

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7188  
**COMPANY NAME** : BTM RESOURCES BERHAD  
**FINANCIAL YEAR** : December 31, 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for proper governance and stewardship of the Group, which include providing strategic business direction, development and control of the Group and initiatives to embrace governance responsibilities according to the MCCG and statutes. In discharging their fiduciary and governance responsibilities, the Board has formalized a Board Charter that sets out the following roles and duties of the Board:</p> <ul style="list-style-type: none"><li>• Reviewing and approving of corporate strategies and plans, monitoring their implementations through the annual budget and financial plans;</li><li>• Overseeing and monitoring the conduct and performance of the Company's and Group's businesses;</li><li>• Overseeing the process for identifying principal risks and putting in place appropriate control systems, monitoring and reporting mechanism to effectively monitor and manage these risks;</li><li>• Appointing and assessing the performance of the Executive Directors and overseeing succession plans for the Senior Management team;</li><li>• Overseeing the development and implementation of a shareholder communication policy for enhancing and protection of the reputation of the BTM Group;</li><li>• Reviewing and overseeing the adequacy and the integrity of the management information and control system of the BTM Group; and</li><li>• Establishing a corporate culture which engenders ethical conduct and behaviour.</li></ul>

	<p>Apart from the above roles, the Board has reserved the following items for their deliberation and decision to ensure the direction and control of the Company are in its hands:</p> <ul style="list-style-type: none"> <li>• Acquisition of Business and Investments;</li> <li>• Divestments and Disposals of Business and Investments;</li> <li>• Overseas Equity Venture;</li> <li>• Corporate Finance and Proposals;</li> <li>• Terms of key or main agreements not within the ordinary course of business;</li> <li>• Acquisition and Disposal of Properties;</li> <li>• Acquisition and Disposal of Fixed assets, other than Properties, amounting up to RM2,000,000 and above; and</li> <li>• Bank borrowing and finance arrangements.</li> </ul> <p>To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authority and powers to the three (3) Executive Directors and certain Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Whilst the Board Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board their findings and recommendations, the Board has delegated the following responsibilities to the Executive Directors, comprising the Managing Director and two (2) Executive Directors:</p> <ul style="list-style-type: none"> <li>• Overall responsibility for the business units and day-to-day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions;</li> <li>• The development (in conjunction with the Board) and implementation of short, medium and long term corporate strategies for the Group, preparing business plans and report with Senior Management and reporting or presenting to the Board on current and future initiatives;</li> <li>• Providing leadership, supervision and control in managing a team of Senior Management Executives responsible for all functions contributing to the success of the Group;</li> <li>• Overseeing that the Group has the appropriate risk management practices and policies in place;</li> <li>• The assessment of business opportunities which are of potential benefits to the Group;</li> <li>• Bringing material and other relevant matters to the attention of the Board in a timely manner;</li> <li>• Overseeing shareholders' communications;</li> </ul>
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	<ul style="list-style-type: none"> <li>• Appointing and, where appropriate, removing Senior Management, including the Chief Financial Officer and the Company Secretary, with the approval of the Board;</li> <li>• Evaluating the performance of Senior Management executives;</li> <li>• Overseeing that the objectives as standards of performance of the Company are understood by the Management and employees;</li> <li>• Overseeing that the operational planning and control system are in place;</li> <li>• Monitoring performance results, where necessary;</li> <li>• Overseeing that the Group's Financial Reports are drawn up in accordance with the relevant accounting standards and comply with all requirements of Bursa Malaysia Main Market Listing Requirements and the Companies Act 2016;</li> <li>• Directing and monitoring all aspects business operations in a cost-effective manner;</li> <li>• Effectively overseeing the human resource needs of the Group and key positions in the Group's management structures, including succession planning and talent retention are adequately addressed;</li> <li>• Overseeing the Group's corporate identity, products and services are of acceptable standards and reflective of the market environment in which the Group operates in; and</li> <li>• Assisting the Non-Executive Chairman in providing quality and timely information flows to the Board for establishing the agenda for Board and Committee meetings.</li> </ul> <p>In discharging their responsibilities, the Executive Directors can delegate and assign appropriate functions and responsibilities to the Senior Management personnel while retaining overall control and responsibility.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, namely Y. Bhg. Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey, who is an Independent Non-Executive Director, had been entrusted by the Board to:</p> <ul style="list-style-type: none"> <li>• lead the Board, facilitate effective contribution by all Directors at Board meetings, ensure that no individual Board member dominates discussions and that appropriate discussions and opinions amongst members of the Board are forthcoming;</li> <li>• represent the Board at shareholders' meeting by chairing General Meetings of shareholders and represent the Board in public relations exercises and other events relating to the Group;</li> <li>• oversee the efficient organization and conduct of the Board, including the setting of agenda for Board meetings, in consultation with the Executive Directors, chair Board meetings and ensure that the Board acts in accordance with regulatory requirements on the conduct of Director;</li> <li>• ensure all Directors receive accurate, timely and quality information to enable them to discharge their duties. All directors are entitled to request additional information where they consider such information necessary to make informed decisions;</li> <li>•</li> </ul> <p>consider the views of shareholders, which are to be communicated to the Board as a whole and that governance and strategy issue are discussed with major shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board Chairman is Y. Bhg. Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey, an Independent Non-Executive Director, whilst the Managing Director (Chief Executive) is Y. Bhg. Dato' Seri Yong Tu Sang. Their roles and responsibilities are well segregated.
<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>	:	The Company has 2 Company Secretaries, namely Mr. Chong Seok Tian, (MIA 2502), and Miss Wong Youn Kim (MAICSA 7018778). All two are qualified under Section 235 of the Companies Act 2016. Mr Chong is an in-house Company Secretary whilst Miss Wong is from an outsourced secretarial firm.  During the year under review, Mr Chong Seok Tian had in attendance for all the Board and Board Committee meetings.	
<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>	:	Notice of meeting, together with the relevant papers for the agenda, is normally issued in time for the Directors to be apprised of the items to be discussed. There is no policy specifying a set target of notification period. Minutes of the meeting taken by the Company Secretary are communicated to the Chairman of the meeting for any amendments before circulating to the Board members for circulation.	
<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>	:		
<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>	:	The Code of Conduct and Ethics for Directors which are published in the Company's website are intended to promote the corporate culture which engenders ethical conduct that permeates throughout the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established and adopted a whistleblowing Policy, to provide an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The policy also provides contact details of Audit and Risk Management Committee Chairman and the Managing Director as avenue for stakeholders to raise the above concerns.</p> <p>The document will be uploaded on the Company's website in due course.</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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board comprises six (6) Directors – three (3) Executive Directors, two (2) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director.	
<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 4.2

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>	:	The Company has on its Board two (2) Independent Non-Executive Directors, namely Mr. Choong Show Tong and Y.Bhg Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey who have served as Independent Directors for more than twelve (12) years as at end of the financial year under review. The Board has assessed the suitability of Mr.Choong Show Tong and Y.Bhg Datuk Haji Mohamed Iqbal Bin M.M. Mohamed Ganey to continue as Independent Non-Executive Directors of the Company for the ensuing year and, accordingly, has recommended for their continuance via the two-tier voting process at the forthcoming AGM of the Company scheduled in June 2022. The justifications by the Board for their continuance as Independent Non-Executive Directors are set out in the Notice of 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**

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>Although the Board has not formalized in writing a Board Diversity Policy, it has always reviewed diversity in the Board and Senior Management and, for the financial year under review, the following were observed by the Board:</p> <ul style="list-style-type: none"> <li>• diversity in the Boardroom is an essential factor in ensuring an effective and well-functioning Board;</li> <li>• the Board should comprise Directors from a diverse background – based on their profiles in the Annual Report, it can be seen that the current Directors possess diverse background, skills and experience;</li> <li>• Directors’ age ranges from those in their 40s to those in their 70s;</li> <li>• one Board member is female ; and</li> <li>• the Directors are drawn from different ethnic, cultural and social-economic background and are sufficiently diverse to ensure that different viewpoints are considered in the decision-making process.</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

