

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8567
COMPANY NAME : SALCON BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board is accountable to formulate policies, setting business strategies and directions, making decisions and the overall performance of the Group. In discharging its responsibilities, the Board is guided by the Board Charter which sets out the role, composition and responsibilities of the Board, as well as matters that the Board may delegate to the Board Committees, Executive Directors and Management. The Board Charter is available on the Company's website, www.salcon.com.my .
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	:	Dato' Seri (Dr.) Goh Eng Toon is the Chairman of the Board and the roles are stated in the Board Charter which is available on the Company's website, www.salcon.com.my .
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	:	Dato' Seri (Dr.) Goh Eng Toon is the Chairman of the Board. Tan Sri Dato' Tee Tiam Lee and Dato' Leong Kok Wah are Deputy Executive Chairman and Executive Director of the Company respectively. There is a clear and distinct division of responsibilities between the Chairman and the Executive Directors to ensure that there is an appropriate balance of power and role, responsibility and accountability at the Board level. Their roles and responsibilities are stated in the Board Charter which is available on the Company's website, www.salcon.com.my .
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 2 qualified Company Secretaries who have extensive years of experience in corporate secretarial practice. One of the Company Secretaries is a member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) whilst the other is licensed by the Registrar of Companies. The Company Secretaries' responsibilities are set out in the Board Charter.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties.</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 1.5

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 Directors receive meeting materials at least five (5) business days in advance of the meetings. The Senior Management, Chief Operating Officer and Chief Financial Officer are invited to attend Board meeting to report and brief on their areas of responsibility.</p> <p>The minutes of the Board and Board Committees meetings are circulated to all Directors in a timely manner for their review and comment.</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	:	The Board Charter was revised and approved by the Board in February 2018 to ensure alignment with the Malaysian Code on Corporate Governance ("MCCG"). The roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors, Non-Executive Directors, Independent Directors and Company Secretaries are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter. The Board Charter and the Terms of Reference for the Board Committees are available on the Company's website, www.salcon.com.my
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 Board has adopted and implemented a Code of Ethics and Conduct ("COEC") since year 2010. The COEC applies to all employees including Directors and is available on the Company's website, www.salcon.com.my .	
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 established a Whistle-blowing Policy in 2012 to provide an avenue for all employees, vendors, contractors, suppliers, consultants, customers and stakeholders to raise concerns about any improper conduct within the Group, without fear of retaliation and to offer protection for the individual who report such allegations.</p> <p>The Whistle-blowing Policy is available on the Company's website, www.salcon.com.my.</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>The Board comprises three (3) Independent Directors and three (3) Non-Independent Directors during the financial year ended 31 December 2017, i.e. half of the board comprises Independent Directors.</p> <p>The Board composition is well balanced to achieve the promotion of shareholders interest and effective governance of the business.</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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	The Company sought shareholders' approval at the Annual General Meeting held on 14 June 2017 to retain an Independent Director, namely, Dato' Dr. Freezailah bin Che Yeom. The resolution was passed by the shareholders.	
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 appointment to the Board is based on objective criteria, merit, contribution and with due regard for diversity in skills, experience, age and gender. The NC is delegated with the responsibility of assessing and recommending to the Board, suitable candidates for appointment as director and Senior Management, after taking into consideration the candidates’ background capabilities, expertise, experience, character, integrity and professionalism.</p> <p>There was no new director appointed in 2017.</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 4.5

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	:	Applied	
Explanation on application of the practice	:	The Board has established and approved the Board Diversity Policy and is available on the Company's website. The Company targets to identify a suitable female candidate for appointment as Director by 2019.	
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	:	Within 2 years	

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	:	Applied	
Explanation on application of the practice	:	There was no new appointment of Director in 2017. However, should there be any new appointment, the Nomination Committee will rely on various sources from the existing members as well as independent sources to identify suitable candidates.	
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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Dato' Dr. Freezailah bin Che Yeom who is the Senior Independent Non-Executive Director of the Company.	
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 annual evaluation is conducted by Nomination Committee, on the effectiveness of the Board as a whole, Board Committees, contribution of each individual Director and independence of Independent Directors as well as Senior Management.</p> <p>Questionnaire setting out the parameters of assessments were distributed to each member of the Board and Nomination Committee for assessment/self-assessment in respect of the Board of Directors, individual director and Board Committees in respect of the financial year 2017. The summary of the result of the assessment were tabled to the Nomination Committee for deliberation.</p> <p>The Chairman of the Nomination Committee briefed the Board the result of the assessment at the Board Meeting held on 27 February 2018.</p> <p>All evaluations carried out by the Nomination Committee in discharging of its functions were properly documented.</p> <p>The process and criteria of the assessment are available in the Corporate Governance Overview Statement in 2017 Annual Report.</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 6.1

