

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5347
COMPANY NAME : MMC CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on the application of the practice	<p>The Company is led by a Board of Directors ("Board") which is responsible for formulating and reviewing the Group's strategic plans and key policies, and charting of the Group's business operations.</p> <p>The Board is guided by the Board Policy Manual, apart from the Company's Constitution and Companies Act 2016, in discharging its duties effectively. The Board Policy Manual serves as guidelines for the Board and its Committees in the execution of their responsibilities. The Board Policy Manual is available on the Company's website at www.mmc.com.my</p> <p>The Board has three (3) standing Committees, namely, the Audit Committee, Nomination and Remuneration Committee and Finance, Investment and Risk Committee, each operating within the defined Terms of Reference, to assist the Board in discharging its responsibilities.</p> <p>The Board together with the Management on an annual basis, conduct a strategy review and budget challenge session whereby it provides avenue for the Board and Management to discuss among others, the strategic direction of the Company for a given year, the financial and operational performance of the Company, the setting of the Key Performance Indicators ("KPIs"), budget allocation, etc. The Board at its meeting held on 27 November 2018, had approved the Group's 5-year Strategic Business Plan (2019-2023) and the 2019 Corporate KPIs.</p> <p>The Group Managing Director ("GMD"), assisted by the Senior Management team, is responsible for the business and day-to-day management of the Company. The Board will monitor the performance of the Group through the quarterly progress report presented to the Board by the GMD.</p>

	<p>The Board through the Finance, Investment and Risk Committee (“FIRC”) reviews the periodic risk report of the Group to ensure that the risk management and control measures are in place. In addition, the FIRC also reviews the effectiveness of MMC’s Group strategies, policies, procedures, principles and practices pertaining to sustainability in upholding good Economic, Environmental and Societal (“EES”) practices.</p> <p>The Audit Committee provides critical oversight of the Group’s financial reporting process, monitoring the external and internal auditing processes, compliance with relevant legal and statutory matters, etc.</p> <p>While, the Nomination and Remuneration Committee is tasked with the responsibility of, among others, overseeing the succession planning and talent management of the Company, establishing a competitive remuneration policy of the Group, etc.</p> <p>The Group had also adopted the Business Continuity Management (“BCM”) Plan where implementation of BCM activities and plans are reviewed and monitored by the Board, to ensure continuity of the Group’s business/operations.</p> <p>The Board has identified the Annual Report and the Annual General Meeting as the key channel of communications with the shareholders/stakeholders, to report the progress and performance of the Company.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</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.

Application	: Applied
Explanation on the application of the practice	<p>The Board is headed by YBhg. Tan Sri Dato' Seri Shamsul Azhar Abbas, an Independent Non-Executive Chairman. The Chairman is responsible for leading and guiding the Board whilst maintaining the highest standard of governance. He also acts as the main link between the Board and the Management and vice versa.</p> <p>The duties and responsibilities of the Chairman are clearly specified in Section 3.1 of the Board Policy Manual, which is available on the Company's website at www.mmc.com.my.</p> <p>Some of the roles and responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none">(a) Provide Leadership to the Board;(b) Chair meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Member;(c) Chair meetings of shareholders and ensure effective communication with shareholders and relevant stakeholders;(d) Consultation with the Company Secretary in setting the Agenda for the Meeting;(e) Act as liaison between the Board and Management. The Chairman is the main link between the Board and Management and particularly between the Board and the Group Managing Director/Group Chief Executive Officer;(f) Ensure proper committee structure, including assignments of members and committee chairmen;(g) Ensure that all Board members, upon taking up their office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of MMC Group of Companies; and(h) Conduct performance assessment of the Board, its Committees and individual Directors. <p>The Chairman, with the assistance of the Company Secretaries, also ensures that good corporate practices and procedures are established and implemented throughout the Group.</p>

