

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5256  
**COMPANY NAME** : REACH ENERGY 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 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 takes full responsibility for the oversight and overall performance of Reach Energy Berhad and provides leadership within a framework of prudent and effective controls which enables risks to be appropriately assessed and managed. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders for the manner in which the Company's affairs are managed.</p> <p>The Board sets out the Company's values, standards and strategic directions and ensures that its obligations to its shareholders are understood and met. It also plays an active role in the monitoring of the Company's performance and progress towards its overall corporate mission in order to maximise shareholder value.</p> <p>In order to create a foundation for ensuring sound, transparent and efficient management, the Board had established a corporate governance system within the organisation which reinforces ethical, prudent and professional behaviour. The Board has set out various key policies which are available for reference on the Company's website:</p> <ul style="list-style-type: none"><li>a) Board Charter The roles, responsibilities, composition and conduct of the Board, Chairman, Managing Director/Chief Executive Officer and other Board related matters.</li><li>b) Code of Conduct The standard business and ethical conduct of the Board, Management, and Employees of the Company in the performance and execution of respective responsibilities.</li><li>c) Health, Safety, Security and Environment Policy The health, safety, security and environment standards in all business activities conducted.</li></ul>

	<p>d) Quality Policy The quality standards in all business activities conducted.</p> <p>e) Whistleblowing Policy The protection of staff who raise concerns in relation to irregular and unlawful practices.</p> <p>The above policies will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board meets at least four (4) times a year, with additional meetings held as and when required by the Board to discuss amongst others the administration and implementation of matters delegated to the Management which is overseen by the Board. Management's proposals which are reserved for the Board's approvals will be discussed at the Board Meetings where the Board members will have ample time and opportunity to peruse and discuss the proposal as well as seek clarification from the Management team. This practice is put in place to ensure Management's strategies are in line with the Company's business targets for the year and also for future medium and long-term basis.</p> <p>The Board also facilitates in matters of risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees ("Committees"):-</p> <p>a) Audit Committee b) Nomination Committee c) Remuneration Committee d) Risk Management Committee</p> <p>The powers delegated the Committees are set out in the Terms of Reference which is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

## Intended Outcome

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, Tan Sri Dr. Azmil Khalili bin Dato' Khalid, holds a Non-Executive position and is primarily responsible for the overall leadership and functioning of the Board.</p> <p>The Chairman is committed to upholding good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible, amongst others to:</p> <ul style="list-style-type: none"><li>a) provide leadership for the Board so that the Board can perform its responsibilities effectively by ensuring the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that the Board decisions taken are in the best interest and fairly reflect the Board's consensus and ensure that procedures are in place to govern the Board's operations.</li><li>b) plan the Board Meeting agenda in advance alongside the Managing Director/Chief Executive Officer and Company Secretaries and ensure that the provision of accurate, timely and clear information to the Board members. The Chairman also ensures that the Board members are properly briefed on issues arising at board meetings in a timely manner.</li><li>c) act as facilitator at Board meetings to ensure that adequate time is available for thorough deliberations of key issues and that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.</li><li>d) encourage active participation of the Board members and allows dissenting view to be freely expressed by ensuring that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and that relevant opinion amongst Board members is forthcoming.</li><li>e) manage the interface between the Board and the Management by acting as the main conduit as well as develop positive relationship with the Managing Director/Chief Executive Officer.</li></ul>