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	:	The Board via the Remuneration Committee, implements the policies and procedures on the recommendation and review of the remunerations for Board members and Senior Management. The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management. The remuneration packages are aligned to corporate objectives and take into consideration the complexity of the Company's business operations with reference to an individual's responsibilities and achievements. Additionally, the Board also ensure that remunerations and incentives for Independent Directors; are not in conflict with their obligations to bring objectivity, professionalism and independence of opinions on matters discussed at Board meetings. The Terms of Reference of the Remuneration Committee is available on the Company's website, www.salcon.com.my .
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	:	The Terms of Reference of Remuneration Committee is available on the Company's website, www.salcon.com.my .	
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 detailed disclosure on the remuneration of each Director is available on page 85 of the Corporate Governance Overview Statement in 2017 Annual Report.	
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	:		
Explanation for departure	:	To avoid any potential controversy within the Company while maintaining harmony amongst management and employees, besides respecting Senior Management's privacy and confidentiality of their information; the Board had decided not to disclose the details of Senior Management's remuneration packages.	
<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	:	Dato' Seri (Dr.) Goh Eng Toon is the Chairman of the Board and Mr. Chan Seng Fatt is the Chairman of Audit Committee.	
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	:	The revised Terms of Reference of the Audit Committee has incorporated the policy that requires a former key audit partner to observe a cooling-off period of at least two years prior being appointed as a member of the AC. The Terms of Reference, is available on the Company’s website, www.salcon.com.my .	
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 8.3

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	:	The revised Terms of Reference of Audit Committee has incorporated the policies and procedures to assess the external auditors. The Audit Committee had on 27 February 2018 carried out assessment on the External Auditors and satisfied with the independence and adequacy of experience and resources of the External Auditors. The Terms of Reference is available on the Company's website, www.salcon.com.my .	
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	:	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 8.5

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	:	The Audit Committee comprises 3 members who have various professions. The members of Audit Committee possess necessary skills to discharge their duties and they are able to understand financial information. The trainings undertaken by each Director are disclosed in the Corporate Governance Overview Statement in 2017 Annual Report.
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 risk management and internal control framework are set out in the Statement of Risk Management and Internal Control in 2017 Annual Report.	
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	:	The features of the risk management and internal control framework, its adequacies and effectiveness of the framework are set out in the Statement of Risk Management and Internal Control in 2017 Annual Report.	
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	:	The internal audit function is carried out by in-house internal audit department under Internal Audit and Risk Management Department ("IARMD"). The internal audit department functionally report directly to the Audit Committee and administratively to the Chief Operating Officer, providing feedback in managing the key risks and ascertaining the adequacy and integrity of the Group's internal control and risk management system. The information on the Audit Committee's assessment on the internal audit functions is available in the Statement of Risk Management and Internal Control and Audit Committee Report of 2017 Annual Report.	
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	:	<p>The IARMD carried out the internal audit review in accordance with ISO 31000 standards on Risk Management Process. IARMD comprises a total of five (5) staff, with the composition of an Assistant Manager for Internal Audit, Assistant Manager for Risk Management, two (2) Senior Executives and a clerical staff. None of the staff has any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.</p> <p>Mr Ng Ping Fong, the Assistant Manager for Internal Audit, joined the Company on 18 July 2012. He holds a Bachelor of Degree (Honors) in Accounting from University of Hertfordshire and a fellowship with ACCA. He is also a professional member of the Institute of Internal Auditors Malaysia.</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 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	The information on the Company is made available to shareholders and investors through Annual Report, announcements made to Bursa Securities and Company’s website. The Annual General Meeting further act as platform for the interactions with shareholders. Kindly refer to Corporate Governance Overview Statement in the 2017 Annual Report for more details.	
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	:	Not applicable. The Company is not required to comply with the Practice 11.2.	
<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	:	The Company had issued more than 28 days' notice for its Annual General Meeting held on 14 June 2017 and will continue with this practice going forwards.	
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 attended the 14 th Annual General Meeting held on 14 June 2017 and Extraordinary General Meeting held on 29 August 2017 to provide meaningful response to questions addressed to them.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company's General Meetings are not held at remote locations. They have always been held at a venue which is easily accessible. Shareholders are given 28 days' notice of the Annual General Meeting, sufficient time to make arrangement to attend the Annual General Meeting. Shareholders who are unable to attend the general meetings are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote on their behalf at the general meetings.	
<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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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