

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7204  
**COMPANY NAME** : D & O Green Technologies Berhad  
**FINANCIAL YEAR** : December 31, 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>	: The mission and vision of D & O Green Technologies Berhad ("the Company") and its subsidiaries ("the Group") are "To Provide Design Innovative And High Quality Opto Semiconductors Products, Contributing Towards A Greener World" and "No.1 Solution Provider For Opto Semiconductors Product" respectively.  <b>1. Establishing and reviewing the vision and the strategic direction of the Group</b>  The mission and vision of the Group form the foundation of the business strategies of the Group. The Board of Directors ("the Board") had put in place a strategy planning and review process, whereby the Group Managing Director presented to the Board the recommended business strategies, including product strategy and technology roadmap, during the financial year for the Board's deliberation and decision with any concern on the strategies and actions proposed were discussed during the Board's meetings to ensure the optimal outcome. The strategy planning and review process involved planned acquisition of equity interests in Dominant Opto Technologies Sdn Bhd, planned business expansions, planned capacity expansion, planned capital expenditure, process/productivity/quality improvement activities undertaken, strategic tax planning, proposed dividend policy as well as financing strategy and options supported by financial forecast and projections proposed by the Group Managing Director to the Board for deliberation and decision so as to ensure that adequate resources and capacity are planned and put in place to execute the proposed business strategies at optimal cost structure.

The strategy planning and review process were also supported by reports and updates from Group Managing Director focus on the specific business environment, market analysis, future business/technology trend, project progress, strategic investments' performance and review as well as factors affecting the performance and strategies of the Group.

## **2. Overseeing the conduct of the business of the Group and to evaluate whether the business is being properly managed**

On quarterly basis, the Operational and Financial Performance Report is presented by the Group Managing Director and the Group Financial Controller to the Board, including but not limited to, special project roadmap, headcount analysis, key performance indicators, financial performance of key operating subsidiaries, sales trend by major applications, inventory management, delivery performance, debt financing comparison and analysis, cash flow projections, planned capital expenditure and project milestones.

In addition to the Group Managing Director's report, the Group Financial Controller presents the comparison of actual against budget financial performance and debtors ageing on quarterly basis to the Audit Committee for their review and subsequent reporting to the Board. Upon identification of key business and financial issues by the Senior Management and the Board members, such issues are deliberated by the Board to ensure that the issues in question are properly managed and adequately addressed.

## **3. Tone from the Top**

The Board acknowledge that, as one of its fiduciary duty to the shareholders, high standards of integrity and accountability are required in the conduct of the Group's business and be embedded across the Group.

To set the tune from the Top, the Board had established the Group's Codes of Ethics and Conduct to govern the standards of ethics and good conduct expected of the employees, customers and vendors and the foundation for ethic rules within the Group. At operational level, integrity and ethical value expected from the employees are incorporated in the Policy and Procedure for Employees by the Management based on the value promoted in the Codes of Ethics and Conduct. In order to promote the integrity and ethical value, formal Whistle Blowing Policy is established by the Board to create an environment where management and employees can whistle blow on improper behaviour without being victimised for doing so.

Please refer to Practice 3.1 for detailed disclosure on Code of Ethics and Conduct and Whistle-Blowing Policy.

**4. Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks**

The Board had put in place a formal risk management policy for the structured management of the business risks faced by the Group. Based on the risk management policy established, the Board are kept inform on the emergence and changes of the key risks faced by and opportunities present for the Group and the steps taken by the Management to manage these risks and to optimise these opportunities at pre-determined interval or as the need arises. Risk assessment by the Group Managing Director and operational management, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk tolerance acceptable by the Board.

Further details on the risk management process are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.

**5. Succession planning and performance appraisal of the Board**

The Board, through the Nomination and Remuneration Committee, are tasked with duty of the succession planning of the Group, which includes the appointment and determination of compensation of members of the Board and Senior Management. Further, it is the duty of the Nomination Committee to assess the performance of the Board as a whole, Board Committees, individual Directors (including the training requirements of the individual directors) and Group Financial Controller.

Further details on the role and responsibilities of the Nomination and Remuneration Committee are disclosed in Corporate Governance Overview Statement.

The Management had identified the successor for key personnel within the Group and tabled to the Board for review and decision. The Group Managing Director and the Senior Management put in place formal succession planning process to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible. The process on “Functional Replacement and Succession Plan” entails the nomination of successor for the position of Section Manager to the Group Managing Director by respective head of departments or the Executive Directors and subject to the Management’s and the Board’s review from time to time.

The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group. In addition, during the review of the performance and strategies presented by the Group Managing Director, at times, the Board reviews together with the Group Managing Director on the adequacy of calibre and competent human resources that are put in place for daily management and control of operations as well as proper execution of approved strategies.

The Management of the Group is subjected to annual performance appraisal based on the formal human resource policy established.

**6. Overseeing the development and implementation of a shareholders' communication policy for the Company**

The Board ensures the shareholders and stakeholders are kept inform on material events announced through Bursa Malaysia Securities Berhad. A Formal Corporate Disclosure Policy is established and adopted by the Board and the Management in ensuring communication that are timely, factual, accurate and complete.

The principles adopted by the Board on corporate disclosure are transparency and accountability, compliance with relevant laws and regulations, confidential and timely disclosure as well as fair and equitable access to information. Proper governance structure and processes are established within the Corporate Disclosure Policy to guide the proper disclosure of material information with confidentiality preservation within the requirements of the Board.

**7. Reviewing the adequacy and the integrity of internal control systems and management information systems (including the integrity of the financial and non-financial reporting), including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines**

The Internal Audit function of the Group is outsourced to independent professional firm that review the system of internal control (including the integrity of the financial and non-financial reporting, if applicable) for the Group based on approved internal audit plan and report its findings to the Audit Committee. The integrity of the financial reporting is also subjected to audits performed by the External Auditors during their audits on the financial statements of the Company and its subsidiaries. During quarterly meeting of Audit Committee, the draft financial statements are reviewed by the Audit Committee with the Management with key focuses on accounting policies used, analysis of major changes in components of financial statements, major

judgmental and risk areas, significant adjustments, the going concern assumption, compliance with accounting standards, compliance with Main Market Listing Requirements (“MMLRs”) and other legal requirements. For the annual audited financial statements, the Audit Committee reviews the annual statutory accounts, the Audit Report, issues and reservations arising from audits and the management letter, with the External Auditors and the Management.

Further details on the Group’s Internal Audit function and works performed by the Audit Committee on the financial reporting are disclosed in the Statement on Risk Management and Internal Control and Audit Committee Report respectively in the Annual Report.

#### **8. Reviewing Corporate Governance Compliance**

The Board, through the review of the draft Corporate Governance Report and Corporate Governance Overview Statement by the Audit Committee and reported to the Board, assesses the current standings of the corporate governance practices. The Board formulate action plans from time to time to enhance and promote good and recommended corporate governance practices.

#### **9. Sustainability Management**

The Board had established a formal Sustainability Framework, detailing the governance structure and process to be employed by the Management for the identification, prioritisation, monitoring and reporting of material sustainability matters and stakeholder groups pursuant to MMLRs, in compliance with Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad in material aspects.

