

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6173  
**COMPANY NAME** : BINA DARULAMAN BERHAD (“the Company” or “BDB”)  
**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Bina Darulaman Bhd</b> (BDB/the Company) is managed in line with the corporate governance framework and commercial principles that would normally be expected of a public listed company. In this regard, the Company and its management undertakes the following measures:</p> <ul style="list-style-type: none"> <li>-</li> <li>• The Board meets every quarter with additional meetings convened as and when necessary. The Board devotes much of its time to overseeing the Company’s strategy, governance, risk and policy, the approval of business plans and significant capital expenditure, acquisitions and disposals and monitoring of performance.</li> <li>• The key governance, risk and internal control, financial and operational related policies are periodically reviewed by the Board to ensure they are aligned with the Company’s requirements.</li> <li>• The Board is guided by Board Charter which outlines the duties and responsibilities of the Board and matters specifically reserved for Board as well as delegated to the Board committees, The President/Group Chief Executive Officer, Executive Vice President I (EVP I) and Executive Vice President II (EVP II) – Operation @ Chief Operating Officer, Strategy, Finance &amp; Corporate Services @ Chief Corporate Officer. (Referred as C-Level team). The power is delegated under approved Delegated Authority Limit (‘DAL’) of the Company.</li> <li>• The Board is assisted by Four (4) Board Committees namely Board Audit Committee (“the BAC”), Board Nomination, Remuneration &amp; ESOS Committee (“the BNREC”), The Board Risk Committee (“the BRC”) and the Board Procurement Committee (“BPC”).</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>We have a clear division of the roles and responsibilities between the Chairman and the President / Group Chief Executive Officer (GCEO).</p> <p>As chairman of the Board, Dato’ Mohamed Sharil Tarmizi (“Dato’ Sharil”) assumes the leadership role on the Board.</p> <p>Dato’ Sharil was appointed as Independent Non-Executive Director on 1 September 2019. His profile can be found on page 20 of the Annual Report 2020.</p> <p>As chairman, Dato’ Sharil provides leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The Chairman leads the Board on the following:</p> <ul style="list-style-type: none"> <li>● Oversee and review the Company’s strategic matters, risk and corporate governance practices.</li> <li>● Deliberate and evaluate proposals put forward by the committees and executive team.</li> <li>● Deliberate and maintain a proper process and ensure adequate resources are available to ensure effective implementation of the Board Policies.</li> <li>● Identify and fulfill the development needs of directors and the Board to continuously enhance their effectiveness as a team.</li> </ul> <p>Sets the board agenda and ensures that board members receive complete and accurate information in a timely manner to ensure the Board is well equipped before the meeting.</p> <p>Given his last experience in the diversified field he is able to provide effective leadership for the Board to constructively with management to formulate strategies as well as address key issues and challenges.</p> <p>Dato’ Sharil also leads in the creation of effective corporate governance practices in the company.</p>
<b>Explanation for departure</b>	:	Not applicable

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

<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Dato’ Mohamed Sharil Tarmizi was appointed as the Chairman of the Company on 1 September 2019.</p> <p>The President / Group Chief Executive Officer (“Group CEO”) has full authority in line with the Delegated Authority Limit (“DAL”) as approved by the Board to lead and manage the business.</p> <p>The Group CEO proposes, implements and reports on the strategic direction of the Company’s business.</p> <p>The Group CEO brings forward to the Board business plans, budgets and updates on key strategic issues annually or periodically as required. Once matters are adopted, the Group CEO is responsible for the implementation, delivery and reports on progress at frequent and regular intervals.</p> <p>All members of the key senior management team report directly to the Group CEO. He is responsible for appraising the performance of each member of the team as well as developing and training of resources, where necessary.</p> <p>The Group CEO and the Chairman, represent the Company with all external audiences. The Group CEO takes lead responsibility for the maintenance and development of the Company’s operational matters, reputation and relationships with the media, regulators, governments, local communities, suppliers, customers, trade bodies and all other stakeholders.</p> <p>The Group CEO is supported by Executive Vice President I / Chief Corporate Officer (“EVP I”) and the Executive Vice President II / Chief Operating Officer (“EVP II”) known as C-Level management.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>We have an in-house licensed Company Secretary who is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has more than 20 years of experience in corporate secretarial, compliance, legal and governance related matters as well as due diligence exercises for a special project.