

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5256
COMPANY NAME : REACH ENERGY BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<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">a) Board Charter The roles, responsibilities, composition and conduct of the Board, Chairman, Managing Director/CEO and other Board related matters.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.c) Health, Safety, Security and Environment Policy The health, safety, security and environment standards in all business activities conducted.

	<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 to the Committees are set out in the Terms of Reference which is made available on the Company's website – www.reachenergy.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

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 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">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.b) plan the Board Meeting agenda in advance alongside the 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.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.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.e) manage the interface between the Board and the Management by acting as the main conduit as well as develop positive relationship with the Chief Executive Officer.f) act as a spokesperson for the Board and as the main representative of the Company alongside the Chief

	<p>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 Committee 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 Nominee Committee.</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<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 Khallili 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"> a) develop and implement the strategic direction of the Company. b) recruit and nurture the human resources needed. 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. d) ensure that the objectives and standards of performance are understood by the Management and employees. e) ensure that the operational planning and control systems are in place. f) monitor performance results against plans. g) take remedial actions, where necessary. <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 – www.reachenergy.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

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 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 also assist and facilitate the Board in Directors' training and development. The Directors have on-going access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance by attending relevant continuous professional development programmes, seminars, workshops and conferences organised by MAICSA, Securities Commission, Companies Commission of Malaysia and other relevant training organisations.</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. In order to ensure that the Company Secretaries maintain a high quality of service to the Board, the services of the Company Secretaries are evaluated by the Board annually.</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 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 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>
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.

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter which 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 – www.reachenergy.com.my.</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. In order to achieve this, the Board is assisted by the Company Secretaries who keep the Directors informed of relevant training programmes.</p> <p>In accordance to Paragraph 15.08(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors attended various external programmes in 2018 which include the following:-</p> <ol style="list-style-type: none">1. 26th International Caspian Oil and Gas Conference Azerbaijan2. Kazakhstan Global Investment Roundtable 20183. Investment Forum

	<ol style="list-style-type: none"> 4. Kazakhstan Oil and Gas Trading and Transportation Conference 5. Inauguration of the Malaysia-Kazakhstan Business Council and Business Forum 6. Annual Audit Committee and Internal Control Seminar for the Public and Private Sectors 2018: Guidance for an Effective Internal Audit Function 7. Corporate Governance Briefing Sessions: MSSG Reporting & CG Guide 8. 3rd Annual Regulatory Seminar: Sustaining Ethical Consistency In a Disruptive Environment 9. Bank Negara Malaysia Annual Report 2017/ Financial Stability and Payments Systems Report 2017 Briefing Session 10. 5th BNM-FIDE Forum Annual Dialogue: Up Close with the Deputy Governor of BNM 11. Beyond Compliance "The Role of Listed Companies in Creating A Fair and Prosperous Malaysia 12. FIDE Elective Programme - Understanding Fintech and Its Implications for Banks 13. Governance, Risk and Control - Embracing The Future - The Institute of Internal Auditors Malaysia ("IIAM") & Bursa Malaysia ("BM") 14. Malaysia Anti-Corruption Commission Amendment Act 2018 "MACCA 2018" 15. FIDE Elective Programme - Emerging Risks, the Future Board, and Return on Compliance 16. BNM-FIDE FORUM Board Conversations (Banks and DFIs/ Insurance Companies & Takaful Operators) 17. Briefing on Differential Levy System (DLS) Framework to the Board of Directors 18. 2019 Budget - What You Need To Know - The Economy, Capital Market and You 19. Malaysian Financial Reporting Standards 1,9,15 and 16 20. Malaysian Financial Reporting Standards 1, 9, and 15
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.

