

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0083  
**COMPANY NAME** : NOTION VTEC BERHAD  
**FINANCIAL YEAR** : September 30, 2018

## 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 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 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>The Board is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture, values and behaviour throughout the Group.</p> <p>The Company's Board Charter defines the following duties and responsibilities of the Board which can be found at the Company's website at <a href="http://www.notionvtec.com">www.notionvtec.com</a> :-</p> <ul style="list-style-type: none"><li>(a) together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;</li><li>(b) review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;</li><li>(c) ensure that the strategic plan and direction of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li><li>(d) supervise and assess the conduct and performance of the Management to determine whether the business is being properly managed;</li><li>(e) ensure there is a sound framework for internal controls and risk management;</li><li>(f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;</li><li>(g) set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</li><li>(h) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the</li></ul>

	<p>orderly succession of Board and senior management;</p> <p>(i) ensure that the Company has in place procedures to enable effective communication with stakeholders; and</p> <p>(j) ensure the integrity of the Company’s financial and non-financial reporting.</p> <p>The Board has delegated some of its responsibilities to the Committees of the Board, namely Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”).</p> <p>While the responsibility for monitoring the effectiveness of the Group’s risk management has been delegated to the ARMC, the Board retains ultimate responsibility for determining the Group’s “risk tolerance” and annually considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties.</p> <p>The Board promotes the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and ensure the integrity in the Company’s financial and non-financial reporting.</p> <p>The Board has conducted a review on the Board policies including the Board Charter and Terms of References of the Board Committees in August 2018 guided by the new Malaysian Code on Corporate Governance and Bursa Securities’ Main Market Listing Requirements.</p> <p>The Board has in place policies such as Code of Ethics, Code of Conduct, Whistle Blower Policy, Diversity Policy and Directors’ Remuneration Policy to promote good corporate governance.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

### Practice 1.2

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>The Board is led by Mr Thoo Chow Fah, an experienced Executive Chairman who is responsible in instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The roles and responsibilities of the Chairman of the Board are:</p> <ul style="list-style-type: none"> <li>(a) providing leadership for the Board so that the Board can perform its responsibilities effectively;</li> <li>(b) setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li> <li>(c) leading Board meetings and discussions;</li> <li>(d) encouraging active participation and allowing dissenting views to be freely expressed;</li> <li>(e) managing the interface between Board and Management;</li> <li>(f) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li> <li>(g) leading the Board in establishing and monitoring good corporate governance practices in the company; and</li> <li>(h) be the spokesman for the Company.</li> </ul> <p>The detailed roles and responsibilities of the Chairman have been set forth in the Board Charter which has been approved by the Board.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<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 1.3

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 roles and responsibilities of the Chairman and Managing Director, who also assumes the role of the Chief Executive Officer are distinct and separate to ensure that there is a balance power and authority.</p> <p>Mr Thoo Chow Fah, the Executive Chairman, heads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board whereas Mr Choo Wing Hong, the Managing Director oversees and manages the day-to-day operations of the Group and undertakes executive decision-making and implementation of policies and decisions. The separation of powers between the Chairman and the Managing Director are clearly elucidated in the Board Charter.</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>	:	
<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 1.4

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>The present Company Secretaries, Ms Tai Yit Chan and Ms Tan Ai Ning, both from Boardroom Corporate Services (KL) Sdn Bhd are suitably qualified, competent and capable of carrying out the duties required and have attended training/seminars conducted by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and other regulatory bodies to keep abreast on the changes to regulations and requirements.</p> <p>The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The Company Secretaries also notified the Directors and Principal Officers on the closed period for trading in the Company's securities, in accordance with Chapter 14 of the Bursa Securities' Main Market Listing Requirements.</p> <p>The Company Secretaries also ensure that deliberations at Board and Board Committee meetings are well captured, minuted and documented.</p> <p>The Company Secretaries play an important role in the annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, corporate governance and legislations.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The roles and responsibilities of the Company Secretary have been set forth in the Board Charter which has been approved by the Board.</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> :		
<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 1.5