</p> <p>She also has a Bachelor Degree in Law from International Islamic University. She was called to the Malaysian Bar in 1994 and spent the early years of her career in legal practice before joining BDB.</p> <p>Adequate training and support including resource and external expertise are furnished for continuous improvement and efficiency in discharging her duty.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board meetings are scheduled and planned in advance. Due to Covid-19 pandemic all meetings are conducted virtual and occasionally on physical or hybrid meetings with a structured formal agenda prepared in advance.</p> <p>The notice of a meeting of the Board has been sent to each Director in a stipulated time (7 working days except in the case of urgent matters whereby a special meeting is required to be held 5 working days is encouraged) The notice which includes time, venue of the meeting and agendas to be discussed during the meeting. In order to ensure the notice has been provided in an effective and timely manner, the Company Secretary will e-mail the notice to all Directors as a method of delivery of notice to facilitate the transfer of information.</p> <p>Depending on issues and agendas to be deliberated, generally all materials and relevant information will be prepared, circulated to board members at least a week prior to a standard meeting.</p> <p>Records and minutes of meetings will be circulated to all board members for confirmation of accuracy and verification. The directors may raise their concern on any amendment to the minutes to the Company Secretary. Thereafter, all documents and minutes will be safely kept by the Company Secretary at the registered address.</p> <p>The minutes and other statutory records are kept at the registered office of the companies.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	BDB formalized its Board Charter on 25.5.2015 and last reviewed on 17.3.2019. The Board Charter is reviewed periodically, updates and/or revisions will be done to incorporate the latest applicable rules and regulations, as well as updates to the Code of Corporate Governance. The latest review was made on 17 March 2019.  The latest copy of the Board Charter is available at BDB company website <a href="https://www.bdb.com.my/policies">https://www.bdb.com.my/policies</a> for public viewing.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB’s Board is committed to promoting good business conduct and maintaining a healthy and ethical corporate culture. The Board Members are experienced professionals and experts from various industries, they have been adhering to the Company’s ethical values and regulatory requirements when carrying out their duties all these years.</p> <p>In view of the latest regulatory development, the Company has established a formal Code of Conduct and Ethics which is serve as guidelines and principles for the BDB’s directors, managements and employees which is to be observed by the employees of the Company in the performance and exercise of their responsibilities.</p> <p>The Code of Conduct and Ethics as approved and adopted by the Board, will be subject to periodic review and update. The latest copy is available on BDB’s website <a href="https://www.bdb.com.my/policies">https://www.bdb.com.my/policies</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A formal Whistle-Blowing Policies and Procedures (“WBP”) has been implemented in the Company since 1st January 2014. The WBP highlights the Company’s commitment in achieving and maintaining high standards with regards to behavior at work.</p> <p>The WBP provides an avenue for employees to communicate any instances of breach or suspected breach of any law or regulation, illegal and/or immoral conduct in a safe and confidential manner. It also provides proper investigation to be initiated on all allegations or reports about the Group.</p> <p>Like all policies, WBP is also subjected to continuous review and update. In 2018, the WBP incorporated principles of the 10 Integrity Pledge Guidelines issued by SSM, where applicable.</p> <p>The WBP is published and is made available at company’s website at <a href="https://www.bdb.com.my/policies">https://www.bdb.com.my/policies</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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 director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, BDB has eight (8) Directors out of which five (5) are Independent Directors. In our mission to ensure an effective board composition and compliance with regulatory requirements, the board size will continuously be reviewed and if necessary, improvements will be made.</p> <p>Although all the Directors have equal responsibilities for the Group’s operations, the roles of Independent Directors are particularly important in bringing independent judgement and ensuring all issues proposed by the executive management are fully discussed and examined to consider the long-term interests, not only for the shareholders, but also for other stakeholders such as the employees, customers and business associates.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	BDB has been practising this matter even though there were no explicit requirements to do so. In view of the latest regulatory requirements for greater disclosure, the Company will disclose this policy in its ensuing CG Statement, Annual Report and Website.

