mr. Zainal Bin Amir are eligible for re-appointment, the Board had subsequently approved and resolved the re-appointment of Mr. Ashok Virendra Shah and Mr. Zainal Bin Amir as Directors at coming 9th AGM.	
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NRC comprises solely of three (3) Independent Non-Executive Directors. The Chairman of the NRC is Mr. Zainal Arifin Bin Khalid, an Independent Non-Executive Director.	
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
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9
The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As at the date of issuance of this report, there are no women Directors on Board. The Board acknowledges the call by the Government and MCCG for boards to comprise at least 30% woman on Board. The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% woman representation target at Board level as required, the Board is putting its effort in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age to join the Board.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the MCCG and will endeavour to consider suitable and qualified female candidates for appointment to the Board.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.			
Application	:	Applied	
Explanation on application of the practice	:	The Board, through the NRC, undertakes the process to assess the effectiveness and performances of each individual Director annually. The assessment is based on each Director's contribution, roles and duties, personal attributes, attendance record and training activities attended.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The NRC had reviewed and assessed the size of Board, required mix of skills, experience, performance and contribution of Directors, effectiveness of the Board as a whole, independence of Independent Directors and training courses required by the Directors and is satisfied with the current composition and performance of the Board for the financial year ended 31 December 2021 ("FYE 2021"). The NRC has considered the performance and contribution of the Directors who stand for re-election at the forthcoming AGM to determine whether they are eligible for re-election. The NRC will recommend the re-election of Directors to the Board for approval. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board meeting. With the current composition, the NRC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

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

Practice 7.2
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	:	In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the Executive Directors. The remuneration of the Executive Directors includes salaries and other emoluments, bonus and benefits in kind. The level of remuneration for the Independent Non-Executive Directors reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive Director concerned. Currently the Non-Executive Directors are paid with Director's fees and attendance allowance for Board/general meetings they attended. The Company's remuneration policy for Directors is formulated to attract and retain competent individuals. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The NRC is entrusted with the responsibilities to make recommendations on the remuneration package for the Executive Directors to the Board. It is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.
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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	In line with the best corporate governance practice, the detailed disclosure on named basis for the Directors' remuneration of individual directors comprising remuneration received / receivable from the Company and subsidiaries respectively for the financial year ended 31 December 2021 is shown in the table below as well as in the Corporate Governance Overview Statement of the Annual Report 2021.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Abdul Rahim Bin Abdul Hamid	Independent Director	84,000	25,000	0	0	0	0	109,000	84,000	25,000	0	0	0	0	109,000
2	Ruslan Bin Nordin	Executive Director	72,000	10,500	1,200	0	0	0	83,700	168,000	10,500	1,200	0	0	0	179,700
3	Mohammad Shahrizal Bin Mohammad Idris	Executive Director	72,000	12,000	71,596	0	0	0	155,596	168,000	12,000	71,596	0	0	0	251,596
4	Zainal Bin Amir	Non-Executive Non-Independent Director	72,000	18,000	0	0	0	0	90,000	168,000	18,000	0	0	0	0	186,000
5	Zainal Arifin Bin Khalid	Independent Director	72,000	22,000	0	0	0	0	94,000	72,000	22,000	0	0	0	0	94,000
6	Yong Hee Kong	Independent Director	72,000	24,000	0	0	0	0	96,000	72,000	24,000	0	0	0	0	96,000
7	Ashok Virendra Shah	Independent Director	72,000	29,000	0	0	0	0	101,000	72,000	29,000	0	0	0	0	101,000
8	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Practice 8.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The details of Senior Management's remuneration are disclosed in bands width of RM50,000 on position basis, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Senior Management's remuneration are appropriately served by the disclosures on an aggregate basis.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 8.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	-

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

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application :	Applied	
Explanation on application of the practice :	The ARMC comprises of five (5) Non-Executive Directors, majority of whom are Independent Directors, including the ARMC Chairman. Both the ARMC Chairman and BOD Chairman are not the same person. The Chairman of the ARMC, Mr. Ashok Virendra Shah is a member of Chartered Accountants of India, member of the Malaysian Institute of Accountants (MIA), and fellow member of Singapore Society of Accountants. Whereas the Board Chairman, Mr. Abdul Rahim Bin Abdul Hamid is a fellow of Association of Chartered Certified Accountants (FCCA) and member of the Malaysian Institute of Certified Public Accountants (MICPA).	
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
There is an effective and independent Audit Committee.