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	:	<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"> a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; 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; c) compliance with applicable governmental laws, rules and regulations; d) the prompt internal reporting of violations of this Code to the appropriate person or persons identified in this Code; e) accountability for adherence to the Code; and f) adherence to a high standard of business ethics. <p>The Corporate Code of Conduct is made available on the Company's website – www.reachenergy.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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company expects the highest standards of integrity from all our Directors, employees, counterparties and business partners (collectively, “the Parties”). 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 provide protection if concerns are raised regarding the Company, such as:</p> <ul style="list-style-type: none"> a) incorrect financial reporting; b) unlawful activity; 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. <p>The Whistleblowing Policy and its disclosure procedure are accessible to the public for reference on the Company’s website. Such misconducts may be reported directly to the 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. All cases are subjected to due process of investigation.</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>
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 of five (5) members; three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and one (1) Executive Director who also functions as the CEO. The Independent Non-Executive Directors are as follows:</p> <ul style="list-style-type: none"> a) En. Izlan bin Izhab b) En. Nik Din bin Nik Sulaiman c) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin <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 other relationship develops.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not Applicable
Explanation on application of the practice	:	
Explanation for departure	:	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>		
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	:	Adopted
Explanation on application of the practice	:	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 in 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.
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 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance its composition. The Board is of the view that diversity is considered from a number of aspects, including but not limited to gender, age, educational, professional and cultural background, ethnicity, skills as well as knowledge.</p> <p>The Nomination Committee is responsible for identifying candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively as well as to support the growth and cope with the complexities of the Company's business. The composition of the Board is such that no individual or small group of individuals can dominate the Board's decision making.</p> <p>In this respect, the roles of Nomination Committees are detailed in the Terms of Reference, which is accessible for reference on the Company's website – www.reachenergy.com.my.</p> <p>Appointments of Group Chief Executive Officer and other key senior management are also based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit. The Board believes that the appointments of the existing Directors took into account the collective balance of elements such as skills, experience, perspective, competency and wealth of knowledge while taking into consideration gender diversity.</p> <p>The Board supports the gender boardroom diversity as recommended under the Malaysian Code of Corporate Governance ("MCCG") and recognises the importance of encouraging and developing female talent at all levels. Currently, there is no female director representation on the Board.</p> <p>The Board continues to search for suitable female candidates to fill in the directorship positions. Apart from the nominations which the Nomination Committee may receive from the Directors, 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>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<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 based on objective criteria such as:</p> <ul style="list-style-type: none"> a) Required mix of skills b) Experience c) Functional knowledge d) Expertise e) Integrity and professionalism f) Existing commitments <p>The selection criteria are to ensure that the candidates will contribute significantly to the effectiveness of the Board. A background check with the Malaysian Anti-Corruption Commission ("MACC") would also be conducted on the candidate to ensure that the candidate does not have any record with MACC for corruption related offences which could affect his/her appointment as a Director of the Company. The Nomination Committee will also assess whether the candidate has any interest or relationship that may impact or influence his/her ability to act in the best interest of the Company before a recommendation is made to the Board</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>
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	:	<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">a) En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director)b) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin Sulaiman (Independent Non-Executive Director) <p>The main responsibilities of the Senior Independent Director are to ensure that the views of each non-executive director are given due consideration and, where necessary, to provide a 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>
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 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"> a) The effectiveness of the Board as a whole and the Board Committees b) The contributions and performance of individual Directors c) The independence of Independent Non-Executive Directors <p>The criteria used in the assessment for the Board encompassed the Board's roles and responsibilities, mix of characteristics, experiences, skills, conduct of meetings, participation and contribution of Board members in meetings, Board diversity (including gender diversity) and the overall performance of the Board. Whilst the criteria used in the assessment for the Board Committees encompassed the roles and responsibilities, skills and competencies, conduct of meetings, participation and contribution of the members of the Board Committees in meetings and the overall performance of the Board Committees.</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	:	<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 for 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 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee comprises:</p> <ul style="list-style-type: none">a. En. Izlan bin Izhab (Senior Independent Non-Executive Director and Chairman of the Remuneration Committee)b. En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director)c. Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director) <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 these 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 - www.reachenergy.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

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	:	Departure																																				
Explanation on application of the practice	:																																					
Explanation for departure	:	<p>The aggregate amount of emoluments receivable by Directors is disclosed in the 2018 Annual Report.</p> <p>The remuneration paid to the Directors by the Company in 2018 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 2018 (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</td> <td>50,000</td> <td>40,500</td> </tr> <tr> <td>2</td> <td>Tan Sri Dr. Azmil Khalili bin Dato' Khalid</td> <td>75,000</td> <td>29,018</td> </tr> <tr> <td>3</td> <td>En. Izlan bin Izhah</td> <td>50,000</td> <td>37,716</td> </tr> <tr> <td>4</td> <td>En. Nik Din bin Nik Sulaiman</td> <td>50,000</td> <td>40,614</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 2018 (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>*1</td> </tr> <tr> <td>2</td> <td>Ms. Tan Siew Chaing (resigned on 13 March 2018)</td> <td>10,081</td> <td>*1</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	No.	Name of Current NED	Directors' Fees FY 2018 (RM)	Other Emoluments (RM)	1	Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	50,000	40,500	2	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	75,000	29,018	3	En. Izlan bin Izhah	50,000	37,716	4	En. Nik Din bin Nik Sulaiman	50,000	40,614	No.	Name of Current ED	Directors' Fees FY 2018 (RM)	Other Emoluments (RM)	1	Ir. Shahul Hamid bin Mohd Ismail	50,000	*1	2	Ms. Tan Siew Chaing (resigned on 13 March 2018)	10,081	*1				
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	<p>Notes: *1 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> <p>Other emoluments comprise of salaries, allowances, defined contribution plan and benefits-in-kind.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

