

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0074
COMPANY NAME : Green Ocean Corporation Berhad
FINANCIAL YEAR : June 30, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board" or the "Director(s)") of Green Ocean Corporation Berhad ("Green Ocean" or the "Company") is collectively responsible in establishing the objectives, provides strategic direction to the Group in achieving its business plan and overseeing the conduct, performance and internal controls of the business activities as well as reviewing of financial and operating performance of the Company and its group of companies (the "Group"). These include determining the key strategies, financial and organisational matters such as approval of interim results and annual audited financial statements, significant acquisition and disposal, major capital expenditures and long-term strategic planning for the Group.</p> <p>In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group.</p> <p>The Board has discharged its key fiduciary duties, leadership functions and responsibilities as summarised below:-</p> <ul style="list-style-type: none">a) Review and approve strategic plans and key business initiatives;b) Oversee the conduct of the Group's business affairs and to evaluate whether the businesses are properly and effectively managed;c) Identify principal risks and ensure the implementation of appropriate systems and controls to manage these risks;d) Ensure that there are sound succession plans for Board and Senior Management teams;e) Develop and implement an investor relations programme or shareholders' communications policy; andf) Review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board chaired by Dato' Nik Ismail bin Dato' Nik Yusoff, an Independence Non-Executive Chairman, who is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The Chairman's responsibilities include the following:</p> <ul style="list-style-type: none"> - manage the interface between Board and Management; - ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; - lead the Board in establishing and monitoring good corporate governance practices in the Group; - ensure the integrity of the governance process and issues; and - functioning as a facilitator at meetings of the Board to ensure that discussions result in logical and understandable outcomes. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by different individuals.</p> <p>The Chairman, Dato' Nik Ismail bin Dato' Nik Yusoff, is an Independent Non-Executive Chairman. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in the Board discussions.</p> <p>As at the financial year ended 30 June 2021, the Group has not appointed a CEO. The Executive Director, Mr. Mak Siew Wei, is responsible for the day-to-day management of the Group's businesses, which includes implementing the policies and decisions of the Board.</p> <p>The Chairman leads the Board in its collective oversight of Management and the Executive Director focuses on the business and day-to-day management of the Company.</p> <p>The separation of powers, combined with the presence of the Independent Directors, ensures a balance of power and authority and provided a safeguard against the exercise of unfettered power in decision-making.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by one (1) External Company Secretary. The Company Secretary of Green Ocean is qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which she is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in order to discharge their duties effectively. The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretary as well as external consultants. The Company Secretary together with the Executive Director assist the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretary in assisting the Board to discharge its duties.</p> <p>The Board is of the view that the Company Secretary have been competent and kept herself abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board meets at least once every quarter with additional Board meetings to be convened as and when necessary. Prior to the meetings of the Board and Board Committees, notice of meeting setting out the agenda and accompanied by the relevant Board Papers are circulated to all Directors, so as sufficient time given to the Directors to review, seek additional information and/ or clarification n the matters to be deliberated at Board meetings.</p> <p>All deliberations and decisions at Board and Board Committee meetings are well documented in the minutes by the Company Secretary. The meeting minutes will be circulated to the Board and Committees and confirmed as a correct record of the proceedings by the Board and Board Committees at their following respective meetings.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company documented the policies that the Board has decided upon to discharge its responsibilities, including good governance and leadership. The Board Charter also serves as a primary reference and part of the induction literature, providing insights to prospective and existing Board members.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board will review the Board Charter from time to time to ensure its applicability to the Company’s current situation. The Board Charter is available on the Company’s website at www.greenocean.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Group's Code of Business Conduct and Ethics (" the Code ") sets out the standards of ethical behaviour and values expected of Directors and employees and serves as a guide and reference in the course of the performance of their responsibilities. The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Code, together with Whistleblowing Policy, Anti-Bribery and Corruption Policy are available on the Company's website at www.greenocean.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Whistleblowing Policy which is available on the Company's website at www.greenocean.com, sets out the disclosure procedures and protection for whistle blowers to meet the Group's ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>All whistleblowing reports are addressed to the Audit Committee ("AC") Chairman. This policy is administered by the AC with the assistance of the Management and overseen by the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>More than half of the Board members are Independent Non-Executive Directors.