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

Practice 9.2
The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC. The policy, which is codified in the ARMC's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he/she can be considered for appointment as a Committee member. To-date, the Company has not appointed a former audit partner to be a member of the ARMC.	
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
There is an effective and independent Audit Committee.

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

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	The ARMC had adopted the policies and procedures to assess the suitability, objectivity and independence of the external auditor, and the checklist had uploaded to the Company's website at www.gfmservices.com.my.	
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
There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

<table>
<tr><td>Application :</td><td>Not Adopted</td></tr>
<tr><td>Explanation on adoption of the practice :</td><td>The ARMC comprises of five (5) Non-Executive Directors, majority of whom are Independent Directors.

The composition of the ARMC are as follows:-

<table>
<tr><th>No.</th><th>Name</th><th>Designation</th></tr>
<tr><td>1.</td><td>Mr. Ashok Virendra Shah
(Independent Non-Executive Director)</td><td>Chairman</td></tr>
<tr><td>2.</td><td>Mr. Abdul Rahim Bin Abdul Hamid
(Independent Non-Executive Director, Board Chairman)</td><td>Member</td></tr>
<tr><td>3.</td><td>Mr. Yong Hee Kong
(Independent Non-Executive Director)</td><td>Member</td></tr>
<tr><td>4.</td><td>Mr. Zainal Bin Amir
(Non-Independent Non-Executive Director)</td><td>Member</td></tr>
<tr><td>5.</td><td>Mr. Zainal Arifin Bin Khalid
(Independent Non-Executive Director)</td><td>Member</td></tr>
</table>
</td></tr>
</table>

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application	:	Applied
Explanation on application of the practice	:	The ARMC comprises of five (5) members, majority of whom are Independent Directors. The composition of the ARMC, including its roles and responsibilities are set out on page 50 of the Annual Report 2021. The ARMC assist the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting. One of the key responsibilities of the ARMC is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements. All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies. During the FYE 2021, the External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement.

Talks, seminars and training programmes attended by Directors during the FYE 2021are as follows:-

Name of Directors	Date	Seminar / Training Course Title
Abdul Rahim Bin Abdul Hamid	8 June 2021	Enterprise Risk Management - Awareness Training
	12 August 2021	Digital Disruptions - Winning Strategies for Legacy Companies
Ruslan Bin Nordin	26 July 2021	The Updated Malaysian Code on Corporate Governance April 2021
Mohammad Shahrizal Bin Mohammad Idris	March 2021	UTM Professional Talk Series 2/2021 – Power of Technology and Data – The Future of Facilities Management
	30 June 2021	The Updated Malaysian Code on Corporate Governance April 2021
	July 2021	UUM Lecture Series – Business Survival During COVID-19 Pandemic: A Case Study from Asset and Facilities Management Prospective
	August 2021	Sesi Libat Urus Industri Bagi Pembangunan Kerangka Dasar Senggara Infrastruktur Negara (DSIN) 2022 – 2030 Dan Pengkurniaan Mata CCD
	15 September 2021	Advocacy Sessions for Directors and Senior Management of ACE Market Listed Corporations
	27 October 2021	Asset Management Business Solution International Conference
	10 November 2021	Asset and Facility Management Conference 2021 – Gearing up to Post Pandemic World
Zainal Bin Amir	26 July 2021	The Updated Malaysian Code on Corporate Governance April 2021
Zainal Arifin Bin Khalid	January 2021	Building Leadership – Thriving in Times of Change Webinar by Charlene Li
	April 2021	Data Driven Decision Making for Value Creation Webinar by University of Michigan Ross Business School
	May 2021	Accelerating Business Through Advancing Human Capability Webinar by University of Michigan Ross Business School
	June 2021	Strategy Festival Webinar by Cascade
	June 2021	Leading Diverse Teams and Organisations Webinar by University of Michigan Ross Business School
	July 2021	Launch of 2020 Malaysian Board Practices Report Webinar by ICDM
	July 2021	Igniting the New World of HR Webinar by University of Michigan Ross Business School