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointments and recruitment of senior management will be subjected to policies and proper due process. Psychometric assessment was conducted to the first tier and second tier management of BDB Group as part of a succession planning programme. Appropriate strategy and measures are used to identify the best possible candidates. We will take into consideration the Company's current team's strengths and weaknesses, so that we can focus on best fit such as complimentary skills, knowledge, experience, age, cultural background and gender.</p> <p>The Company take cognisance that diversity in the team is beneficial to the Company. As such, the resource requirements and performance are continuously being reviewed and monitored. Appropriate training and development programmes for internal resource are provided, especially those with potential to be developed for bigger roles and responsibilities in the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	The Company had on 6 September 2020, appointed Dato’ Zakiah Binti Kassim as an Independent Non-Executive Director of the Company thus the Company adopted a policy on gender diversity on board as required by Malaysian Code of Corporate Governance issued by the Securities Commission of Malaysia in 2017.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not Applicable

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	We have engaged with headhunters, professional advisory firms, professional bodies as well as external organisations such as the Institute of Corporate Directors Malaysia (ICDM) to source and identify suitable qualified candidates when it comes to identifying candidates for appointment as directors.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Board Nomination Remuneration and ESOS Committee (“BNREC”) is Dato’ Asri Bin Hamidin @ Hamidon who is also a Senior Independent Director of the Company.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	For overall board effectiveness, the Board has been doing its own self-evaluation and peer review approach on an annual basis. The board conducts annual board assessments against clear evaluation criteria and performance and sustainability indicators.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has policies and procedures in determining remuneration of directors and senior management. In this regard, a guideline on the Terms of Reference (TOR) for each board committee has also been put in place to ensure that remuneration is commensurate with skills and experience. Every board committee is governed by their respective TOR.</p> <p>In addition, the Company had disclosed the remuneration of its' board members and senior management (on a named basis) in its' Annual Report at Corporate Governance Statement.</p> <p>At board level, as a matter of regulatory requirements, the remuneration and fees of Board member will also be put for shareholder's approval during the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Nomination, Remuneration and ESOS Committee ("BNREC") is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.</p> <p>Generally, the Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high caliber needed to run the Company successfully. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Company has no Executive Director on board.</p> <p>Where applicable, the BNREC also considers any relevant information provided by independent consultants or from survey data.</p> <p>The Terms of Reference for board committees were published at company's website at <a href="http://www.bdb.com.my/policies">www.bdb.com.my/policies</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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 a named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The disclosure is referred to page 65 of the Annual Report.	
