

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2879  
**COMPANY NAME** : Chemical Company of Malaysia 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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board of Chemical Company of Malaysia Berhad ("CCMB" or the "Company") is committed to observing the highest standard of corporate governance practices that is characterised by the tenets of accountability, transparency and integrity. In fulfilling its role as stewards of the Company, the Board is dedicated to discharging its duties with unfettered objectivity, due care and skill in the best interest of the Company.</p> <p>The year 2018 marks the beginning of the new CCM after the major corporate restructuring exercise undertaken in 2017 which saw CCM Duopharma Biotech Berhad demerged from CCMB alongside multiple divestments of non-core assets. The Board has played an active role in the development and oversight of the strategic direction of the Group which now focuses on the chemicals and polymers businesses. During the financial year 2018, the Board deliberated on the short, medium and long term strategy for the Group together with its proposed business plans for the year 2019. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group's strategy. The 2019 Group Business Plan was approved by the Board during its final Board meeting in December 2018. The Board has also set the Key Performance Indicators ("KPIs") to measure and monitor the performance and progress in moving towards achieving the Group's strategic objectives. KPIs were tabled to the Board and deliberated on a quarterly basis. The Board was also kept informed of the significant operational highlights, issues and</p> |

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|   | <p>performance of the Group on a monthly basis and as and when necessary, from time to time, through various reports or updates to ensure they are kept updated with the latest development of the Group.</p> <p>In establishing the values and ethical standards of the Company, all Directors adhere to the Directors' Code of Best Practice which governs the conduct of Directors. In addition, the Board has approved a Code of Conduct, which is premised on the Group's six core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect. The Code of Conduct governs the conduct of employees as well as acts as a reference point for their day-to-day decision-making.</p> <p>The Board also values dialogue with stakeholders and appreciates the keen interest of shareholders on CCMB's performance. In this regard, the Board has established a Shareholders and Investors Communication Policy to meet or otherwise communicate with the shareholders of CCMB. During the year, the Company had conducted numerous investor relations exercise formally and informally, to keep its stakeholders informed and updated of the Company's performance and progress.</p> |  |
| <p><b>Explanation for departure</b></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><b>Measure</b></p>   |   |  |
| <p><b>Timeframe</b></p>   |   |  |

## 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.

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| <b>Application</b>                                | : Applied   |
| <b>Explanation on application of the practice</b> | <p>The financial year 2018 saw the departure of Dato' Hajah Normala binti Abdul Samad, as the Non-Independent, Non-Executive Chairman of CCMB on 5 July 2018. The Company had, in the interim, appointed Datin Paduka Kartini binti Hj Abdul Manaf as the Acting Chairman to take on the role of the Chairman in ensuring good governance practices and an effective Board, on 5 July 2018. Subsequently, after a rigorous selection process, the Company had identified and appointed Dato' Idris bin Kechot who is expected to bring positive and added value to the Board leadership and progress of the Group. Dato' Idris bin Kechot has more than 30 years of experience in equity evaluation, equity trading and portfolio management of the proprietary and unit trust portfolios. His appointment as the Non-Independent Non-Executive Chairman of the Company is expected to contribute positively to the growth of the CCM Group.</p> <p>The Chairman is responsible for providing leadership to the Board and ensuring the effective functioning of the Board. In fulfilling this role, the Chairman's responsibilities include, amongst others:</p> <ul style="list-style-type: none"><li>• Setting the meeting agenda and ensuring Directors receive complete, accurate and timely meeting materials;</li><li>• Leading Board meetings and discussions which include encouraging all Directors to actively participate and contribute in meetings discussions whilst allowing dissenting views to be freely expressed;</li><li>• Facilitating information flow between Board and Management;</li><li>• Ensuring continuous and effective communication with stakeholders and ensuring feedback and input received from stakeholders are taken into consideration by the Board; and</li><li>• Providing leadership in establishing and maintaining high standards of corporate governance practices.</li></ul> <p>The detailed roles and responsibilities of the Chairman are encapsulated in the Board Charter.</p> |

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| <b>Explanation for departure</b> :   |  |  |
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| <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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board recognises the importance of exercising objective oversight over Management in order to safeguard the interest of CCMB and its stakeholders. Flowing from this, the Board seeks to ensure that there is an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>Accordingly, the positions of Chairman and the Managing Director are held by different individuals. The Chairman is responsible for providing leadership to the Board and providing oversight on Management whilst the Managing Director is responsible for managing and overseeing the day-to-day business and activities of CCMB within the ambit of policy and strategic decisions made by the Board.</p> <p>The respective duties and responsibilities of the Chairman and the Managing Director are contained in the Board Charter.</p> <p>The Chairmanship of the Board is currently held by Dato' Idris bin Kechot, who assumed the role on 18 March 2019. Meanwhile the position of the Managing Director is assumed by Puan Nik Fazila binti Nik Mohamed Shihabuddin. Puan Nik Fazila was the former Chief Operating Officer of the Company and has been groomed to assume the role upon the demerger CCM Duopharma Biotech Berhad from the CCM Group.</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> |   |   |
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### Intended Outcome

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

### Practice 1.4

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.

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board is supported by a suitably qualified and competent Company Secretary, namely, Puan Noor Azwah binti Samsudin, who fulfils the requirements enshrined in Section 235(2) of Companies Act 2016. Puan Noor Azwah possesses a legal qualification and is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has accumulated vast legal and corporate secretarial experience throughout her career.</p> <p>The Company Secretary plays a multidimensional advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, she provides the Board with periodic updates regarding regulatory developments and assists the Board in interpreting and applying pertinent corporate governance promulgations. The Company Secretary also provides support in the facilitating the flow of information to Board. The Company Secretary additionally serves as a liaison for stakeholders' communication and engagement on corporate governance issues.</p> <p>In order to upskill herself and keep abreast with the latest developments in corporate governance realm, the Company Secretary has attended relevant training and professional development programmes during the financial year.</p> <p>Whilst the position of the Company Secretary is combined with that of the Head of Legal, it should be noted that the element of impartiality in the corporate governance advisory role remains intact as relevant safeguards have been put in place. For example, the Company Secretary does not act as an advocate for the Company on litigation matters and court proceedings.</p> <p>The Company Secretary has a direct functional reporting line to the Chairman and the Company Secretary has been accorded</p> |

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|   | <p>with appropriate standing and authority to enable her to discharge her duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The role and responsibilities of the Company Secretary is outlined in the Board Charter.</p> |  |
| <b>Explanation for departure</b>  | :   |  |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |  |
| <b>Measure</b>  | :   |  |
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## Intended Outcome