As at the date of this report, the Management had identified the internal and external stakeholders in the context of the Group with such stakeholders prioritised based on criteria and rating system approved by the Board. In addition, the Management had identified sustainability matters for which they are assessed on their significance from the Group perspective and their degree of significance to influence the assessment and decision by internal and external stakeholders based on agreed upon criteria and rating system approved by the Board. The results of the assessments were presented to the Audit Committee for review and its subsequent reporting to the Board.

Please refer to the Sustainability Statement on the management of material economic, environmental and social risks and opportunities.

<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 1.2

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>As provided in the Board Charter and during the Board Meetings held during the financial year under review, the Chairman is responsible for:</p> <ul style="list-style-type: none"> <li>a) Ensuring the effectiveness of all aspects of its role and leading the board in establishing and monitoring good corporate governance practices in the company.</li> <li>b) Ensuring the efficient organisation and conduct of the Board's function, chairing Board meetings and encouraging all Directors to play an active role in Board activities;</li> <li>c) Taking the lead in setting the values and standards of the Company;</li> <li>d) Ensuring quality information is furnished to Board members on a timely basis to facilitate decision-making;</li> <li>e) Ensuring accurate and timely information, in particular, about the performance of the Company is furnished to Board members;</li> <li>f) Chairing general meetings of shareholders and ensuring orderly conduct and proceedings of such meetings;</li> <li>g) Ensuring effective communication with shareholders and stakeholders;</li> <li>h) Facilitating the contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and</li> <li>i) Managing the interface between Board and Management.</li> </ul> <p>Further details on the roles and responsibilities of the Chairman of the Board is stated in Paragraph 4.3 of the Board Charter, accessible through the "Corporate Governance" section of the "Investor Relation" of the corporate website at <a href="http://www.do.com.my">www.do.com.my</a>.</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>	:		
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## 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 position of the Chairman and the Group Managing Director is separated and there is a clear division of responsibilities between the Chairman who is non-executive director and the Group Managing Director who is executive director.</p> <p>The Chairman is responsible for the governance, orderly conduct and effectiveness of the Board while the Group Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.</p> <p>In particular, the Group Managing Director is responsible for the following key functions:</p> <ol style="list-style-type: none"><li>Managing the day-to-day operations according to strategies and plans approved by the Board;</li><li>Ensuring the efficiency and effectiveness of the operations for the Group and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations;</li><li>Developing and implementing corporate strategies for the Group approved by the Board;</li><li>The achievement of Company's goals and observance of management authorities delegated by the Board;</li><li>Ensuring that the financial management practice is performed at the highest level of integrity and transparency;</li><li>Ensuring the Company has an effective management team and structure as well as develop management skills and putting in place an effective management succession plan to sustain continuity of operations; and</li><li>Ensuring that effective risk management and internal controls for the Group are instituted.</li></ol> <p>The following positions are held by the following different individuals:-</p> <ul style="list-style-type: none"><li>Non-Independent Non-Executive Chairman: Dato' Mohammed Azlan Hashim</li><li>Group Managing Director: Tay Kheng Chiong</li></ul>

	The clear distinction of the roles and responsibilities of Chairman and Group Managing Director (including Executive Directors) are defined in paragraph 4.3 and 4.4 of the Board Charter which is available on the “Corporate Governance” section of the “Investor Relation” of the corporate website at <a href="http://www.do.com.my">www.do.com.my</a> .	
<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 Board is assisted by an in-house professional qualified and competent Company Secretary (who is member of the Malaysian Institute of Chartered Secretaries and Administrators) in the discharge of her duties with her attendance on all Board and Board's Committee meetings and advises the Board on its responsibilities, the Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary also ensures that there is a good information flow within the Board and between the Board, Board Committees and Senior Management. The Company Secretary is also entrusted to record the Board's deliberations, in terms of issues discussed and the conclusions. The minutes of the previous Board meeting are distributed to the Directors prior to the Board's meeting for their perusal before confirmation of the said minutes at the commencement of the following Board's meeting. During general meetings, the Company Secretary provides guidance and coordinates with the Board and other professionals to ensure that the proceedings of the upcoming general meeting is held in compliance with relevant laws, regulations and guidelines. The Company Secretary also acts as the reference point by the Board to provide guidance on the compliance of the relevant corporate governance rules and guidelines and to provide professional advice on the level of corporate governance compliance within the Group.</p> <p>All directors have direct access to the advice and services of the Company Secretaries in discharging their duties effectively.</p> <p>The Company Secretary attended briefing and updates provided by relevant regulatory bodies or professional firms in order to keep abreast with the latest development in the relevant regulatory requirements, codes or guidance and legislations in order to ensure timely compliance with relevant laws and regulations.</p> <p>Further details on the roles of the Company Secretary is stated</p>

	in Paragraph 4.7 of the Board Charter, accessible through the “Corporate Governance” section of the “Investor Relation” of the corporate website at <a href="http://www.do.com.my">www.do.com.my</a> .	
<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>Prior to each Board meeting, all Board members are furnished with the Board Paper (made up of the minutes of the previous Board and committees' meeting, operation and financial performance report, professionals' report, financial and non-financial reports, proposed changes to the Board's policies and board committees' terms of reference, cash flow management, planned business expansions, planned capacity expansion, planned capital expenditure, process/productivity/quality improvement activities, strategic tax planning, proposed dividend declaration, industry updates, relevant statements and reports to be made in Annual Report, draft circulars/statements, performance of long term strategic investments, progress of material litigations and other relevant documents) not later than five (5) days before the meeting to enable the members of the Board to have sufficient time to obtain comprehensive understanding of the issues to be deliberated upon in order to arrive at a decision. In addition to quantitative information, the directors are also provided with key performance indicators and updates on other areas such as market developments, industry trend, business strategy and risk management.</p> <p>The Company Secretary records the Board's and Committees' deliberations, in terms of issues discussed and the conclusions arrived, on the minutes of meetings. The draft copy of the minutes are circulated by the Company Secretary in a timely manner to relevant Board members for review and the content of the minutes will be tabled for confirmation as correct for the deliberations and decisions made during subsequent meeting and formally acknowledged by the Chairman of the Board or Board Committee.</p> <p>The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities.</p> <p>Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances,</p>

	at the Company's expense.	
<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 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 was first adopted by the Board on 31 December 2013 and subsequently updated on 28 November 2018 pursuant to the revamped Companies Act 2016 and Malaysian Code on Corporate Governance 2017. The Board Charter is subject to review and update from time to time to ensure that they remain consistent with the Board's objective, current law and practices. A copy of the latest Board Charter is available for download at the "Corporate Governance" section of the "Investor Relation" of the corporate website at <a href="http://www.do.com.my">www.do.com.my</a>.</p> <p>The Board Charter outlines the key value of the Company, duties and responsibilities of directors (including the roles and responsibilities of the Board, the Chairman of the Board, the Group Managing Director (including Executive Directors) and the Senior Independent Director), the role and duties of the Board Committees (governed by terms of reference approved by the Board) and the roles of Company Secretary. Such Charter sets out the purpose, the Board's strategic intent, authorities and terms of reference. The Charter further defines the specific responsibilities and matters reserved for the Board delegation of authorities, commitment by the directors, tenure of independent directors, governance structure of Board and Board Committee, board proceedings, financial reporting responsibilities, unrestricted rights to access to information and independent advice, board evaluation and performance, board remuneration, directors' training and continuing education, general meetings and attendance and code of conduct.</p> <p>The respective roles and responsibilities and matters reserved for the board are stated in Paragraph 4 of the Board Charter.</p> <p>Salient features of the Board Charter:</p> <ul style="list-style-type: none"><li>• <b>Matters reserved for the Board</b> - identifies matters for determination and/or approval by the Board as follow:</li></ul>