	<p>f) act as a spokesperson for the Board and as the main representative of the Company alongside the Managing Director/Chief Executive Officer at the shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company to ensure appropriate steps are taken to provide effective communication with the stakeholders.</p> <p>g) lead the Board in establishing and monitoring good corporate governance practices in the Company including the establishment of Board and Committees Charters, committee structure, induction as well as ongoing education programmes for directors and oversees and facilitates Board, Committee and Board Member evaluation reviews and succession planning alongside the Chairman of the Nomination Committee.</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>	:	<p>The roles of the Chairman and the Chief Executive Officer (CEO) are distinct and separated to ensure a balance of power and authority.</p> <p>The Chairman, Tan Sri Dr. Azmil Khalili bin Dato' Khalid, is responsible for the overall leadership and efficient functioning of the Board whilst the CEO, Ir. Shahul Hamid bin Mohd Ismail, is responsible to the Board for the overall day-to-day management of the Company. The key roles of the CEO, amongst others, include to:</p> <ul style="list-style-type: none"> <li>a) develop and implement the strategic direction of the Company.</li> <li>b) recruit and nurture the human resources needed.</li> <li>c) ensure that the Company's business is properly and efficiently managed, financially and operationally, by implementing the policies and strategies adopted by the Board and its Committees.</li> <li>d) ensure that the objectives and standards of performance are understood by the Management and employees.</li> <li>e) ensure that the operational planning and control systems are in place.</li> <li>f) monitor performance results against plans.</li> <li>g) take remedial actions, where necessary.</li> </ul> <p>The respective duties and responsibilities of the Chairman and the CEO are contained in the Board Charter which is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Company Secretaries are currently held by Ms. Chen Bee Ling and Ms. Tan Lai Hong who are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries play an important advisory role in supporting the Board to uphold high standards of corporate governance. They are the central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.</p> <p>The Company Secretaries have a direct functional reporting line to the Board and have been accorded with appropriate standing and authority to enable them to discharge their duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is to meet at least four (4) times in a year. However, additional meetings may also be convened on an ad-hoc basis when significant issues arise. The agenda as well as comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business are circulated at least seven (7) days prior to the Board meetings in order to give the Directors sufficient time to review any such materials in order to facilitate meaningful deliberation during each meeting.</p> <p>In addition, there is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of major investments, changes to the management and control structure of the Company and issues in respect of key policies, procedures and authority limits.</p> <p>All Directors should ensure that minutes of Board meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstains from voting or deliberating on a particular matter. All records of the proceedings of Board meetings and resolutions passed are kept in the statutory books at the registered office of Reach Energy.</p> <p>The Board is kept updated on the Company's activities and its operations on a regular basis. The Directors also have access to all reports on the Company's activities, both financial and operational.</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 demarcation of responsibilities between the board, board committees and management.

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter was formalised in 2013 and revised in March 2018 to be in line with the Malaysian Code of Corporate Governance (MCCG), sets out inter alia, the principal role of the Board, the demarcation of roles, functions, responsibilities and the power of the Board and the various Board Committees of the Company. It also further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and the Board and more specifically, to clarify the accountability of both the Board and the Management for the benefit of the Company and its shareholders.</p> <p>The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision.</p> <p>The Board Charter is accessible for reference on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p> <p>The Board is also responsible to ensure continuing education programmes for Directors to update their knowledge and enhance their skills to enable them to effectively discharge duties and sustain active participation in Board deliberation.</p> <p>In this respect and in accordance to Paragraph 15.08(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors had attended various external programmes in 2017 which include the following:-</p> <p><b><u>Programme Title</u></b></p> <ol style="list-style-type: none"><li>1. Sustainability Engagement Series for Directors/ Chief Executive Officer</li><li>2. Group Regulatory &amp; Corporate Services in collaboration with Bursa</li><li>3. Mandatory Accreditation Programme for Directors of Public Listed Companies</li></ol>