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

### Practice 1.5

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with Management and Company Secretary, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.</p> <p>The Board Charter contains a policy stipulation which necessitates meeting materials to be distributed to Directors within a minimum of seven days prior to the respective Board or Board Committees' meetings. Exceptions may be made for urgent or ad hoc matters whereby Directors unanimously consent to a shorter notice period for the provision of meeting materials.</p> <p>The meeting materials provided to Directors include a formal meeting agenda as well as Board papers prepared by Management and Company Secretary. The Board papers, include, amongst others:</p> <ul style="list-style-type: none"><li>• Minutes of Meetings/Reports of all Board Committees;</li><li>• Business plan and strategic direction;</li><li>• Current operating and business issues;</li><li>• Annual budget review, forecasts and projections;</li><li>• Quarterly and annual financial reports;</li><li>• Potential acquisitions and disposal of assets of substantial value;</li><li>• Major investment and financial decisions;</li><li>• Key policies, procedures and authority limits; and</li><li>• Reports, advices and opinions of external consultants/advisors as had been sought for.</li></ul> <p>The Company Secretary records the meeting minutes of the Board and Board Committees and endeavours to circulate them to Directors within 21 days upon the conclusion of the meetings. The meeting minutes capture the decisions made, including the</p> |

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|  | key deliberations, rationale for each decision made, and any significant concerns or dissenting views. |  |
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### Intended Outcome

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

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

### Practice 2.1

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

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

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board has put in place a Board Charter which is reviewed on a periodic basis and made available on the Group's website which is accessible at <a href="http://www.ccmbberhad.com">www.ccmbberhad.com</a>. The Board Charter serves as a primary reference point on governance matters for Directors as well as an induction literature for newly-appointed Directors.</p> <p>The Board Charter is an extensive document that covers amongst others the following matters:</p> <ul style="list-style-type: none"><li>• Key principles, values and ethos of CCMB;</li><li>• Matters reserved for the Board;</li><li>• Responsibilities of the Board;</li><li>• Composition of the Board;</li><li>• Board structures and procedures; and</li><li>• Policies and procedures on Board evaluation.</li></ul> <p>In early 2018, the Board undertook a review of its Board Charter and Terms of Reference of the respective Board Committees to reflect changes pursuant to corporate governance regulatory developments, evolving expectations of stakeholders as well as new modes of thinking in the corporate governance landscape. The Board will continue to review its Board Charter and Terms of Reference of the respective Board Committees from time to time to ensure that they are current and evolving.</p> |
| <b>Explanation for departure</b>                  | : |  |
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*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

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| <b>Measure</b> :   |  |  |
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### Intended Outcome

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

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

### Practice 3.1

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

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board consistently strives to set the “tone at the top” and instil ethical values and standards across every level of the Company. In this regard, the Board has put in place a Code of Conduct which subject employees to a set of values and standards of conduct that is expected of them. The Code of Conduct was formulated based on the Group’s six core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect as well as CCMB’s vision and mission.</p> <p>The Code of Conduct covers the following overarching areas:</p> <ul style="list-style-type: none"><li>• Conducting business ethically, fairly and with honesty;</li><li>• Complying with laws including abuse of power, corruption, insider trading and money laundering;</li><li>• Providing quality and safe products;</li><li>• Protecting the Company’s assets and information;</li><li>• Maintaining complete and accurate business records; and</li><li>• Respecting others in the workplace and society.</li></ul> <p>The Code of Conduct is made available on the Company’s website and is subjected to periodic reviews to ensure it is kept contemporaneous.</p> |
| <b>Explanation for departure</b>                  | : |   |
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*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

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| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> : |  |  |

### Intended Outcome

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

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

### Practice 3.2

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

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board has put in place a Whistleblowing Policy and relevant procedures as mechanism to encourage employees and other stakeholders to report bona fide concerns in relation to breach of a legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace.</p> <p>The Whistleblowing Policy makes it clear that concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee or stakeholder that reports the concerns.</p> <p>The Whistleblowing Policy prescribes employees to report to the Head of the Group Integrity and Assurance Department, which is the formal reporting channel for whistleblowing. Alternatively, employees and other stakeholders can choose to utilise the online platform, CCM Integrity Hotline, to escalate any legitimate concerns they may have without fear of identification and repercussions.</p> <p>Reports from whistle-blowers are treated with utmost confidentiality and are thoroughly investigated. The Audit and Compliance Committee provides oversight of any investigations undertaken and their outcomes.</p> <p>The Whistleblowing Policy is made available on the Company's website and is subjected to periodic reviews by the Board.</p> |

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|  | During the year, fourteen (14) reports were received via the Integrity Hotline, of which two (2) were related to misconduct and the remaining twelve (12) were on staff grievances. Matters relating to misconduct were investigated by the Group Internal Audit function, whilst the reports on grievances were handled by the Human Resource function of the businesses. |  |
| <b>Explanation for departure</b>   | :  |  |
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| <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.

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| <b>Application</b>                                | : | Departure   |
| <b>Explanation on application of the practice</b> | : |   |
| <b>Explanation for departure</b>                  | : | <p>The Board recognises that independence is the cornerstone of high-performing Board. Independent Directors bring the element of detached impartiality to the oversight function of the Board. Their presence allows the Board to apply heightened professional scepticism and challenge Management in an unbiased manner and prevent dominance and complacency in the Boardroom.</p> <p>In recognition of the value that Independent Directors add to the Board and the Company, the Board strives to ensure that CCMB attains the prescribed practice of having at least 50% of its members be Independent Directors. For the financial period ending 31 December 2018, the Board comprised of seven Non-Executive Directors and one Managing Director. Four of the said Non-Executive Directors are Independent. Following the appointment of Dato' Idris bin Kechot as Non-Independent Non-Executive Chairman on 18 March 2019, the Company was not able to comply with the requirement of having at least 50% independent directors on the Board. The Board sees this situation as temporary and expects that it would be able to meet the requirement of having at least 50% independent directors on the Board in the next six months.</p> <p>In ensuring that there is balance of power and authority on the Board, the Board has continuously ensured that its composition of independent directors does not fall below 1/3<sup>rd</sup> of the total board size. Additionally in ensuring that the element of independence is reinforced, Encik Khalid bin Sufat has been designated as a Senior Independent Director. As the Senior Independent Director, he serves as a sounding board to the Chairman and acts as an intermediary for other Directors when necessary. The presence of the Senior Independent Director provides an additional channel for Independent Directors and other Directors to voice any</p> |