	<ol style="list-style-type: none"> <li>1. Approval of financial statements and public statements which reflect significant issues of the Company policy or strategy;</li> <li>2. Approval of interim dividend and recommendation of final dividend, if any, for shareholders' approval;</li> <li>3. Approval of the strategy, business plans and annual budgets (including major capital commitments) and of any subsequent material changes in strategic direction or material deviations in business plans;</li> <li>4. Approval of any significant changes in accounting policies and practices;</li> <li>5. Approval of material acquisitions and disposal of assets not in the ordinary course of business;</li> <li>6. Changes relating to the capital structure, including but not limited to, reduction of capital, share and other securities issues (except under employee share option schemes) and share buy-backs (including the use of treasury shares) (including the terms and conditions of such changes in capital structure);</li> <li>7. Approval to raise or increase borrowing facilities involving substantial amounts;</li> <li>8. Changes to the structure, size and composition of the board, following recommendations from the Nomination Committee;</li> <li>9. Review of conflict of interest issues relating to a substantial shareholder or a Director;</li> <li>10. Review of risk management policies, including delegated authority limits;</li> <li>11. Review of the overall corporate governance practices;</li> <li>12. Appointment and removal of the Company Secretary;</li> <li>13. Establishment of Board Committees, their membership, delegated authorities and the terms of reference;</li> <li>14. Assessment of performance of the Board and Board Committees;</li> <li>15. Approval of Board members' fees and benefits payable to the Directors, as recommended by the Remuneration Committee and endorsed by the Board, which shall ultimately be approved by the shareholders of the Company in a general meeting;</li> <li>16. Review and approve the implementation of any employee share option scheme, the rules applicable to any such scheme and any amendments to such rules for submission to the shareholders of the Company for approval.</li> <li>17. Recommend amendments to the Memorandum and Articles of Association of the Company;</li> <li>18. Recommend the convening of general meetings of shareholders of the Company, including recommending to the shareholders that any ordinary or special resolutions in respect of the Company;</li> <li>19. Approval of and authority to issue prospectuses, circulars, takeover or merger documents or other regulatory documentations in relation to corporate exercise involving the Company; and</li> <li>20. Review and approve prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business.</li> </ol>
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- **Roles Profile** – defines and clearly separates the roles and responsibility of the Board, the Board Committees, the Chairman, the Group Managing Director (including Executive Directors) and the Senior Independent Director.
- **Board Committees** - terms of reference of respective Board Committee established to be approved by the Board with Chairman of respective Board Committee to report to the Board on the outcome of the Committee meetings and minutes to be made available to the Board. The Board had established Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Option Scheme Committee.
- **Independent Director** – defines the annual independence assessment requirement on independent director and tenure of the independent director.
- **Authorities delegated to Management** – the Group Managing Director (including Executive Directors) is responsible for the observance of management authorities delegated by the Board.
- **Directors Assessment/Board Evaluation** – sets out the requirement for the Board to assess the effectiveness of Individual Directors, the Board as a whole and its Committees on an annual basis, through Nomination Committee.
- **Commitments by Directors** – sets out the requirement for the Director to notify the Chairman of the Board before accepting any new directorship and indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he or she has any new significant commitments outside the Company. None of the Directors must hold directorships at more than five (5) public listed companies.
- **Access to information and Independent Advice** – Directors have unrestricted access to all information of the Company and the Company Secretary and may obtain independent professional advice at the cost of the Company.
- **General Meetings and Attendance** - All directors are required to attend the general meetings except there is a valid reason accepted by the Board and notice for the Annual General Meetings is to be given to shareholders at least 28 clear days prior to the meeting.

The Board had identified and appointed Mr. Wong Meng Tak as Senior Independent Director from among its members whom the shareholders and other stakeholders can access fully and directly and concerns may be conveyed to.

<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 Ethics and Conduct ("The Code") of the Company has been updated and approved for adoption on 28 November 2018 and is made available at the "Corporate Governance" section of the "Investor Relation" of the corporate website at <a href="http://www.do.com.my">www.do.com.my</a></p> <p>The Board established the Code to set the standards of the business ethics and conduct of the Group that is applicable to all the Group's employee, customer and vendor worldwide so as to ensure that working environment and condition are safe and healthy, workers are treated with respect and dignity and business operation are conducted ethically.</p> <p>The fundamental in adopting the Code is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it is operating. If a law of the country conflicts with a rule or policy set out in this code, affected personnel should comply with the law.</p> <p>The Code sets out the value uphold by the Company for each stakeholder groups.</p> <p>The principles of the Code include:</p> <ol style="list-style-type: none"><li>I. <b>Respecting Others</b> – unlawful discrimination; working hours and benefits; humane treatment; communication; continuous development</li><li>II. <b>Serve Our Customers</b> – serving the customer with integrity; competency; handling and safeguarding of customers assets</li><li>III. <b>Avoiding Conflict of Interest</b> – business Integrity; no improper advantage; disclosure of information; fair business, advertising and competition</li><li>IV. <b>Preserve Confidentiality and Privacy</b></li><li>V. <b>Safety and Health</b></li><li>VI. <b>Insider Trading</b></li><li>VII. <b>Anti-Money Laundering</b></li></ol>