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

### Practice 4.5

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board does not have a specific policy for setting targets for women, ethnic or age composition on the Board.	
		Evaluation of suitability of candidates is based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.	
<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

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>	:	There has been no new addition to the Board in the year of 2021.	
<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>	:	The Chairman of the Nomination Committee is Mr. Choong Show Tong, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Although an assessment was carried out, it was focused on those Directors retiring by rotation, i.e. to consider their suitability for re-election before the Board proposes to shareholders for decision. The current process does not serve as an alternative practice. As such, the Board will formalise an assessment process to cover the effectiveness of the Board, the Board Committees and individual Directors, including the independence of Independent Non-Executive Directors. The assessment process will consider the Corporate Governance Guide 3 <sup>rd</sup> Edition issued by Bursa Malaysia Berhad.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Formal assessment criteria will be used for the assessment with the assessment results documented and kept by the Company Secretary.
<b>Timeframe</b>	:	Within 2 years

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has yet to formalise in writing pertinent policies and procedures for the remuneration of Directors and Senior Management.</p> <p>It is the practice of the Remuneration Committee to review the existing remuneration packages of Executive Directors and recommend to the Board any changes thereto. The remuneration packages of Executive Directors would normally take into account the individual Director's performance and experience, including the Director's responsibilities for the Group</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 is aware of the need to formalise in writing pertinent policies and procedures on the remuneration of Directors and Senior Management and will take measures to document the same for uploading on the Company's website
<b>Timeframe</b>	:	Within 2 years

### 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>	:	The Board has established a Remuneration Committee comprising 2 Independent Non-Executive Directors and a Non-Executive Director to provide assistance to the Board to oversee matters relating to the remuneration packages of Directors. This will be expanded to cover Remuneration packages of Senior Management. The terms of reference of the Remuneration Committee will be accordingly amended to cater for this expanded coverage and thereafter be uploaded on the Company's website in due course.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Details disclosure on named basis of remuneration of Individual directors is in the Company's Annual Report.</p> <p>The remuneration breakdown of individual directors includes fees, salary, allowances and other emoluments.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 7.2

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 Remuneration Committee and the Board are of the view that disclosing the top 5 Senior Management's remuneration on a named basis in bands of RM50,000 according to salaries, bonuses, benefits-in-kind and other emoluments would be disadvantageous to the Group's business interest, given the highly competitive conditions in the industry the Group operates where poaching of executives is commonplace.</p> <p>As an Alternative, the Remuneration Committee and the Board believe the disclosure of Senior Management's remuneration, that includes the top 5 key Senior Management, in the audited financial statements are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures". It is the Board's practice to structure the compensation and benefits packages for Group's Senior Management competitively in order to attract, motivate and retain talents</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**

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>	:	At the date of this Statement, the Chair of the Audit and Risk Management Committee and Chair of the Board are helmed by 2 different Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Audit Committee has yet to formalise such a policy.	
		There has been no new appointment to the Board in the year of 2021,	
<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 Audit Committee will be developing a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. This policy, once approved by the Board, will be included in the terms of reference of the Audit Committee.	
<b>Timeframe</b>	:	Others	Please specify number of years.