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|   | <p>opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in open forum.</p> <p>Independent Directors also hold in-camera sessions without the presence of Management to candidly share concerns about the Company and exchange views on potential improvements in governance.</p> <p>Independent Directors are also subjected to an objective and subjective “test of independence” conducted on an annual basis or as and when a disclosure is made by Directors of any new interest or relationship that may impede their ability to act independently and objectively.</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><b>Measure</b></p>   | <p>: The Company is currently identifying suitable candidates to be considered as independent directors of the Company based on the criteria as set out in its Board Selection and Nomination Procedure. Due emphasis would be given to the candidate’s skill, knowledge/ experience, mindset and intrinsic value. In addition, the Board will also consider the diverse background of skills, professional experience, age, ethnicity and culture to provide different perspective and viewpoints for better decision making.</p> <p>The Company expects that it would be able to meet the requirement of having at least 50% independent directors on the Board in the next six months.</p> |                                   |
| <p><b>Timeframe</b></p>   | <p>: Others</p>   | <p>Within the next six months</p> |

**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.

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| <b>Application</b>   | : | Not applicable - Step Up 4.3 adopted |  |
| <b>Explanation on application of the practice</b>  | : |                                      |  |
| <b>Explanation for departure</b>   | : |                                      |  |
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| <b>Measure</b>   | : |                                      |  |
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**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.

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | <p>The Board recognises that extended tenure may give rise to Independent Directors having a close relationship with the Board and Management and thus, becoming too sympathetic to their interests or too accepting of their work.</p> <p>The Board expects Independent Directors to display the element of detached impartiality both in their appearance (i.e. perceived independence) and in their thoughts and actions. As such, the Board has adopted a policy that limits the cumulative (intermittent or consecutive) tenure of Independent Directors to nine years.</p> <p>The policy is outlined in the Board Charter which is available on the Company's website.</p> |

### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board alongside the Nomination and Remuneration Committee, undertake periodic reviews of the composition of the Board to ensure that it remains a diverse Board. The Board strongly believes that reinforcing the diversity aspect of its composition can enrich the Board's discussions with a breadth of perspectives and thus, averting "blind spots" or "group think" during deliberations.</p> <p>The process for the appointment of Directors is anchored on the Board Nomination and Selection Procedure, as approved by the Board. The Board Nomination and Selection procedure outlines the skill sets, knowledge and experience, mindset and core values that is required in a potential candidate for directorships in the Company.</p> <p>The Board is currently made up of members with a mix of skill sets, knowledge and experience (i.e. Business Administration, Accountancy, Chemical Engineering, Law and Investment Management) and balanced mix of gender (three of eight Directors (including the Managing Director, are women).</p> <p>The appointment of Senior Management is also based on a set of pre-determined criteria covering a diverse set of skill sets and experience. CCMB also has strong representation of female candidates at the Senior Management level to form the talent pipeline for Directors' candidatures.</p> |
| <b>Explanation for departure</b>   | : |   |
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### 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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Board has demonstrated an unwavering commitment to achieving a diverse Board on the facet of gender. Although CCMB is not presently a Large Company as defined by the Malaysian Code on Corporate Governance ("MCCG"), it has achieved the target of at least 30% women Directors on Board. There are currently three women Directors on Board out of nine Directors in aggregate.<br><br>The Board has adopted a diversity policy to ensure that the Board comprise at least 30% women Directors. This policy is codified in the Board Charter. |  |
| <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> |   |  |  |
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### 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.

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>The Nomination and Remuneration Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nomination and Remuneration Committee leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates.</p> <p>Directors’ network and referrals from Management and CCMB’s major shareholders form the primary means for sourcing of candidates. These methods have, in the past, produce tangibly noteworthy results in identifying candidates who are of high-calibre and at the same time have a sound understanding of CCMB’s business and industry.</p> <p>Notwithstanding the above, the Nomination and Remuneration Committee has, in the past, engaged independent search firms and consultants to identify a wider pool of potential candidates. Potential candidates are screened against the criteria outlined in the Group’s Board Nomination and Selection Procedure and interviewed by the Nomination and Remuneration Committee. The shortlisted candidates are then tabled to Board for recommendation.</p> |
| <b>Explanation for departure</b>  | : |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |   |
| <b>Measure</b>  | : |   |
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## 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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Nomination and Remuneration Committee is chaired by the Senior Independent Director, Encik Khalid bin Sufat.</p> <p>The Board understands that an effective recruitment and evaluation process of Directors is the bedrock of a high-performing Board. The Board therefore 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> <p>Given that the Senior Independent Director acts as a confidant to other Directors, he is well-placed to oversee the assessment of the Board's Chairman, taking into account a broad range of perspectives. The Senior Independent Director also leads the necessary conversations around succession planning, particularly for the Chairman of the Board and the Managing Director.</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

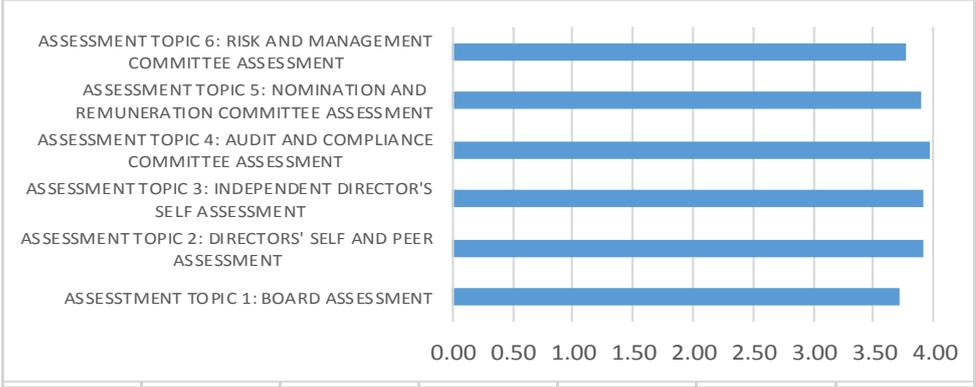
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### 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 has in place an annual Board Evaluation Assessment (“BEA”) to evaluate the effectiveness of the Board, Board Committees as well as individual Directors including Independent Directors. In February 2018, the Board has reviewed the BEA and has engaged an independent expert to enhance the prevailing assessment forms to assist the Board in carrying out self and peer assessments of the Board, Board Committees and individual directors, giving due regard to the directors’ skill sets and experience, and incorporating the need for competence, objectivity and the discharge of their stewardship and fiduciary roles.</p> <p>In enhancing the Board Evaluation Assessment, the consultant had developed forms tailored to the specific needs and nuances of the Company, which are now referred to as Board Effectiveness Evaluation (“BEE”). The independent expert has, amongst others, taken into account the enumerations from the relevant authoritative corporate governance promulgations including Companies Act 2016, Capital Market and Services Act 2007, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities Listing Requirements”) and MCCG. Where applicable, references were also drawn from other better practices. The process is carried out via questionnaires administered to Directors, using a self and peer-rating model.</p> <p>The BEE encompasses the following assessment topics:</p> <ul style="list-style-type: none"><li>(a) Assessment Topic 1: Board of Directors;</li><li>(b) Assessment Topic 2: Directors’ Self and Peer Assessment;</li><li>(c) Assessment Topic 3: Directors’ Independence</li><li>(d) Assessment Topic 4: Audit and Compliance Committee</li><li>(e) Assessment Topic 5: Nomination and Remuneration Committee</li><li>(f) Assessment Topic 6: Risk Management Committee.</li></ul> |