	<ol style="list-style-type: none"> <li>4. Invitation to the Release of the Malaysian Code on Corporate Governance, 26 Apr 2017</li> <li>5. Anti-Money Laundering for Financial Institutions</li> <li>6. Riding The Wave of Regulatory Changes</li> <li>7. Bursa CG Breakfast Series - "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability</li> <li>8. Capital Market Conference 2017 - Global Capital Markets: Entering a New Era</li> <li>9. National Tax Conference 2017</li> <li>10. Governance Culture in Your Organisation</li> <li>11. FIDE Elective: Current Issues in Corporate Governance</li> <li>12. Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</li> <li>13. Khazanah Megatrends Forum 2017</li> <li>14. Presentation of the investment potential of Special Economic Zones of the RK.</li> <li>15. 2017 National Conference - AC Leadership Track by Kuala Lumpur Convention Centre</li> <li>16. Vision &amp; Reality of Business and Political Ethics</li> <li>17. New Malaysian Code of Corporate Governance 2017</li> <li>18. Mandatory Accreditation Programme (MAP)</li> <li>19. MIA International Accountants Conference</li> <li>20. CG Breakfast Series Entitled: "Leading Change @ The Brain</li> <li>21. The Inside Story of the Annual Report: What Directors Must Know</li> <li>22. Meet the Members - Special Country Focus : Oil &amp; Gas Opportunities in Kazakhstan</li> <li>23. Update on MFRS</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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order to instil ethical values and standards across every level of the Company, a Corporate Code of Conduct was formalised in December 2014. The Corporate Code of Conduct sets out the standard business and ethical conduct of the Board, Management and Employees of the Company in the performance and execution of respective responsibilities.</p> <p>The Corporate Code of Conduct covers a wide range of business practices and procedures. It serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner.</p> <p>The Corporate Code of Conduct is intended to deter wrongdoing and to promote the following:</p> <ul style="list-style-type: none"> <li>a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;</li> <li>b) full, fair, accurate, timely and understandable disclosure in reports and documents the Company files with, or submits to, Bursa Malaysia and the Securities Commission and in other communications made by the Company;</li> <li>c) compliance with applicable governmental laws, rules and regulations;</li> <li>d) the prompt internal reporting of violations of this Code to the appropriate person or persons identified in this Code;</li> <li>e) accountability for adherence to the Code; and</li> <li>f) adherence to a high standard of business ethics.</li> </ul> <p>The Corporate Code of Conduct is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### 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 Company is committed to high standards of ethical, moral and legal business conduct. In line with this commitment, and the Company's commitment to open communication, the Company had established a Whistleblowing Policy to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for whistleblowing.</p> <p>The Whistleblowing Policy is intended to cover protections if concerns are raised regarding the Company, such as:</p> <ul style="list-style-type: none"><li>a) incorrect financial reporting;</li><li>b) unlawful activity;</li><li>c) activities that are not in line with the Company's policy, including the Company's Code of Conduct; or activities which otherwise amount to serious improper conduct.</li></ul> <p>Such misconducts may be reported directly to the Managing Director/CEO, Ir. Shahul Hamid bin Mohd Ismail. Employment-related concerns should continue to be reported through normal channels such as immediate supervisor or Human Resources Manager. The Senior Independent Director will receive whistleblowing reports made by employees or external parties.</p> <p>The Board, together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</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>	:	<p>The Board comprises five (5) members, three (3) of which are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and one (1) Executive Director who also functions as the Chief Executive Officer. The Independent Non-Executive Directors are as follows:</p> <ul style="list-style-type: none"><li>a) En. Izlan bin Izhab</li><li>b) En. Nik Din bin Nik Sulaiman</li><li>c) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin</li></ul> <p>The Independent Directors are independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement or the ability to act in the best interests of the Company.</p> <p>They provide independent judgment, experience and objectivity without being subordinated to operational considerations and help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.</p> <p>The Board undertakes to assess the independence of its Independent Directors upon appointment, annually and when any relationship develops.</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 4.2

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>	:	Not applicable
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company was only incorporated in 2013 and listed in 2014.
<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>	:	Adopted
<b>Explanation on application of the practice</b>	:	As provided under the Board Charter of the Company, the Company has adopted a 9-year policy for Independent Directors.  However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-Independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval in a general meeting.
<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 4.4

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>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.</p> <p>The Nomination Committee is responsible for identifying candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval. In this respect, the roles of Nomination Committee is detailed in the Terms of Reference, which is accessible for reference on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>	:	<p>Ms. Tan Siew Chaing was appointed as a Non-Independent Non-Executive Director on 23 January 2017 and re-designated as an Executive Director on 24 January 2017. However, due to personal reasons, Ms. Tan resigned from the Board on 13 March 2018.</p> <p>The Board is supportive of gender diversity in the Board composition and senior management and continues to search for suitable female candidates to fill in the directorship positions. Apart from the nominations which the Nomination Committee may receive from Directors and Committee members for the pool, potential candidates may also be sourced from relevant bodies and/or the regulator(s), as well as other independent sources.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is responsible for scrutinising the sourcing and nomination before recommending suitable candidates for Directorships to the Board.</p> <p>In undertaking this responsibility, the Nomination Committee will assess directorship suitability through a formal and transparent process based on objective criteria such as:</p> <ul style="list-style-type: none"> <li>a) Required mix of skills</li> <li>b) Experience</li> <li>c) Functional knowledge</li> <li>d) Expertise</li> <li>e) Integrity and professionalism</li> </ul> <p>The selection criteria are to ensure that the candidates will contribute significantly to the effectiveness of the Board. New appointees will be considered and evaluated by the Nomination Committee.</p> <p>In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board members, Management or external parties including the companies contact in related industry, legal and accounting profession. The Nomination Committee is also open to referrals from external sources such as industry and professional associations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by the Senior Independent Non-Executive Director, En. Izlan bin Izhab. Other members of the Nomination Committee are:</p> <ul style="list-style-type: none"><li>a) En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director)</li><li>b) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director)</li></ul> <p>The main responsibilities of the Senior Independent Director is to ensure that the views of each non-executive director are given due consideration and, where necessary, to provide communication channel between non-executive directors and shareholders. This communication channel is in addition to and does not replace normal channels.</p> <p>Given these responsibilities, the Board believes that the Senior Independent Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</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 form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees.</p> <p>The Nomination Committee carries out the Board effectiveness evaluation exercise annually by establishing a set of quantitative and qualitative performance criteria to evaluate each member of the Board on:</p> <ul style="list-style-type: none"><li>a) The effectiveness of the Board as a whole and the Board Committees</li><li>b) The contributions and performance of individual Directors</li><li>c) The independence of Independent Non-Executive Directors</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