### 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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	There is no formal process deployed to assess the suitability, objectivity and independence of the external auditors, including documentation of assessment conducted and the outcome thereof. Assessment of the suitability, objectivity and independence of the external auditors was informally carried out and also based upon representation by the external auditors.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Going forward, the Audit Committee will formalise criteria to be used in the assessment, including pertinent documentation to support its recommendation to the Board. To augment this process, the Audit Committee will develop a policy on the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need to obtain the Audit Committee's approval for such services so as not to compromise the professional independence and objectivity of the external auditors.
<b>Timeframe</b>	:	Within 2 years

**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>	:	The two (2) members of the Audit Committee comprise Independent Non-Executive Directors, namely Mr. Choong Show Tong and Y. Bhg. Datuk Haji Mohamed Iqbal bin M.M. Mohamed Ganey. The other member is a Non-Independent Non-Executive Director.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There are two (2) Audit Committee members are considered financial literate in view of their background and professional training. Refer to the Annual Report for their profiles. For details of their training, refer to the Corporate Governance Overview Statement in the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance on effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.</p> <p>The Audit Committee assists the Board in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group. The Audit Committee does this via the deployment of an independent outsourced internal audit function, namely Baker Tilly Monteiro Heng Governance Sdn Bhd, that conducts internal audit based on an internal audit plan approved by the Audit Committee. Findings raised from internal audit are presented directly to the Audit Committee, including the remedial measures and action plans agreed by Management to address the matters so highlighted. For more details of the Internal Audit function, refer to the Statement on Risk Management and Internal Control which is included in the Annual Report of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The key features of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control included in the Annual Report of the Company	
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established a Risk Management Committee through amalgamated this Committee with Audit Committee as the Audit and Risk Management Committee comprising of majority of Independent Non-Executive Directors. Although the terms of reference have yet to be formalised ,the Board will formalised the term of reference at the earliest time frame.



### 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>	:	During the financial year under review, the internal auditors carried out the following reviews: <ol style="list-style-type: none"><li>1) Follow-up Internal Audit review of fixed assets management and maintenance of machinery &amp; equipment for Besut Tsuda Wood Products Sdn. Bhd.;</li><li>2) Internal Audit review of order processing, sales &amp; delivery controls, AR accounting and collection &amp; credit control for BTM Biomass Products Sdn. Bhd. ;</li><li>3) Internal Audit Review on Group Compliance of Section 17A of MACC Act 2009 (Amended 2018); and</li><li>4) Follow-up Internal Audit Review of production planning &amp; controls and production operation for BTM Biomass Products Sdn. Bhd.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function is currently outsourced to an independent professional firm and reports functionally to the Audit and Risk Management Committee of the Board. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned suggestive corrective actions. The activities of the Internal Auditor are guided by Annual Internal Audit Plan that are presented to and approved by the Audit and Risk Management Committee.</p> <p>The Internal Audit function is carried out in accordance with the risk-based approach and the Internal Control - Integrated Framework issued by The Committee of Sponsoring Organisations of Treadway Commission. The Head of Internal Audit function, is a chartered member of the IIA Malaysia and he was graduated with Association of Chartered Certified Accountants and also a Member of the Malaysian Institute of Accountants. He is supported by adequate staff resources to complete the internal audit assignments according to the approved Internal Audit Plan.</p>
<b>Explanation for departure</b>	:	  
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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>The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website at <a href="http://www.btmresources.com.my">www.btmresources.com.my</a> which shareholders, investors and the public may access.</p> <p>In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.</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 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>	:	The Company is not a large company	
		Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	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>	:	The notice for the 27 <sup>th</sup> AGM held on 23 September 2021, was issued by the Company on 26 <sup>th</sup> August 2021, effectively giving shareholders more than 28 clear days to review the annual report for any questions they might wish to raise.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At the last AGM held on 23 September 2021, all Directors (including the chair of the Board Committees) were present in person to engage directly with, and were accountable to, the shareholders for their stewardship of the Company. During the AGM, shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Senior Management appropriately responded to all questions raised and provided clarification as required by the shareholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The number of shareholders of the Company is not considered large and AGMs are not held at remote locations deterring participation by shareholders.
	:	The Company allows shareholders to appoint proxies to represent them if they are unable to attend personally. Moreover, AGMs are normally held in cities, the last AGM was held via online in Petaling Jaya which was accessible by most shareholders.
<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.

**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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