|   | <p>The Nomination and Remuneration Committee undertook the responsibility of providing oversight on the conduct of the BEE as well as reviewing the outcome of the BEE along with the Chairman to formulate an actionable improvement programme that addresses areas for improvement identified from the BEE.</p> <p>The outcome of the BEE is as follows:</p>  <table border="1" data-bbox="454 517 1430 904"> <thead> <tr> <th>Assessment Topic</th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>ASSESSMENT TOPIC 6: RISK AND MANAGEMENT COMMITTEE ASSESSMENT</td> <td>3.7</td> </tr> <tr> <td>ASSESSMENT TOPIC 5: NOMINATION AND REMUNERATION COMMITTEE ASSESSMENT</td> <td>3.8</td> </tr> <tr> <td>ASSESSMENT TOPIC 4: AUDIT AND COMPLIANCE COMMITTEE ASSESSMENT</td> <td>3.9</td> </tr> <tr> <td>ASSESSMENT TOPIC 3: INDEPENDENT DIRECTOR'S SELF ASSESSMENT</td> <td>3.8</td> </tr> <tr> <td>ASSESSMENT TOPIC 2: DIRECTORS' SELF AND PEER ASSESSMENT</td> <td>3.8</td> </tr> <tr> <td>ASSESSMENT TOPIC 1: BOARD ASSESSMENT</td> <td>3.7</td> </tr> </tbody> </table> <p><i>Note: No comparison is made with previous year due to different criteria of assessment and evaluation method.</i></p> | Assessment Topic | Score | ASSESSMENT TOPIC 6: RISK AND MANAGEMENT COMMITTEE ASSESSMENT | 3.7 | ASSESSMENT TOPIC 5: NOMINATION AND REMUNERATION COMMITTEE ASSESSMENT | 3.8 | ASSESSMENT TOPIC 4: AUDIT AND COMPLIANCE COMMITTEE ASSESSMENT | 3.9 | ASSESSMENT TOPIC 3: INDEPENDENT DIRECTOR'S SELF ASSESSMENT | 3.8 | ASSESSMENT TOPIC 2: DIRECTORS' SELF AND PEER ASSESSMENT | 3.8 | ASSESSMENT TOPIC 1: BOARD ASSESSMENT | 3.7 |
|---|--|------------------|-------|--|-----|--|-----|---|-----|--|-----|---|-----|--------------------------------------|-----|
| Assessment Topic  | Score  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 6: RISK AND MANAGEMENT COMMITTEE ASSESSMENT  | 3.7  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 5: NOMINATION AND REMUNERATION COMMITTEE ASSESSMENT  | 3.8  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 4: AUDIT AND COMPLIANCE COMMITTEE ASSESSMENT   | 3.9  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 3: INDEPENDENT DIRECTOR'S SELF ASSESSMENT  | 3.8  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 2: DIRECTORS' SELF AND PEER ASSESSMENT   | 3.8  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| ASSESSMENT TOPIC 1: BOARD ASSESSMENT  | 3.7  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| <p><b>Explanation :</b><br/><b>for</b><br/><b>departure</b></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><b>Measure :</b></p>   |  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |
| <p><b>Timeframe :</b></p>   |  |                  |       |  |     |  |     |   |     |  |     |   |     |                                      |     |

### 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 Company has in place a remuneration framework which covers the remuneration policy and procedures for Directors and Senior Management.</p> <p>The remuneration philosophy is premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre and talent. The remuneration packages for the Managing Director, who is the sole Executive Director and other Senior Management personnel are structured in a way that links rewards to corporate and individual performance. As for Non-Executive Directors, the remuneration packages are structured such that their independence and objectivity are not impaired. The remuneration level for Non-Executive Directors reflect their responsibility and position on the Board and Board Committees, attendance and any special skills or expertise that they bring to the Board.</p> <p>The Nominating and Remuneration Committee had in early part of the year, engaged an independent expert to review and enhance its remuneration policy and procedures so as to ensure they reflect the current market dynamics and regulatory expectations.</p> <p>The remuneration policy and procedures are available on the Company's website.</p> |
| <b>Explanation for departure</b>                  | : |  |

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|--|---|--|
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| <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>                                | : | Departure  |
| <b>Explanation on application of the practice</b> | : |  |
| <b>Explanation for departure</b>                  | : | <p>The Board currently has a combined Nomination and Remuneration Committee. As the matters relating to nomination and remuneration are often intertwined, the Board is of the view that it may be synergistic to have a combined Committee rather than stand-alone committees.</p> <p>The composition of the combined Nomination and Remuneration Committee fulfils that expected of an individual Nomination Committee (paragraph 15.08 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad and Practice 4.7 of MCCG) and an individual Remuneration Committee (Practice 6.2 of MCCG) respectively. The Nomination and Remuneration Committee is also able to draw advice from experts if necessary.</p> <p>The combined Nominating and Remuneration Committee accords sufficient attention on matters relating to remuneration. In developing the agenda, the Nominating and Remuneration Committee Chairman, in consultation with the Company Secretary ensures that the balance of discussions is not tilted unfavourably against remuneration-related matters.</p> <p>This observation is corroborated from the assessment conducted during the year which revealed that having a combined</p> |

|   |   |                |
|---|---|----------------|
|   | <p>Nomination and Remuneration Committee does not hinder it from according adequate time and attention on both remuneration and nomination matters. Members of the Nomination and Remuneration Committee also have the expertise to deal with both nomination and also remuneration matters.</p> <p>The Nomination and Remuneration Committee has a Terms of Reference which outlines its duties and responsibilities (including providing oversight on remuneration policies and procedures). The Terms of Reference is made available on the Company's website.</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><b>Measure</b></p>   | <p>: As the Company scales up in size and scope, the Company will consider establishing a dedicated Remuneration Committee given that matters relating to remuneration may grow in complexity. The shifting nuances of businesses as a result of changing market dynamics may also significantly affect the way in which the Company remunerates Directors and employees. As such, being able to respond to these signals necessitates greater and dedicated attention at the oversight level.</p>  |                |
| <p><b>Timeframe</b></p>   | <p>: Others</p>   | <p>5 years</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 7.1