	<p><b>VIII. Political Neutrality</b>  <b>IX. Corporate Citizenship</b></p> <p>The Code forms the cornerstone for the establishment of the integrity and ethical value expected from the employees with the customers, suppliers, employees, society and environment incorporated in the Policy and Procedure for Employees, establishment of formal anti-bribery and corruption policy by the Management to reduce the risk of bribery and conflict of interest within the Group and incorporation of ethic control points (such as, quotation requirements for purchases, tender committee for sales of scrap and etc.) in relevant process specifications of the Group. Anti-trust policy was also put in place by the Management to manage risk on anti-competition practice within the Group.</p> <p>The Board established a formal Whistle-Blowing Policy whereby employees and other interested parties to confidentially bring to the attention of the Audit Committee genuine concerns relating to any malpractice or improper conduct of the Group's businesses, including legal issues and accounting or audit matters.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistle-Blowing Policy was first adopted by the Company on 31 December 2013 and subjected to review by the Audit Committee and the Board from time to time.</p> <p>The Board encourages employees and other interested parties to disclose concerns about illegal, unethical or improper business conduct within the Company. The Whistle-Blowing Policy provides and facilitates a mechanism for any employee and other related parties to report any concern about possible improprieties in matters of financial reporting, compliance and other malpractices, in confidence, at the earliest opportunity, and in an appropriate manner. The identity of the whistle-blower will be kept confidential and such whistle-blower will also be protected against reprisal for disclosing any improper conduct committed or to be committed.</p> <p>The Whistle-Blowing Policy is administered by the Group's Executive Directors and overseen by the Audit Committee. The email address of the Audit Committee (auditcommittee@do.com.my) is provided for reporting malpractices to independent third party.</p> <p>The Whistle-Blowing Policy is posted under the "Corporate Governance" section of the "Investor Relation" of the Company's website at <a href="http://www.do.com.my">www.do.com.my</a> for ease of access for reporting by employees and other interested parties of the Group.</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 independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently comprises 2 Executive Directors, 2 Non-Independent Non-Executive Directors and 3 Independent Non-Executive Directors (i.e. 3/7) which satisfy the MMLR 15.02(1) which states that “a listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.”</p> <p>The Board consists of qualified individuals with diverse experience, background and knowledge to enable them to discharge their duties and responsibilities effectively. The independent directors are made up of individuals well-verse in the field of accounting, finance and legal and the independence and objectivity of the independent directors were assessed by Nomination Committee prior to their appointment based on nomination and selection process with the results of the review are reported to the Board for consideration and decision. Furthermore, the independent directors are subjected to independent assessment and the Audit Committee, made up of exclusively of independent directors, is subjected to assessment by the Nomination Committee on annual basis to ensure that their independence and objectivity were not diminished over times. Senior Independent Director is identified to whom the shareholders and other stakeholders can access fully and directly and concerns may be conveyed to.</p> <p>The independent directors had demonstrated their independence and objectivity during the Board and Board committees’ proceedings whereby their genuine concerns were expressed during the meetings, and actions/transactions proposed or taken by the Management and the Executive Directors were subject to the scrutiny by the independent directors and challenged to assert their roles as independent element within the Board.</p> <p>Based on the Board and Board Committees effectiveness evaluation conducted during Financial Year ended 31 December 2018 by the Nomination Committee, the Nomination Committee was of the opinion that the Board and its Committees have the right mix of expertise, experience and skills and are able to discharge their responsibilities and duties well and efficiently. In particular, the Board concluded that the potential areas of conflict</p>



	<p>that may impair the independence of the independent directors had been resolved (if any) and the independent directors had asserted their independence and objectivity in the deliberations of the matters brought to the Board.</p> <p>With the above, despite the departure from the Practice 4.1, the Board strongly believes that the independent elements within the Board is upheld and the independence and objectivity are asserted during the deliberation and decision making at the Board and the Board Committees' meeting.</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>The Board will continue to review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure that its adequacy and effectiveness, including but not limited to, annual independence assessment of independent directors and assessments on Audit Committee.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Choose an item.</p>

## 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>Based on the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director is to remain as Independent Director for a cumulative term of more than 9 years, the Board shall first to provide strong justification and obtain annual shareholders' approval. In line with the promoted practice under MCCG, shall the Board is to retain an independent director after the twelfth (12<sup>th</sup>) year, such director shall be subjected to two-tier voting process in order to remain as Independent Director. The policy on the tenure of Independent Directors is stated in Paragraph 3.5 of the Board Charter.</p> <p>As at the date of this Report, Mr. Wong Meng Tak, the independent non-executive director who was appointed on 16 September 2004 and had served the Board of the Company for a tenure of more than twelve (12) years and to be remained as independent non-executive director will be subjected to two-tier voting during 15<sup>th</sup> AGM. On the other hand, Mr. Yeow See Yuen, the independent non-executive director who was appointed on 4 February 2009 and had served the Board of the Company for a tenure of more than nine (9) years but less than twelve (12) years and to be remained as independent non-executive director will be subjected to shareholders' approval during 15<sup>th</sup> AGM.</p> <p>During the year, based on the independent directors' self-assessment submitted to the Nomination Committee for review and recommendation and subsequent review and deliberation by the Board, the Board concluded that Mr. Wong Meng Tak and Mr. Yeow See Yuen, being the Independent Non-Executive Directors who had served on the Board for cumulative term of more than twelve (12) years and nine (9) years respectively, met the requirements of "Independent director" as defined under paragraph 1.01 of MMLR and remains objective and</p>

	<p>independent in participating in the deliberations and decision making of the Board and Board Committees they are in. The length of their services does not impair their ability and exercise of independent judgement as Independent Director and they are acting in the best interest of the Group as independent directors.</p> <p>Based on the above justification, the Board recommends and supports the continuity of the office of Mr. Wong Meng Tak and Mr. Yeow See Yuen as an Independent Directors of the Company.</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**

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>Appointment of new Director to the Board or Board Committee is recommended to the Nomination Committee for consideration and approved by the Board in accordance to the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management first adopted on 31 December 2013 and subsequently updated by Nomination Committee and approved by the Board on 28 November 2018.</p> <p>As part of the appointment process specified in the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management, the Nomination Committee shall identify and assess candidates to ensure that the new director and member of senior management appointed possesses:</p> <ul style="list-style-type: none"><li>• the requisite intelligence, education and experience to make a significant contribution to the Group and bring a range of knowledge, skills, diverse perspectives and backgrounds to its deliberations;</li><li>• knowledge, skills and experience to complement and strengthen the knowledge, skills and experience possessed by existing members of the Board and Senior Management to discharge its duties and responsibilities effectively and efficiently; and</li><li>• highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the stakeholders.</li></ul> <p>The criteria as specified in the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management includes:</p> <ul style="list-style-type: none"><li>• Leadership experience;</li><li>• Skilled and diverse background;</li><li>• Boardroom and Senior Management Diversity - in term of the knowledge, skills and experience as well as race and gender diversity. In particular, at least two (2) major ethnic groups in Malaysia shall be represented in the Board and Senior Management as well as at least one women representative at the Board and at the senior level of management within the Group as and when such potential candidate and position is available;</li><li>• Integrity and professionalism; and</li><li>• Independence of Independent Director.</li></ul>

	<p>The nomination/recruitment of new director process included in the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management:</p> <ol style="list-style-type: none"> <li>i. Identification of candidates by developing a pool of potential candidates for consideration;</li> <li>ii. Evaluation on the suitability of candidates;</li> <li>iii. Interview shortlisted candidates and background check;</li> <li>iv. Final deliberation by Nomination Committee; and</li> <li>v. Recommendation to Board.</li> </ol> <p>On the other hand, the nomination/recruitment of new member of the Senior Management entails:</p> <ol style="list-style-type: none"> <li>i. Identification of candidates by the Group Managing Director if there is no recommendation from the Board;</li> <li>ii. Interview shortlisted candidates by Group Managing Director supported by background check;</li> <li>iii. Review and deliberation by Nomination Committee with the Group Managing Director of shortlisted candidates proposed by the Group Managing Director; and</li> <li>iv. Recommendation to Board.</li> </ol> <p>The candidates for the new directorship are to be sourced from major shareholders, existing directors and external sources, such as, recommendations from external auditors and other professional service providers.</p> <p>For the financial year ended 31 December 2018, there is no new appointment of director or senior management.</p> <p>The terms of reference of Nomination Committee is available at the “Corporate Governance” section of the “Investor Relation” of the Company’s website at <a href="http://www.do.com.my">www.do.com.my</a>.</p>
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</p>	