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>The Board is conscious of the importance of meeting materials to be disseminated in a timely manner to allow Directors to decipher the information presented and prepare for the Board and Board Committee meetings.</p> <p>The Board, led by the Executive Chairman, has put in place a policy stipulation which calls for all Directors to have full and timely access to information and the Board papers circulated prior to each Board and Board Committee meetings. Comprehensive reports comprising a balance of financial and non-financial information, strategic, operational and regulatory issues are customarily enclosed as accompanying materials. The Company Secretaries are responsible to manage the logistics, record keeping as well as facilitating all Board and Board Committees communication.</p> <p>Board and Board Committee meetings proceedings are well-documented by the Company Secretaries. The minutes reflects key deliberations and decisions, rationale for each decisions as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are typically approved at the subsequent Board or Board Committee meeting.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	



### 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>	:	<p>The Board Charter outlines the roles of the Chairman, MD, Independent Directors as well as Directors and Board Committees.</p> <p>The Board Charter is available on the Company's website at <a href="http://www.notionvtec.com">www.notionvtec.com</a> which has been incorporated into the Group's governance system, documented policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates. The Terms of References of the ARMC, NC and RC are also available on the Company's website. The Board Charter and the Terms of References of the Board Committees were last updated in August 2018.</p> <p>There is a formal schedule of matters reserved to the Board for consideration and decision which is set out in the Board Charter.</p> <p>The Board Charter is periodically reviewed by the Board and updated based on prevailing regulatory promulgations.</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>	:	
<b>Timeframe</b>	:	

### 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>The Code of Conduct and Code of Ethics (collectively referred to as "the Codes") were adopted in August 2018. The Code sets out the standards which the Directors, officers and employees (collectively referred to as "Officers") of the Company and its subsidiaries are expected to comply in relation to the affairs of the Company's businesses when dealing with each other, shareholders and the broader community.</p> <p>The Board is required to observe compliance of the Codes as well as the Board Charter and high standard of corporate governance at all times. The Board members are required to declare any personal, professional or business interest that may conflict with director's responsibilities.</p> <p>The Codes are intended to focus on the Board and Management on areas of ethical risk, provide guidance to Officers to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.</p> <p>The Codes include, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information on prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.</p> <p>The Codes are available on the Company's website at <a href="http://www.notionvtec.com">www.notionvtec.com</a>.</p> <p>The Board and Senior Management of the Company will periodically review the Codes on an annual basis and communicate changes to all levels of officers.</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>	:	
<b>Timeframe</b>	:	

### 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>The Board has formalised Whistle Blower Policy (“WBP”) that are applicable to all employees of the Group. The Company’s WBP promotes an environment of integrity and ethical behaviour within the Group.</p> <p>A copy of the WBP setting out procedures with the objective that provides all employees of the Group and other interested parties an avenue where genuine concerns related to possible improprieties in matters of including financial reporting and unethical or illegal conduct can be objectively investigated and addressed. The details on the WBP can be found on the Company’s website at <a href="http://www.notionvtec.com">www.notionvtec.com</a>.</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>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that the current size and composition are appropriate and effective, taking into account the nature and scope of the Company's operations. The Board is also of the view that the current Board composition fairly reflects the interests of the minority shareholders in the Company and represents the required mix of relevant skills, knowledge and industry experience for the effective discharge of the Board's responsibilities. Presently, the Company's Independent Directors is 37.5%. A detailed breakdown of the composition is as below:</p> <ul style="list-style-type: none"><li>• 5 Executive Directors comprising 1 Executive Chairman and 1 Managing Director; and</li><li>• 3 Independent Non-Executive Directors.</li></ul> <p>An annual assessment of independence of the Independent Directors would be conducted on annual basis. Based on the evaluation results, the Board was satisfied that each Independent Director has fulfilled the independence criteria set out in the Bursa Securities' Main Market Listing Requirements and they will continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgement to decisions taken by the Board.</p>
<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