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	:	<p>The Board does not include a detailed disclosure on named basis for the remuneration of the top five members of senior management.</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>		
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	:	<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">a) En. Izlan bin Izhab (Senior Independent Non-Executive Director)b) Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Independent Non-Executive Director) <p>The Terms of Reference for the Audit Committee is made available on the Company's website – www.reachenergy.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

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	:	Departure
Explanation on application of the practice	:	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.
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 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, Pricewaterhouse Coopers PLT on its independence.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the Audit Committee possess a wide range of necessary skills to discharge their duties. All members of the Audit Committee are financially literate and well equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the Audit Committee in accordance with the Terms of Reference of the Audit Committee. The Chairman of the Audit Committee is a member of MIA, a professional accountancy body. The qualification and experience of each member of the Audit Committee are disclosed in the Profile of Board of Directors section of the 2018 Annual Report of the Company.</p> <p>During the financial year, all members of the Audit Committee have undertaken continuous professional development 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 – www.reachenergy.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

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	:	<p>The Board is committed to maintain a sound and robust risk management framework and internal control system. The Board acknowledges that the risk management and internal control system is designed to manage rather than eliminate risk that may impede the attainment of the Group's objectives.</p> <p>As such, 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. The internal control system is structured in such a manner that it provides reasonable assurance that the likelihood of an event with significant adverse impact in business objectives is managed at an acceptable level. The key components are as set out in the Statement on Risk Management and Internal Control in the Company's 2018 Annual Report.</p> <p>The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to changes in the business environment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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 Company's risk management and internal control framework are as set out in the Statement on Risk Management and Internal Control of the Company's 2018 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	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee comprises:</p> <ul style="list-style-type: none">a. Y.M. Tunku Datuk Nooruddin bin Tunku Dato'Sri Shahabuddin (Independent Non-Executive Director and Chairman of the Risk Management Committee)b. Ir. Shahul Hamid bin Mohd Ismail (Executive Director/Chief Executive Officer)c. En. Nik Din bin Nik Sulaiman (Independent Non-Executive Director) <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 - www.reachenergy.com.my</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.

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is cognisant of the role active communication plays in ensuring continual dialogue with the shareholders. To this end, 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>
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 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company 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>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The date of Notice of the Company's Sixth Annual General Meeting (AGM) is 30 April 2019 and the Sixth AGM is scheduled to be held on 26 June 2019, which is more than 28 days' advance notice.</p> <p>With that, the shareholders are given sufficient notice and ample time to consider the resolutions and make informed decisions in exercising their voting rights at the AGM. It also allows the shareholders to make necessary arrangement either to attend and participate in person or to appoint the corporate representatives, proxies or attorneys prior to the Meeting.</p> <p>The Company distributes the administrative details together with the Notice of AGM to furnish the shareholders with the details of the AGM, the eligibility of the shareholders, their rights to appoint proxies and other related information pertaining to the AGM. The explanatory notes to the Notice of the Sixth AGM dated 30 April 2019 contain details of each resolution to be tabled to enable the shareholders to make informed decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied										
Explanation on application of the practice	:	<p>At the Fifth Annual General Meeting (AGM) held on 28 June 2018, all the five (5) directors 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>Y.M. Tunku Nooruddin bin Tunku Shahabuddin</td> </tr> </tbody> </table> <p>The Executive Director/Chief Executive Officer, Ir. Shahul Hamid bin Mohd Ismail, was also present in person and engaged directly with the shareholders.</p> <p>At the Fifth AGM, a Questions & Answers session was held during which the Chairman of the Board invited shareholders to pose questions pertaining to the Company's financial statements and other items for adoption at the Fifth AGM, before putting the resolutions to vote.</p> <p>The extract of proceedings of the Fifth AGM together with the Questions & 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	Y.M. Tunku Nooruddin bin Tunku Shahabuddin
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	Y.M. Tunku Nooruddin bin Tunku Shahabuddin											
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	:	<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>Keeping in line with the advent of technology, we had electronic poll voting system put in place during the AGM held on 28 June 2018 to facilitate conduct of the meeting. 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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