**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.

<p><b>Application</b></p>	<p>: Departure</p>
<p><b>Explanation on application of the practice</b></p>	<p>:</p>
<p><b>Explanation for departure</b></p>	<p>: Appointment of new Director to the Board and member of the Senior Management is guided by the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management developed by Nomination Committee and approved by the Board.</p> <p>Based on the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management, it is the Board’s policy that the representation of women at the Board and at the senior management within the Group is required. Nomination Committee is tasked to look for at least one women representative at the Board and at the senior management within the Group as and when such potential candidate and position is available.</p> <p>Presently, the Group has one (1) female senior management representative, Ms. Vishalini Sankaran, the Senior Human Resources Manager, in compliance with its policy on diversity at the senior management level within the Group but not the female representative at the Board level.</p> <p>The Board had established the policy that at least one women representative at the Board is required as and when such potential candidate and position is available. As at the date of this report, the Board is of the opinion that there is no requirement for additional member for the Board as the Board is satisfied that, through annual performance assessment of the Board, the Board Committees and individual directors by the Nomination Committee, the current board composition possesses mix of knowledge, skills and experience required to discharge the Board’s duties and responsibilities effectively.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<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>	:	The Board to consider to establish the target timeline and specific measures to achieve at least one female representative at the Board.	
<b>Timeframe</b>	:	Choose an item.	



### 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>	:	<p>Based on the terms of reference of the Nomination Committee and formal Policy and Procedures on Nomination and Selection of Directors and Senior Management developed by Nomination Committee and approved by the Board, it is specified that the recommendation of the candidates for the appointment of directors to be from the Board members or existing shareholders or independent sources (such as, external auditors and other professional firm), via the usage of "Director Recommendation Form" submitted to the Nomination Committee.</p> <p>The existing members of the Board of the Company were recommended by the Board members and existing shareholders of the Company previously before Malaysian Code on Corporate Governance 2017 came into effect.</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 4.7

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>	:	<p>The Nomination Committee is chaired by an Independent Non-Executive Director, Mr. Wong Meng Tak, who is also the Senior Independent Director. As included in the duties of Nomination Committee enlisted in the Term of Reference, the Nomination Committee, led by the Chairman, are responsible for the followings, inter-alia:</p> <ul style="list-style-type: none"><li>(a) To consider and recommend to the Board nominated candidates for appointments as Directors and Senior Management after considering the required mix, skills, knowledge, experience and other core competencies, expertise, professionalism and integrity that the candidate should bring to the Board and Senior Management team;</li><li>(b) Review succession planning for Board Chairman, Directors and Senior Management and recommend to the Board to ensure such succession plan is adequate and effective;</li><li>(c) To seek candidates for directorship from independent sources;</li><li>(d) To evaluate the ability of candidates for the position of independent and non-executive Directors to discharge such responsibilities and functions as expected from independent and non-executive Directors;</li><li>(e) To recommend to the Board, retiring directors for re-election by shareholders under the annual re-election provisions or retirement;</li><li>(f) To determine the independence of each individual Independent Director, to carry out independence assessment based on criteria and procedure under Policy on Independence Assessment of Independent Directors;</li><li>(g) To consider candidates for directorships and Senior Management position proposed by the Group Managing Director and, within bounds of practicability, by any other senior executive or any Director or shareholder;</li><li>(h) To recommend to the Board, Directors to fill seats on Board Committees;</li><li>(i) To assess, on an annual basis, the effectiveness of the Board, Board Committee as a whole, and the contribution of each individual Director, the Group Managing Director and Group Financial Controller;</li><li>(j) To identify the training needs of each individual directors; and</li><li>(k) To review the term of office and performance of Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference based on</li></ul>

	<p>the listing requirements.</p> <p>The Chairman of the Nomination Committee reports to the Board on the outcome of the committee meetings.</p> <p>During the financial year ended 31 December 2018, the Nomination Committee, led by Chairman, conducted review on the performance of the Board, Board Committees, Audit Committee, individual Directors, and the independence of Independent Directors (the details of the assessment will be further disclosed in Practice 5.1 of this CG Report) and reported to the Board on the results of the review for the Board's consideration.</p> <p>In reviewing the independence and continuity of the Independent Director who had served the Board of the Company for a tenure of over 9 years, the Chairman of the Nomination Committee, being the director subjected to review, abstained from the conduct of review and elected fellow member of Nomination Committee to chair for the said review to ensure that the Committee's independence is preserved in relation to such assessment, and fair review was performed.</p>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></p>		

## 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>In line with the Terms of Reference of Nomination Committee on the conduct of annual evaluation of the Board, Board Committee, the Audit Committee, the contribution of each individual Director, the Group Managing Director and Group Financial Controller and independence assessment of independent directors, the Board, through Nomination Committee and facilitated by the Company Secretary, has conducted the following formal evaluations through prescribed evaluation forms and criteria established during the financial year under review:</p> <p>The Board's performance evaluation was conducted via Board and Board Committee Evaluation Form with recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes board mix and composition, quality of information and decision making and board activities.</p> <p>In addition, peer review of the performance, knowledge, competency and skills of fellow directors was performed by each director based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the composition; strategy and entrepreneurship; legal and regulatory requirements; corporate governance, risk management and internal controls; audit, accounting financial reporting and taxation; human capital; sales and marketing; and production and quality control are assessed.</p> <p>As for the performance evaluation of board committees, the performance of the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee were conducted based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes.</p> <p>As an important independent element within the Board, individual</p>

	<p>independent non-executive directors performed self-assessment of his independence based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad concentrating on independency and objectivity criteria. Apart from that, the members of the Audit Committee were subjected to other assessments (such as, Audit Committee members' self and peer assessment and Audit Committee Evaluation Questionnaires) to ensure Audit Committee and its members have carried out their duties in accordance with their terms of reference. Please refer to Practice 8.5 of the Report for the details.</p> <p>The Company Secretary circulated to each director with the relevant assessment and review forms/questionnaires in relation to the aforementioned assessments/reviews with sufficient time for the relevant directors to complete in advance of the meeting of the Nomination Committee and the Board in order for the Company Secretary to collate the assessment/review results for the Nomination Committee to review and report to the Board.</p> <p>With the above evaluation/review processes, the Board, through the Nomination Committee, reviewed and assessed its required mix of skills and experience and other qualities, including core competencies which directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.</p> <p>The above assessments and evaluations were conducted without engaging the services of independent third party.</p> <p>Based on the above assessments, the Board was satisfied with the existing board composition and was of the opinion that all directors and board committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. Other than that, the Board was of the opinion that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.</p> <p>In addition, based on the above assessments performed on Audit Committee and its members, the Board was of the opinion that the Audit Committee and its members had carried out their duties in accordance with their terms of reference based on the listing requirements.</p>
<p><b>Explanation for departure</b> :</p>	
<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>Based on the Terms of Reference of the Remuneration Committee approved by the Board, the Remuneration Committee is tasked to recommend to the Board the remuneration package and other terms of employment of the Directors and the Senior Management (including the chief executive officers of respective subsidiaries), among others.</p> <p>Furthermore, formal Board and Senior Management Remuneration Policy was established by the Board on 31 December 2013 with last review performed at 28 November 2018 and administered by the Remuneration Committee.</p> <p>Please refer to the "Corporate Governance" section of "Investor Relation" of the Company website for the Terms of Reference of the Remuneration Committee and the Board and Senior Management Remuneration Policy approved by the Board.</p> <p>The objectives of the formal Board and Senior Management Remuneration Policy are as follows:</p> <ul style="list-style-type: none"><li>• to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors and senior managements compensation package.</li><li>• to ensure that the interests of Executive Directors and the Senior Management are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle.</li><li>• to promote strong teamwork culture among the Executive Directors and the Senior Management.</li><li>• to instil transparency and openness in the review and approval of compensation package of the Board members and of the Senior Management.</li></ul> <p>The remuneration package and fees of the Directors and Senior</p>

Management shall be reviewed by Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval.