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The objective of a fair, reasonable and competitive remuneration policy is to ensure that the Company attracts and retains high calibre executive directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.</p> <p>The remuneration policy for Executive Directors is based on the achievements and contribution of each member measured against their respective Key Performance Indicators. The Board shall determine the remuneration of Executive Directors taking into consideration the recommendations of the Remuneration Committee.</p> <p>The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties. The aggregate amount of directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting. Remuneration for Non-Executive Directors is not linked to individual performance.</p> <p>All Directors are paid fixed annual director fees as members of the Board. In addition to fixed annual director fees, all Directors are paid a meeting attendance allowance of RM3,000.00 and RM1,500.00 for every Board and Committee meetings attended respectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee comprises:</p> <ol style="list-style-type: none"> <li>En. Izlan bin Izhah (Senior Independent Non-Executive Director and Chairman of the Remuneration Committee)</li> <li>En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director)</li> <li>Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director)</li> </ol> <p>The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for the Executive Directors. This includes making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors and senior management staff of the Company.</p> <p>The Remuneration Committee is also responsible for reviewing the level of fees and benefits of the Non-Executive Directors and recommending it to the Board thereafter. The level of fees and benefits for Non-Executive Directors, including Non-Executive Chairman, should be determined by the Board as a whole and individuals concerned should abstain from discussion of their own remuneration.</p> <p>The Terms of Reference of Remuneration Committee is made available on the Company's website - <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>The aggregate amount of emoluments receivable by Directors are disclosed in the 2017 Annual Report.</p> <p>The remuneration paid to the Directors by the Company in 2017 is as follows:</p> <p>(1) <u>Non-Executive Directors (“NEDs”)</u></p> <table border="1"><thead><tr><th>No.</th><th>Name of Current NED</th><th>Directors' Fees FY 2017 (RM)</th><th>Other Emoluments (RM)</th></tr></thead><tbody><tr><td>1</td><td>Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin *1</td><td>19,489</td><td>6,000</td></tr><tr><td>2</td><td>Tan Sri Dr. Azmil Khalili bin Dato' Khalid</td><td>47,043</td><td>155,883</td></tr><tr><td>3</td><td>En. Izlan bin Izhab</td><td>50,000</td><td>36,288</td></tr><tr><td>4</td><td>En. Nik Din bin Nik Sulaiman</td><td>50,000</td><td>39,152</td></tr><tr><td>5</td><td>Mr. Aonghus Joseph O'Carroll *2</td><td>30,511</td><td>34,377</td></tr></tbody></table> <p>(2) <u>Executive Directors (“EDs”)</u></p> <table border="1"><thead><tr><th>No.</th><th>Name of Current ED</th><th>Directors' Fees FY 2017 (RM)</th><th>Other Emoluments (RM)</th></tr></thead><tbody><tr><td>1</td><td>Ir Shahul Hamid bin Mohd Ismail</td><td>50,000</td><td>*4</td></tr><tr><td>2</td><td>Ms. Tan Siew Chaing*3</td><td>47,043</td><td>*4</td></tr></tbody></table> <p><u>Notes:</u></p> <p>*1 Appointed on 11 August 2017</p> <p>*2 Resigned on 11 August 2017</p> <p>*3 Resigned on 13 March 2018</p> <p>*4 The Board is of the view that it would not be in the best interest of the Company to disclose such sensitive information given the competitiveness in the market for talent in the oil and gas industry.</p>	No.	Name of Current NED	Directors' Fees FY 2017 (RM)	Other Emoluments (RM)	1	Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin *1	19,489	6,000	2	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	47,043	155,883	3	En. Izlan bin Izhab	50,000	36,288	4	En. Nik Din bin Nik Sulaiman	50,000	39,152	5	Mr. Aonghus Joseph O'Carroll *2	30,511	34,377	No.	Name of Current ED	Directors' Fees FY 2017 (RM)	Other Emoluments (RM)	1	Ir Shahul Hamid bin Mohd Ismail	50,000	*4	2	Ms. Tan Siew Chaing*3	47,043	*4
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1	Ir Shahul Hamid bin Mohd Ismail	50,000	*4																																		
2	Ms. Tan Siew Chaing*3	47,043	*4																																		