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>In tandem with CCMB's aspirations to observe the highest standards of corporate governance, CCMB has, as in previous years, disclosed individual Directors' remuneration on a named basis and by exact amount. The Board strives to ensure that information pertaining to Directors' remuneration is made transparent and accessible to shareholders and other stakeholders.</p> <p>Detailed disclosure of Directors' remuneration is as per Appendix 1 of this report.</p> <p>The disclosure is made on a group level and listed issuer level, in accordance with paragraph 11, Part A, Appendix 9C of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p> <p>As enumerated in Section 233(1) of Companies Act 2016, the service contracts of Directors are also made available for inspection by major shareholders upon request and any details of remuneration in that contracts are, therefore, accessible.</p> |
| <b>Explanation for departure</b>   | : |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

## Intended Outcome

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

### Practice 7.2

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

|   |   |   |
|---|---|---|
| <b>Application</b>                                | : | Departure   |
| <b>Explanation on application of the practice</b> | : |   |
| <b>Explanation for departure</b>                  | : | <p>In an industry as niche as the chemicals sector, the Board is acutely aware that knowledgeable and talented individuals are an invaluable commodity. The individuals who sit in the Senior Management team are what drive CCMB's competitive advantage over its industry peers. As such, the Board maintains a cautious approach in implementing the practice of disclosing Senior Management on a named basis in light of the prevalence of poaching within the chemicals sector.</p> <p>The Board nevertheless strives to provide shareholders with assurance that Senior Management personnel are appropriately compensated and that their remuneration package is structured in a way that drives the long-term performance of the Company. To this end, the Company has engaged an independent expert firm to conduct a remuneration review of Senior Management remuneration. The findings from the aforementioned review confirms that CCMB's Senior Management personnel are paid competitively within the industry norms.</p> <p>As articulated under the disclosure to Practice 6.1, the Board has formalised a Remuneration Policy and Procedures which outlines a formal and transparent process for setting the remuneration of both Directors as well as Senior Management. The Remuneration Policy and Procedures is anchored to the principle "pay for performance" when remunerating the Group Managing Director and other Senior Management personnel. This is consciously done to ensure the remuneration package commensurate with Senior Management performance against both financial and non-financial key performance indicators ("KPIs").</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 7.3 - 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 and Compliance 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 Audit and Compliance Committee is chaired by the Senior Independent Director, Encik Khalid Bin Sufat. Following the resignation of Dato' Hajah Normala Binti Abdul Samad as Chairman of the Board, the Company had appointed Datin Paduka Kartini binti Abdul Manaf as the Acting Chairman, in the interim. Subsequently, Dato' Idris bin Kechot had been appointed as Chairman of the Board with effect from 18 March 2019. The positions of Chairman of Board and Chairman of the Audit and Compliance Committee are assumed by different individuals. This allows the Board to objectively review the Audit and Compliance Committee's findings and recommendations.</p> <p>Encik Khalid is an accountant by profession with qualifications from the Chartered Association of Certified Accountants United Kingdom ("ACCA") and the Malaysian Institute of Certified Public Accountants ("MICPA"). Encik Khalid also possesses significant professional experience in the finance and banking industry with previous senior positions held in Maybank, United Merchant Finance Berhad as well as Bank Rakyat. The possession of sound financial understanding and experience equips the Chairman of the Audit and Compliance Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit and Compliance Committee.</p> <p>The duties and responsibilities of the Chairman of the Audit and Compliance Committee are outlined in the Terms of Reference of the Audit and Compliance Committee, which is available on the Company's website.</p> |
| <b>Explanation for departure</b>                  | : |  |
|   |   |  |

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

|                    |  |  |
|--------------------|--|--|
| <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>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>As a measure to safeguard the independence and objectivity of the audit process, the Audit and Compliance Committee has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit and Compliance Committee.</p> <p>The policy, which is codified in the Audit and Compliance Committee Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a Director (including a member of the Audit and Compliance Committee) or as an employee of the Group.</p> <p>To date, CCMB has not appointed any former key audit partners either as a Director or an employee of CCMB.</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 8.3

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> | : | <p>The Audit and Compliance Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>During the financial year, the Audit and Compliance Committee has monitored and reviewed the performance and independence of the external auditor, namely, KPMG PLT and satisfied itself that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee and the Group.</p> <p>The assessment of the Audit and Compliance Committee is supplemented by feedback gathered from senior finance personnel across CCMB, focusing on a range of factors that the Audit and Compliance Committee considers as relevant to audit quality. For the audit of the financial year ended 31 December 2018, KPMG PLT has also provided the Audit and Compliance Committee of CCMB with a written assurance confirming that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Audit and Compliance Committee has also taken into consideration the nature and extent of the non-audit services rendered and the appropriateness of the level of fees. Provisions of non-audit services by the external auditor, KPMG PLT were reviewed to ascertain whether such provision of services would impair the external auditor's objectivity. Disclosure on the nature and extent of non-audit services are made in the Notes to the Financial Statements (Annual Report).</p> |

|  |  |  |
|--|--|--|
|  | Pursuant to the assessment on the suitability and independence of the external auditor, the Audit and Compliance Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees. |  |
| <b>Explanation for departure</b>   | :  |  |
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| <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> :                             | 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 8.5