Based on the formal Board and Senior Management Remuneration Policy, the salient features of the compensations are as follows:

- **Principle Components of Compensation for Executive Directors and Senior Management**

- Fixed salary based on knowledge, skills, experience and responsibilities assigned and review once annually based on performance, country of assignment, country specific annual inflation rate and market rate of pay;
- Variable Compensation - performance bonus is designed to reward Executive Directors and Senior Management for the achievement of annual financial goals determined based on Group Budget and shall not include commission on or percentage of sales; and
- benefits-in-kind based on their contractual agreements, local customs and comparable arrangements for comparable senior executive in the industry.

- **Principle Components of Compensation for Non-Executive Directors**

- Annual Director's Fees - fixed for all non-executive directors based on his/her knowledge, skills, competency, responsibilities assigned to such director and contributions to the Board and the Board Committees. Such director fees shall be reviewed by the Board as a whole annually and proposed to shareholders for approval in general meeting;
- Allowances - granted to Non-Executive Directors for the purpose to defray cost/expenses incurred by him/her in carrying out the responsibilities assigned; and
- Compensation for Non-Executive Directors shall not be subject to financial performance of the Group and shall not include cash bonus.

- **Equity-based Remuneration**

- Offering and granting of ESOS to Directors and Senior Management shall be reviewed and proposed by ESOS Committee to the Board based on the knowledge, skills and competency of individual Director and Senior Management and his/her past and expected contribution to the Group in the future.

Interested directors shall abstain from deliberation and approval of his/her own compensation during the motion to deliberate and approval of his/her compensation by the Board.

The Remuneration Committee held a meeting during the financial year ended 31 December 2018 to review the proposed director fees for Non-Executive Directors, proposed remuneration package of Executive Directors and Senior



	<p>Management and with such recommended director fees and remuneration packages were submitted to the Board for approval or recommendation to shareholders, as applicable.</p> <p>During the financial year under review, meetings of the ESOS Committee were held to review and authorise the allotment of new ordinary shares pursuant to the exercise of options by the grantees of the ESOS and the offer of new options of 21,637,000 new ordinary shares in accordance with the Bylaws of the ESOS.</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 6.2

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 Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Senior Management so as to attract, retain and motivate the Directors and Senior Management. The responsibility of the implementation of the formal Board and Senior Management Remuneration Policy is delegated by the Board to Remuneration Committee in relation to determination of the remuneration packages of the Executive Directors and Senior Management as well as compensation for the Non-Executive Directors. The Remuneration Committee reviews the Board and Senior Management Remuneration Policy and submit recommendation for the revision of the said policy from time to time when needs arise as well as the proposed remuneration package and proposed fees of the Directors and Senior Management (as applicable) annually.</p> <p>The Remuneration Committee members comprises wholly of Non-Executive Directors and majority of whom are independent directors. The composition of the Remuneration Committee is stated in the Corporate Information of the Annual Report.</p> <p>The Remuneration Committee operates under clearly defined terms of reference which states the duties and authorities of the committee. The Terms of Reference of Remuneration Committee are published on the "Corporate Governance" section of "Investor Relation" of the Company's website at <a href="http://www.do.com.my">www.do.com.my</a>.</p> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors. The Executive Director concerned would abstain from discussion and decision on his own remuneration. The Board as a whole determines the</p>

	remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a fixed fee which subject to the approval of shareholders at Annual General Meeting and Directors who are shareholders will be abstained from voting at General Meetings to approve their fee.	
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Please provide an explanation for the departure.
		To exhibit the good corporate governance practice on the transparency of the members of Board's remuneration and fees, the Board disclosed the total remuneration of individual directors for the financial year ended 31 December 2018 on named basis in the Corporate Governance Overview Statement.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

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

### Practice 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>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the opinion that the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management may jeopardize the personal security of the individual member of Senior Management and increase the risk of loss of key personnel as their remuneration packages are published publicly. Careful assessment of the impact of the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management shall be performed by the Board to ensure that such disclosure will not pose significant risk to the personal security of the individual member of Senior Management and increase the risk of loss of key personnel by formulating mitigation plans before compliance with the requirement.</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>	:	The Board to consider the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management in the Corporate Governance Overview Statement after careful assessment of the impact of the detailed disclosure on the personal security of the individual member of Senior Management and the risk of loss of key personnel with mitigation plans implemented.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 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>	:	Not Adopted
<b>Explanation on adoption of the practice</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 8.1

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 Company complied with the requirement that the Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>During the financial year under review and up to the date of this Report, the Chairman of the Audit Committee is Mr. Wong Meng Tak, a Senior Independent Director and Non-Executive Director while the Chairman of the Board is Dato' Mohammed Azlan Hashim.</p> <p>He graduated with Bachelor of Arts (Honours) degree majoring in Economics from the University of Malaya and was a Senior Manager of Regional Credit of Malaysian operations of an international financial institution. Please refer to the Directors' Profile section of the Annual Report for further details of the Chairman of the Audit Committee.</p> <p>An abstract of duties and responsibilities of the Audit Committee as stated in the Terms of Reference, led by the Chairman includes but not limited to the followings:</p> <ul style="list-style-type: none"><li>- To review with the external auditors the audit plan, its scope and nature and the Audit Report, the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group, the assistance given by the officers of the Company and management letter, amongst others.</li><li>- To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.</li><li>- To review the internal audit plan, processes and results of the internal audit and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.</li><li>- To review with management on Audit Reports and Management Letter issued by the external auditors and the implementation of audit recommendations and interim financial information.</li><li>- To monitor related party transactions (including Recurrent Related Party Transactions) entered into by the Company.</li><li>- To review the Quarterly Reports on Consolidated Results and Annual Financial Statements prior to submission to the</li></ul>

	<p>Board.</p> <ul style="list-style-type: none"> <li>- To review conflicts of interest that may arise within the Company or the Group.</li> <li>- To review any new grant and the allocation of options under ESOS.</li> <li>- To review the adequacy and effectiveness of the Group's risk management process and systems established by the Management.</li> <li>- To review the adequacy and effectiveness of the Group's sustainability governance structure and process.</li> </ul> <p>The terms of reference of Audit Committee detailing the composition, authorities, duties and responsibilities are available for download from the "Corporate Governance" section of "Investor Relation" of the Company's website at <a href="http://www.do.com.my">www.do.com.my</a>.</p> <p>A summary of activities of the Audit Committee, led by the Chairman, are disclosed in the Annual Report's Audit Committee Report.</p>
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</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 8.2**

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>	:	<p>The terms of reference of the Audit Committee includes the requirement of 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.</p> <p>Please refer to the terms of reference of Audit Committee which is published in the "Corporate Governance" section of "Investor Relation" of the Company's website at <a href="http://www.do.com.my">www.do.com.my</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