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 - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>The Board through the NC, evaluate the independence of its Independent Directors annually in accordance with the prescribed criteria stated in the Bursa Securities' Main Market Listing Requirements. The Independent Directors are required to affirm their commitment to bring sound independent and objective judgement upon their appointment and re-appointment annually.</p> <p>Based on the assessment conducted by the NC, the Board acknowledged that both Mr Saw Tat Loon and Ms Anita Chew Cheng Im, who have served as an Independent Non-Executive Director of the Company for a cumulative term of fourteen years and eleven years respectively have met the independence guideline as set out in Chapter 1 of the Bursa Securities' Main Market Listing Requirements. The Board through the NC has assessed and endorsed that Mr Saw Tat Loon and Ms Anita Chew Cheng Im be retained as Independent Non-Executive Directors of the Company subject to the approval from the shareholders of the Company at the forthcoming Fifteenth Annual General Meeting as they have continued to display high level of integrity and are objective in their judgement and decision making.</p> <p>Hence, the recommendation for Mr Saw Tat Loon to remain as Independent Non-Executive Director will be subject to the approval from the shareholders of the Company through a two-tier voting process whilst the recommendation for Ms Anita Chew Cheng Im to remain as Independent Non-Executive Director will be subject to the approval from the shareholders through a single-tier voting process.</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> :		
<b>Timeframe</b> :		

**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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



### 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>In recommending the appointment of Directors and Senior Management, the NC considers salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Senior Management level.</p> <p>The Board, alongside the NC, undertakes periodic reviews of the composition of the Board and Senior Management to ensure that they remain diverse.</p> <p>During the year, the Company has appointed Dato' Abu Bakar Bin Mohd Nor as Independent Non-Executive Director of the Company, Chairman of the RC, and member of the ARMC and NC. The NC has reviewed and assessed his experience, skills, time commitment and expertise and was satisfied that he had fulfilled the required criteria by the Board. Therefore, the NC had recommended his appointment to the Board and was duly appointed by the Board.</p> <p>The current composition of the Board includes a diverse mix of skill sets, knowledge and experience (eg. Accounting, finance, business and management) and age (range between 48-66).</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>	:	
<b>Timeframe</b>	:	

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board recognises the challenges in achieving the right balance of diversity in the Company. This will be done over time, taking into account the present size, the valuable knowledge and experience of the present Senior Management and the evolving challenges to the Company over time.  The Board currently has 1 woman who sits on the Board, representing 12.5% of the total Board members.
		The Company had adopted the Diversity Policy which outlines its approach in achieving and maintaining diversity (including gender diversity) on its Board of Directors and in workplace of the Group.
<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

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The current process with regards to the appointment of new Directors to the Board is based on the recommendation of the NC. The Board relies on the existing network and referrals from existing Directors, Senior Management and major shareholders as primary means to source for new Directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.
	:	The Directors appointment process is carried out based on methodical and robust process undertaken by the NC. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of Bursa Securities' Main Market Listing Requirements. The Board will consider external and independent sources if 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

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 NC is chaired by Ms Anita Chew Cheng Im, an Independent Non-Executive Director as provided in the Terms of Reference of the NC.  The Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.
<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>	:	
<b>Timeframe</b>	:	

### 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>	:	<p>The NC conducted an internally facilitated Board assessment via questionnaires on yearly basis. The results and recommendations from the evaluation of the Board and Board Committees are reported to the Board for consideration and action.</p> <p>The scope of the assessment comprised the following:-</p> <ul style="list-style-type: none"> <li>• the Board’s structure, size and composition as well as the composition of the Board Committees;</li> <li>• the effectiveness of the Board as a whole and the effectiveness of the committees of the Board;</li> <li>• the character, experience, integrity and competence of the Directors and to ensure they have the time to discharge the respective roles;</li> <li>• the mix of skills and experience of each individual Director including the core competencies of the Non-Executive Director; and</li> <li>• the level of independence of Director.</li> </ul> <p>Based on the assessment, the NC was satisfied that the existing Board and Board Committees have discharged their respective roles and responsibilities in a conscientious manner.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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 Board acknowledges that remuneration is a key ingredient in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business. In this regard, the Board has adopted a Directors' Remuneration Policy in August 2018.</p> <p>In setting the remuneration of directors, the Board is guided by the Directors' Remuneration Policy. The Executive Directors shall not participate in decisions regarding their individual remuneration.</p> <p>The remuneration of Non-Executive Directors is determined by the Board as a whole. The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>Directors' fees and benefits payable to the Directors of the Company and its subsidiaries are subject to the shareholders' approval at the Company's Annual General Meeting.</p> <p>The Directors' Remuneration Policy and accompanying procedures was adopted in August 2018 and are disclosed on the Company's website.</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>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 6.2