</p> <p>Currently, the Board has four (4) members, comprising three (3) Independent Non-Executive Directors and one (1) Executive Director. Independent Directors are representing 75% of the total Board members.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	None of the Independent Directors has exceeded the tenure of a cumulative term of nine (9) years in the Company as at 30 June 2021. The Board noted the recommendation of the MCGG 2017 that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Nevertheless, upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the annual approval of shareholders to continue as an Independent Director or be re-designated as a Non-Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognise that the Board’s diversity optimises decision-making process and will conscientiously improve on its current diversity.</p> <p>In evaluating the suitability of the candidates for appointment of Board and Senior Management, the Board and the Nomination and Remuneration Committee (“NRC”) consider salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Management level.</p> <p>The NRC is mindful of the Board’s support for Boardroom diversity, particularly, in terms of ethnicity and gender. These factors will be given prime consideration in the recruitment of new Board members.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board has not established a formal policy with regards to gender diversity, its target and measures to meet those targets.</p> <p>The Group is an equal opportunity employer, and all appointments and employments are based on merit, having regard to those competencies, expertise, skills, background and other qualities identified from time to time by the Board as being important. The NRC will also take into account legal and regulatory requirements, such as those relating to residency and independence, and give due consideration to characteristics, such as gender, age, ethnicity, disability, sexual orientation and geographic representation, which contribute to the Board’s diversity.</p> <p>The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board’s creativity, efficiency and effectiveness. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company’s strategic objectives.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	At present, appointments to the Board are decided by the members of the Board based on the recommendations of the NRC. Directors' network and referrals from incumbent Directors and business associates are the primary means to source for Directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business imperatives.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the NRC is Mr Roy Winston George, an Independent Non-Executive Director of the Company.</p> <p>The Board recognises the need for Chairman of NRC to be independent to ensure objectivity and independent judgement during deliberations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC reviews annually the required mix of skills and experience of the Board, including core competencies which Non-Executive Directors should bring to the Board and assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director.</p> <p>The evaluation process is led by the NRC Chairman and supported by the Company Secretary annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board Committees. The assessment by all Directors are summarised and disclosed at the NRC's meeting and reported at a Board meeting by the NRC Chairman.</p> <p>For 2020, the NRC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NRC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place remuneration policy and procedures which are premised on the need for the remuneration practices of the Company to be competitive, thereby enabling the Company to attract and retain high-calibre directors and senior management.</p> <p>The component remuneration package for Executive Director and Senior Management has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors' fees and benefits, which have been reviewed by the NRC, are recommended by the Board to the shareholders for approval at the forthcoming AGM.</p> <p>The Remuneration Policy will be reviewed periodically and is made available on the Company's website at www.greenocean.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied													
Explanation on application of the practice	:	<p>The Board is supported by the NRC. The members of the NRC comprises exclusively of Independent Non-Executive Directors ("INEDs") and the composition of the NRC is as follows:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Directorate</th> </tr> </thead> <tbody> <tr> <td>Roy Winston George</td> <td>Chairman</td> <td>INED</td> </tr> <tr> <td>Dato' Nik Ismail bin Dato' Nik Yusoff</td> <td>Member</td> <td>INED</td> </tr> <tr> <td>Kang Teik Yih</td> <td>Member</td> <td>INED</td> </tr> </tbody> </table> <p>The primary responsibilities of the NRC are set out in detail in its Term of Reference which can be viewed from the Company's website at www.greenocean.com.</p>		Name	Designation	Directorate	Roy Winston George	Chairman	INED	Dato' Nik Ismail bin Dato' Nik Yusoff	Member	INED	Kang Teik Yih	Member	INED
Name	Designation	Directorate													
Roy Winston George	Chairman	INED													
Dato' Nik Ismail bin Dato' Nik Yusoff	Member	INED													
Kang Teik Yih	Member	INED													
Explanation for departure	:														
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>															
Measure	:														
Timeframe	:														

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and the Group for the financial year ended 30 June 2021 are disclosed in the Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:	At this juncture, the Board is of the opinion that the disclosure on the remuneration of the Key Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competition and staff poaching. The Board will ensure that the remuneration of the Key Senior Managements commensurate with their duties and responsibilities, the performance of the Company and without excessive remuneration payouts.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The AC Chairman is an Independent Non-Executive Director, who is not the Chairman of the Board.	