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>Based on the Terms of Reference of the Audit Committee, the Audit Committee have direct communication channels with external auditors and have the responsibility to review with the external auditors on</p> <ul style="list-style-type: none"><li>a) the audit plan, its scope and nature,</li><li>b) the Audit Report,</li><li>c) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group,</li><li>d) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with management encountered during the audit,</li><li>e) the management letter and/or major findings of internal investigations and management's response, and</li><li>f) the nature and extent of the non-audit services rendered by the external auditors and the appropriateness of the level of fees.</li></ul> <p>Furthermore, it is the responsibility of the Audit Committee to consider the appointment or re-appointment of auditors, the audit fee and non-audit fees and any questions on resignation or dismissal including recommending the nomination of person or persons as auditors.</p> <p>The engagement of the external auditors is governed by the engagement letter with terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the external auditors, confidentiality, independence and the proposed fees reviewed by the Audit Committee and its recommendation to the Board.</p> <p>On annual basis, prior to the commencement of the external audit engagement for the financial year, the external auditors presented the Audit Planning Memorandum to the Audit Committee whereby the engagement and reporting requirements, audit approach, significant events during the year, areas of audit emphasis, communication with management, engagement team, reporting timeline and deliverables and proposed audit fees were tabled to the Audit Committee for review. During the meeting, the external auditors confirmed to the Audit Committee that they are not aware of any relationship</p>

between the Group and them that may reasonably to impair their independence.

Upon completion of the audit engagement for a financial year, the external auditors presented the Audit Review Memorandum to the Audit Committee on the significant audit findings, significant deficiencies in internal control, status of the audit, summary of audit adjustments, summary of unadjusted differences, draft independent auditors' report and outstanding audit areas. During the same meeting, the external auditors confirmed to the Audit Committee on their independence throughout the audit engagement and not aware of any relationship between them and the Group that may reasonably impair their independence. Furthermore, based on their review of the non-audit services provided, they were not aware of any non-audit services that have compromised their independence as external auditors.

In addition, the Audit Committee met thrice privately with the external auditors during the financial year without the presence of the executive directors and management to encourage two-way communication of the information and views and for the external auditors to freely express their opinion without undue pressure.

The annual assessment of the suitability of the external auditors is guided by the formal Policy and Procedures to Assess the Suitability and Independence of and Provision of Non-Audit Services by External Auditors established by the Audit Committee. The criteria for assessment during the appointment and re-appointment of external auditors are qualifications, technical expertise and capability, resources, suitable size, independence, professionalism and responsiveness and overall conducts of the audit. Included in the said policy are the steps to be taken on resignation and dismissal of external auditors, independent review and provision of non-audit services by the external auditor. The assessment of the suitability and performance of the external auditors by the Audit Committee is guided by External Auditor Performance and Independence Checklist per Corporate Governance Guide issued by Bursa Malaysia Berhad.

During the financial year under review, the Audit Committee conducted performance evaluation and independency assessment on external auditors based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, such as, calibre of the firm, quality process and performance, knowledge and skill sets of audit team, independence and objectivity, audit scope and planning, audit fees and audit communication.

Having regarded the meetings (including the private sessions held) with the external auditors and the assessment of the suitability of the external auditors performed, the Audit Committee and the Board is of the opinion that the external

	auditors was suitable and able to deliver the assurance engagement professionally and diligently with sufficient level of independence under the relevant laws and regulations and recommended their re-appointment to the Board, upon which the shareholders' approval was sought at the AGM.	
<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>	:	At present, the Audit Committee comprises solely of Independent Directors. The details of the members of the Audit Committee is disclosed in the Corporate information and Profile of Directors section of the Annual Report.

## 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>The members of the Audit Committee consist of members who have a wide range of necessary skills to discharge their duties, i.e. experiences in audit, equity research, the banking and financial and international business management. All Audit Committee members are financially literate, through their education pursued and working experience. The details of the experiences and education qualification of the members of the Audit Committee are disclosed in the Annual Report's Profile of the Directors.</p> <p>During the financial year ended 31 December 2018, the members of Audit Committee undertook continuous professional development(s) as required by the respective professional bodies and trainings which are identified by the Board and are relevant to the field of regulatory development. The details of the training attended is disclosed in the Annual Report's Corporate Governance Overview Statement.</p> <p>As an important independent element within the Board, members of the Audit Committee completed his Financial Literacy evaluation with evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad concentrating on ability and competency on reading, analysing and interpreting financial statements, cost accounting, budget and management discussion and analysis. Apart from that, the members of the Audit Committee performed self and peer evaluation of the individual members of the Audit Committee to assess the professionalism, experience, knowledge, skills and understanding of the Group's businesses based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad. Furthermore, an assessment of the effectiveness of the Audit Committee was performed by non Audit Committee members through Audit Committee Evaluation Questionnaire based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad focuses on</p>

	<p>quality and composition, skills and competencies, meeting administration and conduct as well as the activities carried out by the Audit Committee.</p> <p>Through the assessments conducted, the Board and the Nomination Committee were of the opinion that the Audit Committee have the right mix of expertise, experience and skills and they have discharged their responsibilities and duties per the Audit Committee's terms of reference.</p> <p>Please refer to the Audit Committee Report for the activities performed by the Audit Committee in accordance with the terms of reference of the Audit Committee.</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 9.1