<b>Explanation for departure</b>	:		
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Others	

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	<p>The Company has disclosed the top three (3) Senior Management in bands of RM50,000 in the Annual Report 2020 as stated on page 66 of the Annual Report.</p> <p>The Company takes cognisance on the Malaysia Code of Corporate Governance issued in 2017 recommending such disclosure be made.</p> <p>However, the Board is of the view that BDB is a small growing company and it needs to take into consideration the importance of internal harmony, effective teamwork environment and unhealthy external factors that may affect the group's growth and survival in the industry. The view is that the Company's interest is safeguarded by proper internal control and continuous review to ensure that all senior management remuneration packages are fair, just and reasonable to the individual and the Company.</p>	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Departure
<b>Explanation on adoption of the practice</b>	:	Refer to explanation for departure in Practice 7.2.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In BDB, the Chairman of the Board and the Chairman of the Board Audit Committee are currently held by different individuals. The Chairman of the Board is Dato’ Mohamed Sharil Tarmizi who is Independent Non-Executive director and the Chairman of Board Audit Committee is Encik Sudirman Bin Masduki. Encik Sudirman retired by rotation on 3 September 2020. The new Chairman of the Board Audit effective from 5 April 2021 is Encik Mohamad Ibrahim Bin Ghazali who is an Independent Director.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The matter has been practiced by the Company but was not expressly stated in Board Audit Committee policy in the past, this information will be incorporated into the Audit Committee policy.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board Audit Committee’s assessment on suitability of external auditor, the BAC is guided by a set of guidelines such as the routine check on their registration, background check on the audit partner, audit firm capacity and assigned audit team competency.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Currently, the Board Audit Committee consists of four (4) members and three (3) are independent directors and one (1) is non-independent director.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board Audit Committee is chaired by Encik Mohamad Ibrahim Bin Ghazali. Mohamad Ibrahim started his career as an Auditor in May 1988 where he was involved in audits of various governmental agencies, legal firms and conglomerates. He left after 3 years to join Shapadu Group of Companies as Internal Auditor. In January 1995, Mohamad Ibrahim was appointed as Finance Manager at METC Holdings Sdn Bhd before assuming greater responsibilities as Senior Finance Manager from September 1996 to October 1999. He then moved on to be Financial Controller of ARZ Group of Companies in November 1999 and was promoted as General Manager in 2005 where he was responsible for identifying future business opportunities, reviewing the corporate planning and handling all legal and secretarial matters. In 2009, he started his own tax, corporate secretarial, accounting and management advisory firm, MIG Associates.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by the Board Risk Committee in decision making especially with regards to any future projects, proposed investment or acquisition. The Board Risk Committee has its guidelines, terms of reference in discharging its duties. Policies, procedures and performance of the said Committee will be reviewed periodically and enhancement be made where necessary.</p> <p>In view of COVID-19 pandemic, the Board through its Board Risk Committee has taken necessary actions to ensure business continuity and business planning are reported to the Board periodically.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group’s Risk Management practices are generally aligned with the principles of ISO 31000. The Group Risk Management will evaluate and study the risks profile that are affecting the Company. The Board Risk Committee and the Board of Directors will be updated periodically on the assessment and feasibility study of possible pre-emptive measures or proposed solutions for key risks. Recommendation and assessment will be put to the Board Risk Committee and the Board of Directors, especially on key risks issues for further deliberation and decision if necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	We have a Board Risk Committee, which comprises the majority of independent directors. This Committee supports the Board with reasonable assurance on possible adverse impact from unexpected events. For practical reason and in view of the business environment we are operating, this Committee will evaluate the risk factors and deliberate issues, make recommendation to the Board as and when required.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	BDB has established an in-house internal audit function known as Group Corporate Assurance. They operate within a prescribed policy and guidelines. The performance, effectiveness and competency are subjected to continuous review and monitoring by the Board Audit Committee.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b> :	Applied																						