	Other emoluments comprise of salaries, allowances, defined contribution plan and benefits-in-kind.	
<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 Board does not include a detailed disclosure on named basis for the remuneration of the top five senior management's remuneration component.</p> <p>The Board is of the view that it would not be in the best interest of the Company to disclose such sensitive information given the competitiveness in the market for talent in the oil and gas industry.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 – Step Up**

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

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee and the Chairman of the Board are helmed by two distinct individuals which allows the Board to objectively review the Audit Committee's findings and recommendations. The Board of Directors has established an Audit Committee which is chaired by the Independent Non-Executive Director, En. Nik Din bin Nik Sulaiman whereas the Chairman of the Board is Tan Sri Dr. Azmil Khalili bin Dato' Khalid.</p> <p>Other members of the Audit Committee are:</p> <ul style="list-style-type: none"><li>a) En. Izlan bin Izhah (Senior Independent Non-Executive Director)</li><li>b) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director)</li></ul> <p>The Terms of Reference for the Audit Committee is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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>	:	This is currently not applicable to the Company as none of the members of the Audit Committee are former key audit partners of external audit firm(s) servicing the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit Committee's Terms of Reference provides the functions and responsibility of the Audit Committee to assess the suitability, objectivity and independence of the Company's external auditors. Aside, the Audit Committee reviews the nature and extent of non-audit services rendered by the external auditors, if any. In addition, the Audit Committee received written confirmation from the external auditors, PricewaterhouseCoopers PLT on its independence.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 – Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises wholly of Independent Non-Executive Directors. The Audit Committee members do not participate in the day-to-day management of the Company and do not engage in any business dealings or possess business relationship with the Company. This allows the Audit Committee members to exercise their lodgement objectively whilst acting in the best interest of the Company.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee possess a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst the Chairman of the Audit Committee is a member of Malaysian Institute of Accounts, a professional accountancy body.</p> <p>During the financial year, all members of the Audit Committee have undertaken continuous professional development programme to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules in order to carry out their duties in accordance with the Audit Committee's Terms of Reference, which is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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 through the Risk Management Committee has put in place a Risk Management Framework to continuously identify, evaluate, monitor and to manage significant risks that materially affect the corporate objectives of the Company.</p> <p>In addition, the Company also has in place an internal control system, whereby the key components are as set out in the Statement on Risk Management and Internal Control in the Company's 2017 Annual Report.</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 features of the Company's risk management and internal control framework is as set out in the Statement on Risk Management and Internal Control of the Company's 2017 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 9.3 – 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>	:	<p>The Risk Management Committee comprises:</p> <ul style="list-style-type: none"><li>a. Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director and Chairman of the Risk Management Committee)</li><li>b. Ir. Shahul Hamid bin Mohd Ismail (Executive Director/Chief Executive Officer)</li><li>c. En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director)</li></ul> <p>The Risk Management Committee comprises a majority of Independent Directors. The roles and responsibilities of the Risk Management Committee are set out in the Risk Management Committee's Terms of Reference which is made available on the Company's website – <a href="http://www.reachenergy.com.my">www.reachenergy.com.my</a></p>

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has outsourced its Internal Audit Function to an independent professional firm, Deloitte Enterprise Risk Services Sdn. Bhd. (Deloitte ERS) which reports directly to the Audit Committee.</p> <p>The Audit Committee is to review and monitor on behalf of the Board, the adequacy and integrity of the Company's internal control.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose:-