			September 2021	Advocacy Sessions for Directors and Senior Management for ACE Market Listed Corporations Webinar by Bursa
			September 2021	The Future of Business: Tech Trends That Matter Webinar by McKinsey
			September 2021	LinkedIn Learning Asia Pacific Digital Summit Webinar by LinkedIn
			September 2021	IoT for You Webinar by LinkedIn
			October 2021	Innovation@Work Asia Webinar by Economist
		Yong Hee Kong	January 2021	Vision for Emerging Southeast Asia: The Prospects of Malaysia's Foreign Policy
			January 2021	Islamic Thought and Sustainable Development
			February 2021	Leaving no one behind – Roundtable on 2030 Agenda for Sustainable Development
			February 2021	Malaysia Economic and Strategic Outlook
			February 2021	Post COVID-19 Recovery: Building SME Resilience
			February 2021	Malaysia Outlook Conference 2021
			March 2021	New Strategies for Pandemic's Second Year
			March 2021	The Malaysia Sustainability Leadership Summit
			March 2021	Towards Anew Philosophy of Science for a Sustainable Planet Earth: Islamic Perspectives
			April 2021	The Impacts of the Pandemic and the Stimulus Packages introduced in Malaysia and Taiwan
			May 2021	Strengthening Trade and Reform Agenda for Sustainable Growth in the Region and Beyond
			June 2021	The Future of Malaysia's International Climate Commitments
			June 2021	Updated Malaysian Code of Corporate Governance – Implications to Listed Corporations, Directors and Management
			July 2021	Malaysian Economic Summit
			August 2021	IDEAS Online Discussion: Financial and Capital Market
			September 2021	Adapting to COVID-19: Malaysian Foreign Policy Priorities for the new World
			September 2021	Malaysian Banking and Finance Summit
			September 2021	National Recovery Summit
			September 2021	NOOR Conference: Good Governance and the Quest for the future

		September 2021	Poverty Alleviation in China – Lessons for Developing Countries
		October 2021	Plenary Session on the new Paradigms for Business and the Malaysian Economy
		October 2021	Webinar on Climate Change and Water Security Malaysia
		October 2021	Webinar: 12th Malaysia Plan: Is it Real and Rational reset for the Rakyat
		October 2021	2nd Malaysia Digital Economy Summit
		November 2021	Post Budget 2022: Towards Recovery
		November 2021	Regional Forum on Overcoming Environmental Challenges and Promoting Social Sustainability in SEA
		November 2021	Partners in Recovery: Malaysia and the new Southern Policy Plus
		November 2021	COP 26 – What we can expect
		November 2021	The NEP Beyond 50: Evaluating Strengths and Flaws, outlining a Cohesive Society
		December 2021	Book Launch and Seminar: COVID-19 and The Structural Crises of our Time
		December 2021	Global Chinese Economic and Technology Summit
		December 2021	CPTPP Impact on National Industries
		December 2021	The fifth ISTAC – World professorial lecture: Islamic Finance in Global Changing Realities
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 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board has overall responsibility of maintaining a system of internal controls and risk management which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures. The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.	
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 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	Risk Management is regarded by the Board to be an integral part of the system of internal control and is a good management practice that strengthens the business planning processes. The Group has an ongoing and systematic risk management process to identify, evaluate and manage the significant risks and to ensure that appropriate risk treatments are in place to mitigate those risks affecting the achievement of the Group's business objectives. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level. The Board regularly reviews internal control issues identified by internal auditors, management and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems. The Group's key elements of internal control are as follows:- 1. Clearly defined delegation of responsibilities to management and operating units, including authorisation levels for key aspects of the business. 2. Clearly documented internal policies, guidelines, procedures and manual, which are updated from time to time. 3. Regular meetings are held at operational and management to identify and resolve business, financial, operational and management issues and address weakness and improve efficiency. 4. Engagement of solicitors, financial advisors and relevant professional services as may be required in respect of any corporate exercise undertaken by the Group. 5. Financial results are reviewed on a quarterly basis by the Board and ARMC. 6. Informal Board and management meetings at operational level are held during the financial year to assess performance and controls.
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 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Company had combined both Audit Committee and Risk Management Committee to overseeing the risk management function together with the management.