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 Audit and Compliance Committee comprises four members, namely, Encik Khalid Bin Sufat (Chairman of the Audit and Compliance Committee and Senior Independent Director), Dato' Seri Ir. Dr. Zaini Bin Ujang (Independent Non-Executive Director), Datin Paduka Kartini Binti Haji Abdul Manaf (Non-Independent Non-Executive Director) and Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah (Independent Non-Executive Director). Dato' Wan Mohd Fadzmi was appointed to the Committee on 9 March 2018.</p> <p>The composition of the Audit and Compliance Committee allows it to possess a range of skills and the requisite financial literacy to discharge its duties effectively. Encik Khalid is an accountant by profession and a member of ACCA and MICPA, thus, fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>Datin Paduka Kartini meanwhile holds a Masters of Business Administration and has extensive experience in investment management and corporate finance. Dato' Seri Ir. Dr. Zaini is an environmental engineer by profession which enables him to provide the Audit and Compliance Committee with valuable input on the industry and operational drivers which are impacting the financial performance of CCMB. Dato' Wan Mohd Fadzmi, who is a Chartered Banker from the Asian Institute of Chartered Bankers,</p> |

|   |  |  |
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|   | <p>has garnered over 22 years in both the domestic and international banking industry.</p> <p>The Audit and Compliance Committee members are vigilant, exercise professional scepticism and constantly apply a probing view to challenge Management's assertions on the Company's financials.</p> <p>All members attend the relevant trainings and continuous professional development programmes to keep themselves abreast of the latest developments in accounting and auditing standards, practices and rules.</p> |  |
| <b>Explanation for departure</b>  |  |  |
|   |  |  |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |  |  |
| <b>Measure</b>  |  |  |
| <b>Timeframe</b>  |  |  |

### Intended Outcome

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>In tandem with the growing complexities in the marketplace, the Board had instituted a stand-alone Risk Management Committee to devote more focus and attention on existing and emerging risks facing the Group.</p> <p>The Risk Management Committee amongst others undertake the following responsibilities:</p> <ul style="list-style-type: none"><li>• Reviews and ascertains that the Group's risk management and internal control framework is robust and effective;</li><li>• Reviews the risk appetite for the Group and make recommendations to the Board;</li><li>• Oversees the conduct of evaluation on the Group's top risks and the internal control systems, reviews its outcomes and makes recommendations to the Board; and</li><li>• Monitors changes anticipated against the backdrop of the economic and business environment.</li></ul> <p>The Board is assisted by the Risk Management Committee in the review of the adequacy and effectiveness of the risk management and internal control framework.</p> <p>The Board, through the Risk Management Committee determines the Group's level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard the Group's businesses. The Group's enterprise risk management framework is grounded on the Group's Management and Manual Guidelines, which in turn is aligned to the best practices outlined in International Organisation for Standardisation (ISO) 31000, an internationally recognised framework for managing risks. In light of the recent corporate restructuring exercise undertaken during the year, the Board and Risk Management Committee have accorded more attention to operational risk and human capital risk</p> |

|   |   |  |
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|   | <p>during the review process. The Group Risk Management Department, reports its activities and make appropriate recommendations to the Risk Management Committee.</p> <p>The internal control mechanism established by the Board is embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Group's Internal Audit function to assess its adequacy and effectiveness.</p> |  |
| <p><b>Explanation for departure</b></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><b>Measure</b></p>   |   |  |
| <p><b>Timeframe</b></p>   |   |  |

### 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>  | : | <p>The Annual Report contains a Statement on Risk Management and Internal Control. The Statement provides a comprehensive overview of the key elements of the Group's risk management and internal control systems including assignment of authority and responsibility, planning, monitoring and reporting procedures, policies, a summary of the Business Continuity Management and the Code of Conduct.</p> <p>The Statement also outlines the differentiated roles and functions held by the different clusters with CCMB in maintaining the risk management and internal control systems.</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 9.3 - 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> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</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 10.1

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 Group has established an in-house internal audit function (“Group Internal Audit”), which resides within the Group Risk, Integrity and Assurance Department. As the “eyes and ears” of the Audit and Compliance Committee, the internal audit function reports directly to the said committee and has direct access to the Board through the Chairman of the Audit and Compliance Committee.</p> <p>The Audit and Compliance Committee reviews and subsequently approves the Annual Internal Audit Plan and ensures the Group Internal Audit function is accorded with appropriate standing and authority to facilitate the discharge of its duties. In approving the annual budget for the Group Integrity and Assurance Department, the Audit and Compliance Committee ensures that the Group Internal Audit function has adequate resources to perform its role with objectivity and without undue influence by Management or any other interested parties.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Group Internal Audit provides assurance and recommendations to the Audit and Compliance Committee on the Group’s governance, risk management and internal control systems.</p> <p>The Audit and Compliance Committee holds regular private meetings with the Group Internal Auditor without the presence of Management to discuss on significant internal audit matters. These private meetings provide an avenue for the Group Internal Auditor to surface any pertinent issues or concerns that they gathered.</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>The Group Internal Audit function is spearheaded by Puan Wan Aishah Idris binti Muhamad Idris who is also the Head of the Group Risk, Integrity and Assurance Department. Puan Wan Aishah is a Certified Internal Auditor as well as a Certified Integrity Officer with extensive experience in the realm of governance, risk management and internal control.</p> <p>Puan Wan Aishah, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with the Group. The total number of personnel assigned for internal audit function of the Group is 3, in view of the smaller number of companies to be audited.</p> <p>In conducting the internal audit process, the Group Internal Audit is guided by the COSO Internal Control Framework which covers the following five elements of internal controls:</p> <ul style="list-style-type: none"><li>• Control environment;</li><li>• Risk assessment;</li><li>• Control activities;</li><li>• Information and communication; and</li><li>• Monitoring.</li></ul> <p>The total expenses incurred for the internal audit work of CCMB during the financial year end 31 December 2018 was approximately RM1 million (2017: RM 2.35 million).</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>As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>In fostering a closer association with its stakeholders, the Board, along with Management ensure that the Company's website which accessible at <a href="http://www.ccmbberhad.com">www.ccmbberhad.com</a> contains the latest information on the Company including, but not limited to its business activities, investor relations activities, Corporate Social Responsibility activities, any press releases made by the Group and Annual Reports issued to the Shareholders.</p> <p>The Board has adopted a Communication Policy and Corporate Disclosure Policy that governs the communication methods between the Group and its stakeholders. These policies allow for timely and quality dissemination of information to stakeholders.</p> <p>CCMB also maintains a social media presence to keep stakeholders updated on the latest activities and developments of the Company.</p> <p>In addition, CCMB holds regular engagements including briefing sessions with shareholders and potential shareholders that are domiciled locally and in countries within the Asia Pacific region.</p> |
| <b>Explanation for departure</b>                  | : |   |
|   |   |   |