		The Chairman of the Board	Dato’ Nik Ismail bin Dato’ Nik Yusoff (Independent Non-Executive Director)
		The Chairman of AC	Kang Teik Yih (Independent Non-Executive Director)
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Currently, no former key audit partner of the External Auditors of the Company is appointed as a Company Director and a member of the Audit Committee (“AC”).</p> <p>The Terms of Reference of the AC reflects the requirement that a former key audit partner to observe a cooling-off period before he can be considered for appointment as a member of the Audit Committee.</p> <p>The Terms of Reference of AC is available at the Company’s website.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC carried out an assessment of the performance and suitability of Messrs Ecovis Malaysia PLT based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit.</p> <p>The AC was generally satisfied with the independence, performance and suitability of Messrs Ecovis Malaysia PLT based on the assessment and are recommended to the Board and shareholders for approval for the re-appointment of Messrs Ecovis Malaysia PLT as External Auditors for the financial year ending 30 June 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC consists of three (3) members, of which all are Independent Non-Executive Directors. None of them are alternate directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC possesses the right mix of skills to discharge its duties effectively.</p> <p>The AC is chaired by Mr. Kang Teik Yih, who is a Fellow Member of the Association of Chartered Certified Accountants. He possesses sufficient financial knowledge to provide satisfactory input on financial matters.</p> <p>Members of the AC are financially literate as they continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the Management and the External Auditors.</p> <p>All AC members receive ongoing training and development as detailed in Corporate Governance Overview Statement are disclosed in the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The context within which the Group manages risks and the key focus of accountability for this as well as the key processes that have been established in reviewing the adequacy and effectiveness of the internal control system are set out in the Statement of Risk Management and Internal Control of the Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control systems. The Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control system, the Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.</p> <p>Further details on the features of the Group's risk management and internal control are set out in the Statement of Risk Management and Internal Control of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group outsourced its internal audit function to an independent internal audit service provider, namely Eco Asia Advisory Sdn Bhd.</p> <p>The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed.</p> <p>The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the AC and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units.</p> <p>Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Audit Committee Report of the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	The Company outsourced its Internal Audit function to Eco Asia Advisory Sdn Bhd. It was noted that the outsourced internal auditors, independently and objectively, provide reasonable assurance to the AC and has adequate resources to carry out their audit activities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensure that the Company continue to engage effectively with its shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Malaysia Securities Berhad, quarterly reports, the Company's website and investor relations.</p> <p>The Company also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be available and accessible at www.greenocean.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company under MCGG 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Annual Report 2021, which contains the Notice of Annual General Meeting (“AGM”) of the Company, together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, is sent to the shareholders at least 28 days prior to the date of the AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the AGM, and to arrange for proxies to attend the AGM on their behalf, if so required.</p> <p>The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper and the Company’s website at www.greenocean.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors, including the Chairmen and members of NRC and AC, attended and participated at the Company's AGM held on 4 December 2020. The presence of all directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In view of the COVID-19 pandemic and as part of the Company's precautionary measures, in the interest of the safety and health of the Shareholders, the Board has decided to use the remote meeting technology by engaging the services of a third party to broadcast the forthcoming 18th AGM via fully virtual through live streaming from the broadcast venue which will allow remote shareholders to participate in and vote using the remote participation and voting ("RPV") facilities.</p> <p>At its fully virtual Extraordinary General Meeting of the Company held on 27 October 2020, the Company was using the remote meeting technology with the remote shareholders' participation and voting via the RPV facilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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