Intended Outcome

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

Practice 11.1

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

Application :	Applied	
Explanation on application of the practice :	The Group's internal audit function is carried out by the Internal Audit and Compliance Unit ("IACU"). IACU reports to the ARMC during the quarterly ARMC meetings and whenever called by the Committee. Through IACU's reports the ARMC is able to:- • assess the adequacy of scope, functions and resources of the firm of IACU (that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work; • review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function; • evaluate the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function; • review any appraisal or assessment of the performance of members of the internal audit function; and • review and approve any appointment or termination of senior staff members of the internal audit function.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	Mr. Azly Bin Ahmad Anwar ("Mr. Azly") is responsible for GFM's IACU. He reports directly to the ARMC. Mr. Azly completed his degrees in Law and Accounting & Financial Management. His employment background includes over a 10 year stint with the Supervision and Internal Audit Departments at the Securities Commission, Nestle (M) Bhd and QSR Brands Sdn. Bhd. The Board has mandated the ARMC with the overall responsibility of ensuring adequacy, completeness and effectiveness of the internal control system and risk management. The ARMC undertakes periodic reviews and monitors the compliance to these systems via the internal audit function who carries out audit checks on such control processes and provides feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the IACU to the ARMC will be turned into management actions to rectify any weaknesses in those control processes. The IACU is free from any relationships or conflicts of interest, which could impair their objectivity and independence. The IACU who reports directly to the ARMC are given full access to all the documents relating to the Company's and Group's governance, financial statements and operational assessments.
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

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

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

Practice 12.1

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

Application :	Applied	
Explanation on application of the practice :	The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media. The Annual Report and the quarterly announcements are the primary mode of communications to report on the Group's business activities and financial performance to all shareholders. The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website.	
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
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company would consider adopting integrated reporting based on globally recognised framework in the near future.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 13.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the AGM will be circulated at least twenty-eight (28) days prior to the date of the AGM to enable shareholders to have sufficient time to peruse the Annual Report and papers supporting the resolutions proposed. The sufficient time was given to the shareholders to allow them to make the necessary arrangements to attend and participate in person. GFM's Annual Report 2021 will be available on the Company's website at www.gfmservices.com.my.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	The AGM is the principal forum for dialogue with the shareholders. All the Directors would be invited to attend and participate at the AGM. The Board encourages shareholders to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group. The ARMC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3
Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied	
Explanation on application of the practice	:	Due to COVID-19 Pandemic and the implementation of Movement Control Order in Malaysia, the Company's 8th AGM has been conducted fully virtual. The AGM was conducted through live streaming and online poll voting whereby shareholders and proxies can access and participate remotely. With objective to keep our shareholders safe, this also can encourage participation of all shareholders in AGM.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4
The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.		
Application	:	Applied
Explanation on application of the practice	:	Shareholders are encouraged to participate and vote remotely during the Company's AGM using the Virtual Meeting Facilities. A registration link was provided to the shareholders in the Administrative Guide, which is released together with the Notice of AGM and made available on the Company's website and Bursa Securities' website. Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Q&A Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Q&A session. The Directors and Management had answered all the questions submitted prior or during the meeting during the Q&A session.
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5
The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.	
Application :	Applied
Explanation on application of the practice :	All Directors and Senior Management had attended the fully virtual AGM held on 24 June 2021 to engage directly with shareholders and be accountable for their stewardship of the Company. An Administrative Guide was released together with the Notice of AGM, whereby the shareholders are entitled to appoint proxy/proxies to participate and vote instead of shareholders themselves by submitting the Form of Proxy to the Registered Office of the Company not later than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting. The Company has appointed HMC Corporate Services Sdn. Bhd. ("HMC") as Poll Administrator to conduct the poll by way of online voting and to provide a virtual meeting facility for the 8th AGM held on 24 June 2021. The Board was satisfied with the virtual meeting facilities provided by HMC for the previous AGM held in year 2021, therefore the Board had decided to engage the same service provider for coming AGM. Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time via the Q&A Box on the Virtual Meeting Facilities. Any questions can be submitted at any time until the announcement of the closure of Q&A session. The Directors and Management will address the questions submitted prior or during the meeting accordingly.
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6
Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Summary of Proceedings and Key Matters discussed during the 8th AGM was made available to shareholders on its website.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Company will upload the minutes of coming 9th AGM no later than 30 business days after the AGM on its website.	
Timeframe	:	Within 1 year	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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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