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 has established a RC which comprises wholly of Independent Non-Executive Directors. The Terms of Reference of the RC sets out the roles and responsibilities of the RC in relation to remuneration matters was revised in August 2018 and is available on the Company's website <a href="http://www.notionvtec.com">www.notionvtec.com</a>.</p> <p>The Board is satisfied that the RC had discharged its duties and responsibilities with respect to Directors' remuneration including reviews of the remuneration package for the Executive Directors of the Company.</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>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the remuneration breakdown for all Directors for the financial year ended 30 September 2018 were disclosed in the Corporate Governance Overview Statement of the Annual Report 2018.
<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>	:	
<b>Timeframe</b>	:	

**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> :	Not applicable - Step Up 7.3 adopted	
<b>Explanation on application of the practice</b> :		
<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> :		
<b>Timeframe</b> :		

**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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The remuneration components of the five (5) Executive Directors cum top five (5) senior management namely Mr Thoo Chow Fah, Mr Choo Wing Hong, Mr Choo Wing Onn, Mr Lee Tian Yoke and Mr Choo Wing Yew were made on a named basis in the Corporate Governance Overview Statement of the Annual Report 2018.

### 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>	:	<p>The Chairman of the ARMC is Mr Saw Tat Loon whilst the Chairman of the Board is Mr Thoo Chow Fah. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals, it allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>Mr Saw Tat Loon is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. His profile is stated in the Board of Directors Section of the Annual Report 2018.</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>	:	
<b>Timeframe</b>	:	

### 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>	:	None of the members of the ARMC were former key audit partners. Nonetheless, the ARMC has updated in its Terms of Reference to include the cooling off period of at least two (2) years for a former key audit partners before being appointed as a member of the ARMC in August 2018.  The Terms of Reference of the ARMC is available on the Company's website.
<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>	:	
<b>Timeframe</b>	:	

### 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> :	<p>The ARMC has adopted an External Auditors Assessment Policy in November 2016 to outline the guidelines and procedures for the ARMC to review, assess and monitor performance, suitability and independence of the external auditors.</p> <p>The ARMC is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, re-appointment or termination of their services to the Company.</p> <p>The ARMC had assessed and was satisfied with the competence, audit quality, resource capacity of the external auditors, Crowe Malaysia PLT in relation to the audit services provided. From the assessment, the ARMC is also satisfied that there was no threat to the objectivity and independence of the audit arising from the provision of non-audit services of the external auditors and the total fee incurred for non-audit services is not significant.</p> <p>Based on the outcome of its assessment, the ARMC has recommended to the Board for the shareholders' approval to be sought on the re-appointment of the external auditors at the forthcoming 15<sup>th</sup> AGM.</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> :		
<b>Timeframe</b> :		

### 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>	:	<p>The ARMC comprises solely of Independent Directors. The members of the ARMC are as follows:-</p> <ul style="list-style-type: none"><li>(i) Mr. Saw Tat Loon (Chairman of the ARMC and Independent Non-Executive Director);</li><li>(ii) Ms Anita Chew Cheng Im (Independent Non-Executive Director); and</li><li>(iii) Dato' Abu Bakar Bin Mohd Nor (Independent Non-Executive Director)</li></ul> <p>As independence is the cornerstone of a well-functioning ARMC, the Board is of the view that the existing composition of the ARMC allows its members to apply professional scepticism, vigilance and moral courage when undertaking their responsibilities on pertinent matters.</p>

## 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>	:	<p>All the members of the ARMC have the necessary financial, banking experience, capital markets and commercial expertise skill required to meet their responsibilities and effectively challenge management's assertions on the Company's financials during the ARMC meeting.</p> <p>Mr Saw Tat Loon, the ARMC Chairman is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants whilst Dato' Abu Bakar Bin Mohd Nor is a Chartered Accountant, Institute of Chartered Accountant, England and Wales.</p> <p>The ARMC members have attended training programmes to keep abreast of relevant industry issues, market development and trends including accounting and auditing standards to enable them to sustain their active participation in the functions of the ARMC.</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>	:	
<b>Timeframe</b>	:	