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

|                    |  |  |
|--------------------|--|--|
| <b>Measure</b> :   |  |  |
| <b>Timeframe</b> : |  |  |

### Intended Outcome

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

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

### Practice 11.2

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Departure  |
| <b>Explanation on application of the practice</b> | : |  |
| <b>Explanation for departure</b>                  | : | <p>CCMB is not a Large Company as defined by MCCG and as such, is not subjected to Practice 11.2. However, for the purpose of benchmarking beyond the minimum prescribed, CCMB has decided to report on this Practice.</p> <p>The current Annual Report of CCMB provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including strategic performance. Components such as Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information. Information is also provided on the business model as well as the trends, outlook and prospects of the Company.</p> <p>Whilst certain characteristics of integrated reporting may be embodied in the Annual Report of CCMB, it is on the whole not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.</p> <p>The Board would like to allow an advocacy period for the awareness of integrated reporting to be better appreciated by Management personnel before it is adopted.</p> <p>In order to provide stakeholders with a holistic picture of CCMB's business, the Annual Report of CCMB draws linkages between the various components contained therein, comprising financial and non-financial information.</p> |

|   |  |  |        |         |
|---|--|--|--------|---------|
|   | <p>The Company has also, in the past, consistently incorporated a Sustainability Statement in the Annual Report. For 2018, the Company has produced its inaugural Sustainability Statement in line with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for the financial year ended 31 December 2018. This will gradually position the Company towards the adoption of integrated reporting through the establishment of necessary systems and controls as well as the presence of quality non-financial data which are necessary to support the development of an integrated report.</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><b>Measure</b></p>   | <p>:</p>   | <p>As the Company grows in scale and scope, a readiness assessment will be undertaken to assess the structural changes that would be necessitated from the proposed transition to integrated reporting. At the initial stage, the Company will seek to embed the process of integrated thinking into its activities to better streamline its connectivity of reporting from management, its business analysis and decision-making process.</p> |        |         |
| <p><b>Timeframe</b></p>   | <p>:</p>   | <table border="1"> <tr> <td data-bbox="963 1016 1123 1106">Others</td> <td data-bbox="1123 1016 1406 1106">4 years</td> </tr> </table>   | Others | 4 years |
| Others  | 4 years  |  |        |         |

### 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 Board recognises the Annual General Meeting (“AGM”) as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the AGM in 2018 was provided to shareholders on 27 April 2018, which was more than 28 days before the AGM date which was held on 31 May 2018. For 2019, the notice for the AGM which was scheduled to be held on 28 May 2019 was provided to shareholders on 25 April 2019. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days’ notice period for public companies or listed issuers respectively.</p> <p>The notice for CCMB’s 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> <p>In addition to being dispatched to shareholders, the notice for the AGM was circulated in two nationally circulated newspaper alongside an announcement on the website of Bursa Malaysia Berhad.</p> |
| <b>Explanation for departure</b>                  | : |   |
|   |   |   |

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

|                    |  |  |
|--------------------|--|--|
| <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>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors attended the previous AGM which was held on 31 May 2018. The Chairmen of respective Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees. The summary of key matters discussed during the previous AGM in 2018 was made available on the Company's website in accordance with paragraph 9.21(2) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.</p> <p>The responsibility for all Directors to attend general meetings and for the Chairmen of the respective Committees to address shareholders questions are outlined in the Board Charter.</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 12.3

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>CCMB, at present, does not have a wide shareholding spread in terms of geographical dispersion. Hence, the Board is of the view that the current poll voting via the ballot mechanism would already allow the voting process to be conducted in fairly seamless manner, albeit to a lesser extent when compared to electronic voting.</p> <p>Independent scrutineers, namely, Symphony Corporatehouse Sdn Bhd have been appointed to validate the votes cast at the upcoming AGM. Shareholders who are unable to attend the AGM are allowed to vote via proxy.</p> <p>The Board has always given utmost consideration to the location of its general meetings to ensure it is easy to reach or easily accessible to shareholders. The upcoming Company's AGM will be held at Ballroom A, Level 10, DoubleTree by Hilton Kuala Lumpur, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur which is nestled at the heart of Kuala Lumpur and within close proximity of CCMB's office.</p> <p>In order to encourage participation at general meetings, CCMB had in the year 2012, removed the limit on the number of proxies to be appointed by an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account.</p> <p>CCMB has also included a new provision in its Constitution in respect of the qualification and the right of a proxy to speak at general meetings. Under the new provision, any person could be</p> |

|  |  |   |                |  |
|--|--|---|----------------|--|
|  | appointed by the shareholders as a proxy. The proxy shall have the same rights as the shareholder to speak at the meeting. |   |                |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |  |   |                |  |
| <b>Measure</b>   | :  | <p>The Board recognises the need to adopt electronic voting in the event of a change in the geographical dispersion of its shareholders as well as to better facilitate voting in absentia. The Board will continue to monitor its shareholding structure and facilitate the transition to electronic voting in the near future.</p> <p>Whilst the adoption of electronic voting will result in an outlay of initial costs, CCMB envisages that long term benefits and savings would be significant as electronic voting would substantially reduce administrative procedures and paper work.</p> |                |  |
| <b>Timeframe</b>   | :  | <table border="1"> <tr> <td>Within 3 years</td> <td></td> </tr> </table>  | Within 3 years |  |
| Within 3 years   |  |   |                |  |

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

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

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|  |
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## Appendix 1

Directors' fees and benefits paid for FYE 31 December 2018 ~~(1 January 2018 – 31 December 2018)~~  
(Company Level)