<b>Explanation on application of the practice</b> :	<p>The internal auditors team and personnel will be subjected to periodic evaluation and review to ensure that they are free from any issues of conflict of interest that may jeopardise their independence and objectivity.</p> <p>Our current Internal Audit team has six (6) members. Their names and qualifications are as follows: -</p> <table border="1" data-bbox="432 981 1396 1451"> <thead> <tr> <th>No.</th> <th>Staff</th> <th>Qualification</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Anuar bin Bahador (Acting Head of Group Corporate Assurance)</td> <td>CA(M), MIA Bachelor of Accountancy (UiTM)</td> </tr> <tr> <td>2.</td> <td>Mohd Firdaus Shah Bin Amar Shah</td> <td>CA (M), MIA Bachelor of Accountancy (Hons.) Associate Member, IIAM</td> </tr> <tr> <td>3.</td> <td>Siti Marlina Bt Ismail</td> <td>Bachelor of Accountancy (UPM)</td> </tr> <tr> <td>4.</td> <td>Nor Jani Zuriayati Bt Mohd Jamil</td> <td>Bachelor of Public Management (UUM)</td> </tr> <tr> <td>5.</td> <td>Zulfikri Zahini Haron</td> <td>Bachelor of Accountancy (Hons.), UNITEN Associate Member, IIAM.</td> </tr> <tr> <td>6.</td> <td>Muhamad Hafifi Bin Mohd Rusli</td> <td>Bachelor of Science (Hons.) Actuary Science (UiTM).</td> </tr> </tbody> </table> <p>We have adequate and qualified professional resources in the internal audit department to meet the objectives of the internal audit framework relevant and applicable for the industry we are operating in.</p>		No.	Staff	Qualification	1.	Anuar bin Bahador (Acting Head of Group Corporate Assurance)	CA(M), MIA Bachelor of Accountancy (UiTM)	2.	Mohd Firdaus Shah Bin Amar Shah	CA (M), MIA Bachelor of Accountancy (Hons.) Associate Member, IIAM	3.	Siti Marlina Bt Ismail	Bachelor of Accountancy (UPM)	4.	Nor Jani Zuriayati Bt Mohd Jamil	Bachelor of Public Management (UUM)	5.	Zulfikri Zahini Haron	Bachelor of Accountancy (Hons.), UNITEN Associate Member, IIAM.	6.	Muhamad Hafifi Bin Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM).
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<b>Measure</b> :	Not applicable																						
<b>Timeframe</b> :	Not applicable																						

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB continuously puts in commitment and effort to improve and review the communication approach with stakeholders. Beside internal resources in handling all public communication, we have put in place proper policy and procedures to ensure effective public communication and investor relations.</p> <p>In this regard, we have a special page on our website to direct all Investor Relations disclosure matters to the web page. It is reviewed frequently and updated regularly. We communicate our information via a transparent official channel whether through the Company website or on Bursa Official announcement platform, in the form of immediate announcements, Annual Report, Quarterly Reports, media coverage that come to our knowledge and publications by the Company or about the Company.</p> <p>Annually, during the General Meeting, shareholders and their representatives are welcome to bring forward issues, views and comments which the Board will explain and clarify accordingly. The media or press and public queries will also be addressed.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In practise, the Group Enterprise Risk Management had initiated a gap analysis and established a policy. The report will be shared with Board Risk Committee on a quarterly basis.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has complied with statutory requirements with regards to timeline in sending out notice of Annual General Meeting to shareholders all these years. With effect from 2018, the Company has improved the notice period up to at least 28 days to facilitate our shareholders to have the information on a timely basis.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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 responses to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>It has been the practice of the Company that all board members are present at the Annual General Meeting of the Company. BDB is committed to continuously adhere to the said standard to facilitate our shareholders to have information on a timely basis.</p> <p>In an unlikely event, if a director is unable to be present at the general meeting, his/her participation will be facilitated via digital tools / devices, if there are questions addressed to him/her personally, he/she can still respond to the members of the meeting via digital tools. If the affected director is totally unable to participate at all during a general meeting, the affected director will be updated on the matters discussed and actions required by him, if any.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 25<sup>th</sup> AGM held on 3 September 2020 was the Company's first fully virtual general meeting. Shareholders were able to participate remotely via live streaming webcast and vote in abstention using the Remote Participation and Voting Facilities ('RPV') provided by Tricor Investor Issuing House Services Sdn Bhd ('Tricor') via its online website at Zoom. 147 shareholders attended the virtual AGM.</p> <p>A step-by-step administrative guide was issued to assist shareholders in registering participants and voting using the RPV. The administrative guide was also published in the Company &amp; website to encourage shareholders participants.</p> <p>All resolutions were voted by poll and verified by the scrutineer in compliance with the MMLR.</p> <p>All Board members will attend the meeting to engage with the shareholders. In the event they are not able to attend in person, electronic devices will be used for their participation. Unless it is not possible to do so, the Directors will be updated on issues that require his attention.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company is in the midst to make available facilities and services to facilitate voting in absentia and remote participation by shareholders.
<b>Timeframe</b>	:	In 3 years' time

**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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