### 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 Group has engaged an Independent professional firm, NGL Tricor Governance Sdn Bhd to review the Internal Control systems to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system.</p> <p>Meanwhile, Centegy Governance Advisory Sdn Bhd was appointed to review the key risks over the strategic, operation, reporting and compliance aspects to ensure proper management and mitigation of weakness.</p> <p>The findings arising from the risk evaluation process and internal audit process as well as the recommendations for improvement are presented to Management and ARMC.</p> <p>The ARMC is responsible for evaluation of the Group's level of risk tolerance, assess and monitor risks on division level and engage with management periodically on the action plans.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and risk appetite to ensure they continue to be resilient and reliable.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

### 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>	:	<p>The Board acknowledges the importance of maintaining a sound risk management and internal control framework to safeguard shareholders' investments and Company's assets. Therefore, a framework to formulate and review risk management policies and risk strategies has been established.</p> <p>Further information on the Group's risk management framework is presented in the Statement on Risk Management and Internal Control of the Annual Report 2018.</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>	:	
<b>Timeframe</b>	:	

**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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### 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>	:	<p>The ARMC of the Company is responsible for monitoring and reviewing the effectiveness of the Group's Internal Audit function.</p> <p>The Board has outsourced this function to an independent professional service firm, namely NGL Tricor Governance Sdn Bhd to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function are set out in the Statement on Risk Management and Internal Control and ARMC Report.</p> <p>The Head of internal audit reports directly to the ARMC and their performance is reviewed by the ARMC on an annual basis.</p> <p>The Internal Auditor attends and reports at ARMC meeting on its work conducted as well as its findings, management's responses and recommendations.</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>	:	
<b>Timeframe</b>	:	

## 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 audit function has been outsourced to an external party, NGL Tricor Governance Sdn Bhd.</p> <p>The Internal Auditors reports to the ARMC. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions, and gives the Internal Audit staff the authority needed for full, free and unrestricted access to all operations, records, property and personnel within the Group. Private session with the Internal Auditors without the presence of the Management is also carried out to ensure that Internal Auditors can freely report any concern they have to the ARMC.</p> <p>The Internal Audit function is guided by The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.</p> <p>The audit personnel from NGL Tricor Governance Sdn Bhd are free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p> <p>Details of the audit personnel from NGL Tricor Governance Sdn Bhd are set out in the Corporate Governance Overview Statement.</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>	:	

<b>Timeframe</b>	:		
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### 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>Communication with stakeholders is executed in a timely, concise and transparent manner through announcements via Bursa LINK, on the Company's website and the media.</p> <p>The Company's website includes an Investor Relations ("IR") section which is accessible to the public and provides all relevant information on the Company. This IR section enhances relations with the investors by including quarterly reports, annual reports and the corporate and governance structure of the Company.</p> <p>The Company has in place the Corporate Disclosure Policies &amp; Procedures and was revised in August 2018.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which serves as the principal forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Directors.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

**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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not a Large Company as defined by the Malaysian Code on Corporate Governance.	
		N/A	
<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**

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>	:	<p>The Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>The Notice convening the 15<sup>th</sup> AGM scheduled to be held on 6 March 2019 is dated 31 January 2019, giving the shareholders at least 28 clear days notice (exclude the day of sending the notice and the day of the meeting). In addition to sending notice, the Company also published the AGM Notice on the newspaper.</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>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors were present at the 14<sup>th</sup> AGM in person to engage directly with the shareholders.</p> <p>At the 14<sup>th</sup> AGM, the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting during Questions &amp; Answers session, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.</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>	:	
<b>Timeframe</b>	:	

### 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 Company does not have large number of shareholders and has less than 100 shareholders who attend its AGM.</p> <p>The Company has adopted poll voting, in accordance with Paragraph 8.29A of the Bursa Securities' Main Market Listing Requirements, at its 14<sup>th</sup> AGM held on 23 February 2018 for all resolutions proposed. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p> <p>The 14<sup>th</sup> AGM was held at Première Hotel in Klang. This venue was easily accessible and familiar to most shareholders of the Company since several past AGMs were held at the same venue.</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>	:	
<b>Timeframe</b>	:	

**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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