| Name   | Fees              |                   | Salary     | Bonus      | Benefits          |            |                  | Total             |
|--|-------------------|-------------------|------------|------------|-------------------|------------|------------------|-------------------|
|  | Board             | Committee         |            |            | Other Emoluments  |            | Benefits-in-Kind |                   |
|  |                   |                   |            |            | Meeting Allowance | Others     |                  |                   |
| <b>NON-EXECUTIVE DIRECTORS</b>   |                   |                   |            |            |                   |            |                  |                   |
| Datin Paduka Kartiini binti Hj Abdul Manaf   | 87,329.00*        | 24,000.00*        | -          | -          | 29,900.00         | -          | -                | 141,229.00        |
| Dato' Azmi bin Mohd Ali  | 75,000.00         | 18,000.00         | -          | -          | 20,800.00         | -          | -                | 113,800.00        |
| Khalid bin Sufat   | 75,000.00         | 20,000.00         | -          | -          | 29,600.00         | -          | -                | 124,600.00        |
| Dr Leong Chik Weng   | 75,000.00         | 18,000.00         | -          | -          | 20,000.00         | -          | -                | 113,000.00        |
| Dato' Seri Ir Dr Zaini bin Ujang   | 75,000.00         | 24,000.00         | -          | -          | 21,000.00         | -          | -                | 120,000.00        |
| Dato' Wan Mohd Fadzmi <u>bin Che</u> Wan Othman Fadzilah                                     | 61,233.00         | 9,294.00          | -          | -          | 15,000.00         | -          | -                | 85,527.00         |
| Amizar binti Mizuar  | 22,397.00*        | 2,192.00*         | -          | -          | 3,000.00          | -          | -                | 27,589.00         |
| <del>YB</del> Dato' Normala binti Abdul Samad<br>( <del>R</del> Resigned w.e.f. 5 July 2018) | 50,685.00         | 4,055.00          | -          | -          | 6,500.00          | 0          | 593.60           | 61,833.60         |
| <b>TOTAL</b>   | <b>521,644.00</b> | <b>119,541.00</b> | <b>-</b>   | <b>-</b>   | <b>145,800.00</b> | <b>-</b>   | <b>593.60</b>    | <b>787,578.60</b> |
| <b>EXECUTIVE DIRECTOR</b>  |                   |                   |            |            |                   |            |                  |                   |
| Nik Fazila binti Nik Mohamed Shihabuddin   | -                 | -                 | 606,451.61 | 189,000.00 | -                 | 236,346.86 | 57,754.55        | 1,089,553.02      |

\* Paid to Permodalan Nasional Berhad

Directors' fees and benefits paid for FYE 31 December 2018 ~~(1 January 2018 – 31 December 2018)~~  
(Group Level)

| Name  | Fees              |                   | Salary     | Bonus      | Benefits          |                 |                  | Total             |
|---|-------------------|-------------------|------------|------------|-------------------|-----------------|------------------|-------------------|
|   | Board             | Committee         |            |            | Other Emoluments  |                 | Benefits-in-Kind |                   |
|   |                   |                   |            |            | Meeting Allowance | Others          |                  |                   |
| <b>NON-EXECUTIVE DIRECTORS</b>  |                   |                   |            |            |                   |                 |                  |                   |
| Datin Paduka Kartiini binti Hj Abdul Manaf  | 87,329.00*        | 24,000.00*        | -          | -          | 29,900.00         | 1,500.00        | -                | 142,729.00        |
| Dato' Azmi bin Mohd Ali   | 75,000.00         | 18,000.00         | -          | -          | 20,800.00         | -               | -                | 113,800.00        |
| Khalid bin Sufat  | 75,000.00         | 20,000.00         | -          | -          | 29,600.00         | 1,500.00        | -                | 126,100.00        |
| Dr Leong Chik Weng  | 75,000.00         | 18,000.00         | -          | -          | 20,000.00         | -               | -                | 113,000.00        |
| Dato' Seri Ir Dr Zaini bin Ujang  | 75,000.00         | 24,000.00         | -          | -          | 21,000.00         | -               | -                | 120,000.00        |
| Dato' Wan Mohd Fadzmi <del>bin</del><br><del>Che</del> Wan Othman Fadzilah                  | 61,233.00         | 9,294.00          | -          | -          | 15,000.00         | -               | -                | 85,527.00         |
| Amizar binti Mizuar   | 22,397.00*        | 2,192.00*         | -          | -          | 3,000.00          | -               | -                | 27,589.00         |
| <del>YB</del> Dato' Normala binti Abdul Samad<br>( <del>R</del> esigned w.e.f. 5 July 2018) | 50,685.00         | 4,055.00          | -          | -          | 6,500.00          | 1,521.00        | 593.60           | 63,354.60         |
| <b>TOTAL</b>  | <b>521,644.00</b> | <b>119,541.00</b> | <b>-</b>   | <b>-</b>   | <b>145,800.00</b> | <b>4,521.00</b> | <b>593.60</b>    | <b>792,099.60</b> |
| <b>EXECUTIVE DIRECTOR</b>   |                   |                   |            |            |                   |                 |                  |                   |
| Nik Fazila binti Nik Mohamed Shihabuddin  | -                 | -                 | 606,451.61 | 189,000.00 | -                 | 236,346.86      | 57,754.55        | 1,089,553.02      |

\* Paid to Permodalan Nasional Berhad

## Appendix 2

Remuneration details of the five (5) highest paid Senior Management for the financial year ended 31 December 2018 are as follows:

| Remuneration component                                  | Group (RM)          | Company (RM)               |
|---|---------------------|----------------------------|
| Salaries  | 2,169,753.51        | 1,758,705.16               |
| Bonus   | 678,399.00          | 441,595.00                 |
| Other emoluments <sup>1</sup>                           | 825,438.22          | 675,753.03                 |
| Benefits-in-kind <sup>2</sup>                           | 156,032.38          | 125,119.96                 |
| <b>Total Senior Management remuneration<sup>3</sup></b> | <b>3,829,623.11</b> | <b><u>3,001,173.15</u></b> |

Notes:

<sup>[1]</sup> Comprises Employees Provident Fund ("EPF") and other statutory contributions.

<sup>[2]</sup> Comprises medical, car, driver benefits as the case may be.

<sup>[3]</sup> Includes the Group Managing Director who is also disclosed in the board remuneration table as per the application of Practice 7.1 of the Malaysian Code on Corporate Governance and pursuant to paragraph 11b, Appendix 9C of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4.2 The remuneration of the five (5) highest paid Senior Management for the financial year ended 31 December 2018 in the corresponding bands of RM100,000 are as follows:

| Range of remuneration (RM) | Number of Senior Management* personnel |       |
|----------------------------|--|-------|
|                            | Company                                | Group |
| 1,000,001 - 1,100,000      | 1                                      | 1     |
| 900,001 - 1,000,000        | -                                      | 1     |
| 800,001 - 900,000          | -                                      | -     |
| 700,001 - 800,000          | -                                      | 1     |
| 600,001 - 700,000          | -                                      | -     |
| 500,001 - 600,000          | 2                                      | 2     |
| 400,001 - 500,000          | 1                                      | -     |
| 300,001 - 400,000          | 1                                      | -     |

Note:

\*Includes the Group Managing Director who is also disclosed in the board remuneration table as per the application of Practice 7.1 of the Malaysian Code on Corporate Governance and pursuant to paragraph 11b, Appendix 9C of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.