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 acknowledges its overall responsibility for maintaining a sound system of risk management and internal controls as well as internal audit mechanism to safeguard shareholders' investment and the Group's assets.</p> <p>The Board put in place formal and structured Risk Management Policy as the governance structure and processes for the risk management on enterprise wide in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively. Internal Audit function is established to review the adequacy and effectiveness of the risk management and internal control system. The Board assumes the ultimate responsibility for risk management and internal control and establish the risk appetite of the Group. The duties for the identification, evaluation and management of the key business risk are delegated to the Group Managing Director while the Audit Committee is delegated with the oversight role.</p> <p>The details of the risk management and internal control system within the Group, including the process of identification, assessment and monitoring of key business risks is disclosed in the Statement on Risk Management and Internal Control.</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>Structured risk management process is stipulated in the Risk Management Policy, whereby each step of the risk identification, risk evaluation, risk treatment and control activities are laid down for application by the Group Managing Director and the operational and supporting functions. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk tolerance acceptable by the Board that are stipulated in the Policy. Key risk registers were compiled by the Group Financial Controller and the operational management, with relevant key risks identified and rated based on the agreed upon risk rating before reporting to the Group Managing Director. Key risk profile (included but not limited to, key risk registers (consists of strategic risks and key operational risks), existing control activities for risks mitigation, likelihood and impact rating used and risk management process employed for review and assessment exercise by the Management) was compiled and tabled to the Audit Committee to review and deliberate on its adequacy and effectiveness and subsequently report the results of review to the Board.</p> <p>The Risk Management Policy is established, in material aspect, is guided by IATF 16949:2016 Standard by International Automotive Task Force. Internal audits are carried out, based on the approved internal audit plan by the outsourced internal audit function.</p> <p>Please refer to the Statement on Risk Management and Internal Control for the detailed disclosures on the risk management and internal control system as well as the opinion of the Board on the state of the risk management and internal control system within the Group.</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>In ensuring the internal audit function is effective and able to function independently, the Audit Committee have direct communication channels with the internal audit function under its terms of reference. In addition, the terms of reference of the Audit Committee provides that the oversight role of the Audit Committee includes the followings:</p> <ul style="list-style-type: none"> <li>- To recommend the appointment and resignation of the internal auditor function and its fees for audit and non-audit service fee to the Board;</li> <li>- To review the adequacy of the scope, functions, competencies and resources and set the standards of the internal audit function and authority;</li> <li>- To provide assurance to the Board of Directors on the adequacy and effectiveness of the system of internal control and risk management practices of the Group;</li> <li>- To review the internal audit plan, processes, result of the internal audit and major findings reported by the internal auditor function and whether or not appropriate action is taken on the recommendations of the internal audit function; and</li> <li>- To review any appraisal or assessment of the performance of the internal audit function.</li> </ul> <p>During the financial year under review, the Audit Committee met privately with the internal audit function without the presence of the executive directors and management to encourage two-way communication of the information and views and for the internal audit function to freely express their opinion without undue pressure.</p> <p>The oversight role of the Audit Committee and the activities taken by the Audit Committee on the internal audit function during the financial year is disclosed in Statement on Risk Management and Internal Control.</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 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 of the Company is outsourced to NeedsBridge Advisory Sdn Bhd and is reporting directly to the Audit Committee with unrestricted access to the Group's employees and documents in the performance of their engagement. The details of the internal audit function and oversight role of the Audit Committee on the function are disclosed in the Statement on Risk Management and Internal Control, including but not limited to, the details of the engagement letter, review of the outsourced internal audit function's resources and continuous professional developments.</p> <p>The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditors ("CIA") accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The outsourced internal audit function is manned by one (1) engagement director, three (3) managers/assistant manager and six (6) senior consultants/consultants during the financial year under review. The members involved in the field works consist of a managers/assistant manager and consultants who are members of professional accounting bodies.</p> <p>The Internal audit is carried out, in material aspects, in accordance to the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>Please refer Statement on Risk Management and Internal Control for detailed disclosure on outsourced internal audit function.</p>
<b>Explanation for departure</b>	:	

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

<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 11.1

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>One of the core responsibilities of the Board as stated in the Board Charter is to oversee the development and implementation of a shareholders' communication policy for the Company.</p> <p>To ensure that communications to the public are timely, factual, accurate, and complete, the Board has adopted a Corporate Disclosure Policy which set out the policies and procedures for the disclosure of material information of the Group. It also includes an internal control practice to ensure that confidential information is handled properly by relevant parties to avoid leakage and improper use of such information. This policy is applicable to all employees (including full time, probationary, contract and temporary staff) and Directors of the Group.</p> <p>In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via <a href="http://www.do.com.my">www.do.com.my</a>. The "Investor Relations" section enhances the Investor Relations function by including all announcements made by the Company, annual reports on the Company, relevant board charter and policies as well as terms of reference of relevant board committees and whistleblowing policy established and implemented by the Board for the public to access. Furthermore, email address is provided in "Contact" section of Company's website to which concern or request of any investor can be forwarded to.</p> <p>The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities and it is the Company's internal procedure that all announcements to be made through Bursa Securities are to be approved by the Board, prior to its release. The Board is observing all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 in order to have all material event and information to be disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders without selective disclosure of such</p>



	<p>information to specific individuals or groups. The corporate disclosure by the Company is further enhanced by way of the Group Managing Director and Chairman of the Board assuming the role of authorized speaker for the Company during press conferences and analyst briefings to ensure accurate and consistent disclosure.</p> <p>The Annual Report, the core communication tool with stakeholders, contains all the necessary disclosures in addition to facts and figures about the Group. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Group and its operations.</p> <p>The General Meetings are the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company.</p> <p>Adequate time is given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The external auditors are also present at annual general meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</p> <p>In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify information already disclosed to the other shareholders. Video clip of recorded corporate interview of the key executive is posted on the corporate website for the stakeholders to view.</p> <p>During the financial year under review, the Board provided timely disclosure of all material information of the Group to the shareholders through release of quarterly financial results, announcements and distribution of Annual Reports. Shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website and "Investor Relation" section of the Company's website at <a href="http://www.do.com.my">www.do.com.my</a>.</p>
<p><b>Explanation for departure</b> :</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>	

<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 11.2

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>	:	<p>The Company is not a "Large Company" as defined under Malaysian Code on Corporate Governance 2017 as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 billion as at the start of the Company's financial year.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### 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 Charter was updated and approved by the Board during the financial year to include the requirement that notice for the Annual General Meetings is to be given to shareholders at least 28 clear days prior to the meeting.</p> <p>The Notice for the 14<sup>th</sup> Annual General Meeting was given to shareholders 28 days prior to the meeting, as opposed to the minimum mandated period of 21 days for shareholders to have sufficient preparation time to make informed decisions.</p> <p>Similarly, the Board is committed in providing the notice of the 15<sup>th</sup> Annual General Meeting to the shareholders at least 28 days prior to the meeting.</p> <p>The notice of 15<sup>th</sup> Annual General Meeting will be disseminated through both electronic format (made available on Bursa Securities' website and Company's website) and hardcopy. Additionally, the notice will be advertised in the "The Star" newspaper.</p> <p>The notice of the annual general meeting includes the following information:</p> <ul style="list-style-type: none"><li>• Date, time and venue of the meeting</li><li>• Ordinary and special resolutions (if any) that are tabled for approval as well as explanatory notes and information on the agenda items to be approved</li><li>• Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the general meeting.</li></ul>
<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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Not all directors attended the annual general meeting and extraordinary general meeting held during the financial year under review due to unavoidable urgent work commitments of such director which could not be rescheduled.
		<p>The Board Charter incorporated the requirement on attendance of all directors at the general meetings so that effective communication can be established between the Board and the shareholders. Directors, especially those with oversight role (including but not limited to the chairman of board committees) shall be present to answer in person any matters raised by the shareholders.</p> <p>Adequate time is given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The external auditors were also present at annual general meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</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>	:	All directors, including the Chairman of Audit, Nomination and Remuneration Committee will attend the 15 <sup>th</sup> Annual General Meeting, to enable the respective Chairman of Committees and Directors to provide meaningful response to questions addressed to them.
<b>Timeframe</b>	:	Choose an item.

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>There are approximately 3895 shareholders in the Company.</p> <p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Memorandum and Articles of Association includes explicit right of proxy (ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on proxy's qualification.</p> <p>During the financial year under review, the Company did not conduct its general meetings by using electronic voting and webcast for remote shareholder participation because the Company held its general meeting in Klang Valley and the venue of the general meetings in Klang Valley could be easily accessed by multiple transportation mode. The Board is of the opinion that it was not cost effective to implement electronic voting and webcast for insignificant remote shareholder participation.</p> <p>Furthermore, reasonable priced electronic voting systems were difficult to source in Malaysia due to limited supply of such services in Malaysia.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</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>	:	The Board to consider the electronic voting and webcast for remote shareholder participation if significant proportion of shareholders of the Company are not from West Malaysia and the available of reasonable priced electronic voting systems in Malaysia.

<b>Timeframe</b>	:	Choose an item.	
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**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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