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Disclosure on the prescribed elements is available on the Statement on Risk Management and Internal Control.</p> <p>The internal audit function is outsourced to an independent, specialist internal audit professional services firm.</p> <p>The engagement team comprised one (1) engagement partner, one (1) engagement quality assurance director, one (1) engagement senior manager and four (4) experienced consultants.</p> <p>The engagement partner is a holder of a Bachelor of Commerce (Accounting) from the University of Queensland, Australia. He also obtained Approva Certified Professional (“ACP”) for Governance, Risk &amp; Compliance and passed the Certified Business Continuity Professional (“CBCP”) Qualifying Exam.</p> <p>The outsourced internal auditor used international practices framework or a risk-based approach in preparing their internal reviews. The results of the audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit Committee for deliberations. The resulting reports from the audits were also forwarded to the Management for attention and necessary corrective actions.</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 11.1

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 Company has in place an Investor Relations function to address any queries and concerns from stakeholders, particularly shareholders.</p> <p>The Company has established a corporate website including the creation of an Investor Relations web portal to reach out to current and potential investors. It is the Company's practice to respond to shareholders' letters, phone calls and email enquiries in a timely manner. Whilst the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 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 does not fall within the definition of Large Companies.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The date of Notice of the Company's Fifth Annual General Meeting ("AGM") is 30 April 2018 and the Fifth AGM is scheduled to be held one 28 June 2018, which is more than 28 days advance notice.</p> <p>The Notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 12.2

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

<b>Application</b>	:	Applied										
<b>Explanation on application of the practice</b>	:	<p>At the Fourth Annual General Meeting (“AGM”) held on 29 June 2017, all the five (5) directors, including two (2) who were appointed during the financial year under review, were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company. Amongst them, three (3) Directors were the Chairmen of the Board Committees as follows:</p> <table border="1"> <thead> <tr> <th>Board Committee</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>En. Nik Din bin Nik Sulaiman</td> </tr> <tr> <td>Nomination Committee</td> <td>En. Izlan bin Izhab</td> </tr> <tr> <td>Remuneration Committee</td> <td>En. Izlan bin Izhab</td> </tr> <tr> <td>Risk Management Committee</td> <td>Mr. Aonghus Joseph O’Carroll</td> </tr> </tbody> </table> <p>The Executive Director/Chief Executive Officer, Ir. Shahul Hamid Bin Mohd Ismail, was present in person and engaged directly with the shareholders.</p> <p>Y.M. Tunku Datuk Nooruddin bin Tunku Dato’ Sri Shahabuddin, who was appointed as a Director and Chairman of Risk Management Committee on 11 August 2017 will be attending the Fifth AGM in 2018.</p> <p>At the Fourth AGM, there was a Questions &amp; Answers session during which the Chairman of the Board invited shareholders for questions pertaining to the Company’s financial statements and other items for adoption at the Fourth AGM, before putting the resolutions to vote.</p> <p>The extract of proceedings of the Fourth AGM together with the Questions &amp; Answers session were also summarised as “Summary of Key Matters Discussed” and uploaded to the Company’s website.</p>	Board Committee	Chairman	Audit Committee	En. Nik Din bin Nik Sulaiman	Nomination Committee	En. Izlan bin Izhab	Remuneration Committee	En. Izlan bin Izhab	Risk Management Committee	Mr. Aonghus Joseph O’Carroll
Board Committee	Chairman											
Audit Committee	En. Nik Din bin Nik Sulaiman											
Nomination Committee	En. Izlan bin Izhab											
Remuneration Committee	En. Izlan bin Izhab											
Risk Management Committee	Mr. Aonghus Joseph O’Carroll											
<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>	:	<p>The Company does not have large number of shareholders and Annual General Meeting ("AGM") is held in Klang Valley which is accessible by public transport.</p> <p>In leveraging on technology to facilitate conduct in general meetings, on electronic poll voting was put in place during the AGM held on 29 June 2017 to encourage greater shareholder participation. Voting results of the AGM were verified by the Independent Scrutineers, upon which the Chairman of the Meeting declared whether the resolutions were carried.</p> <p>The poll results were also announced by the Company via Bursa Link on the same day. Minutes of the AGM were also made available on the Company's website.</p> <p>The Company will continue to explore suitable and reliable system to facilitate voting in absentia and remote participation by shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*