	The Chairman also acts as a contact person for reporting of any improper conduct or wrongdoing by the Directors/Senior Management, besides the Senior Independent Director (“SID”). The shareholders/stakeholders may address any concern pertaining to the Company to the Chairman at any point of time.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on the application of the practice	:	<p>There is a distinct and clear division of roles and responsibilities of the Chairman, YBhg. Tan Sri Dato' Seri Shamsul Azhar Abbas and GMD, YBhg. Dato' Sri Che Khalib Mohamad Noh, to ensure a strict balance of power and authority, so that no one individual has unfettered power.</p> <p>The duties and responsibilities of the Chairman and GMD are clearly specified in Section 3.1 and 3.2 of the Board Policy Manual, which is available on the Company's website at www.mmc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	: Applied
Explanation on the application of the practice	<p>The Board of MMC is supported by two (2) professionally qualified Company Secretaries. The Company Secretaries of MMC, Encik Ahmad Aznan Mohd Nawawi and Puan Sazlin Ayesha Abdul Samat are holders of the Bachelor of Law degree ("LLB") and are licensed secretary by the Registrar of Companies by virtue of Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries are responsible for ensuring that Board procedures are followed, and the application of the rules and regulations for the conduct of the affairs of the Board are complied with to ensure the Board's efficient operation. The Company Secretaries are also responsible for ensuring compliance by MMC Group with the relevant regulations affecting MMC Group, including but not limited to the Companies Act 2016, Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and the Capital Market and Services Act 2007 provisions, where applicable.</p> <p>The Company Secretaries are also responsible for managing all Board and Committees meeting logistics. The minutes of all Board and Board Committees meetings are properly recorded and kept by the Company Secretaries. The Company Secretaries ensure that deliberations at Board and its Committees meetings are well documented. The decisions of the Board and Committees are communicated to the relevant Heads of Departments via the Action List, which will be circulated within one (1) day from the day of the Board/Committees meeting for their appropriate actions.</p> <p>The Board would be updated on the follow-up of the Board and Committees' decisions via the Matters Arising, and action items would remain as Matters Arising in the minutes of meetings until the items are resolved.</p> <p>The Board is also assisted by the Company Secretaries in applying governance practices to meet the Board's needs and stakeholders' expectation. The Company Secretaries would facilitate the orientation and familiarisation program for new Directors and assist in Director's training and development.</p>

	<p>For Financial Year 2018, the following site visits were organised for the Board of Directors:</p> <ul style="list-style-type: none"> (i) A site visits to Rapid Pengerang Cogen Project (“Cogen Project”) and Senai Airport City, Johor Darul Takzim on 14 March 2018; and (ii) A site visit to Penang Port on 20 September 2018. <p>The Company Secretaries constantly keep themselves abreast of the current developments in the regulatory framework and governance practices through attendance of relevant training programs and continuous development programs organised by Chartered Secretaries Malaysia (“MAICSA”) and Companies Commission of Malaysia. For Financial Year 2018, the Company Secretaries had attended the relevant training programs organised by the said organisations, as part of their continuing training.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Policy Manual, which is available on the Company’s website at www.mmc.com.my.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</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 1.5

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board meets at least four (4) times every financial year. The Board meetings are scheduled in advance, to allow Directors sufficient time to plan their attendance. The 2018 annual meeting calendar was prepared and tabled to the Board at its meeting held in November 2017. Special Board meetings are convened between regular Board meetings, with sufficient notice, as and when necessary, to consider ad-hoc matters that require expeditious deliberation and decision by the Board.</p> <p>Eight (8) Board meetings were held during the Financial Year 2018.</p> <p>The Notice of the meeting together with the Agenda and meeting materials are circulated in a timely manner, to allow reasonable time for the Directors to review the papers before the meeting. The same Notice is also circulated to the Management indicating the submission dateline for board papers to be deliberated at the Board/Committees meeting.</p> <p>The minutes of proceedings of each Board/Committee meeting are circulated to all Directors in a timely manner for comments prior to confirmation. The signed minutes of the Board/Committee meetings are entered in the Minutes Books kept by the Company Secretaries.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board Policy Manual acts as a source of reference to the Board for matters relating to the Board's organisation, responsibilities and procedures, etc. The powers and authority of the Board are derived from the Company's Constitution, the Companies Act 2016 and the Listing Requirements, as amended from time to time.</p> <p>The Board Policy Manual is published on the Company's website at www.mmc.com.my</p> <p>The Board Policy Manual clearly identifies the respective roles and responsibilities of the Board, Board Committees, the Chairman, the GMD and the Senior Independent Director.</p> <p>The Board Policy Manual is reviewed from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the roles and responsibilities of the Board/Committees.</p> <p>The Board is aware of the importance of continuous training for the Directors to enable them to effectively discharge their duties. The Board will continuously evaluate and determine the training needs of the Directors as prescribed in the Board Policy Manual. All Directors are encouraged to attend continuous education programmes and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.</p> <p>The Group Corporate Secretarial Department facilitates and coordinates internal and external training programmes which are beneficial in aiding the Directors in discharging their duties and responsibilities effectively.</p> <p>The training needs of the Directors are annually assessed via the Board Evaluation Form. The Directors will indicate their interest in the required areas of training to further enhance the necessary knowledge and skills to enable them to effectively discharge their duties.</p>

During the financial year under review, all Directors attended training, either organised internally by the Company or externally, as set out below:

Directors	Titles
Tan Sri Dato' Seri Shamsul Azhar Abbas	<ul style="list-style-type: none"> ▪ Issues Relating to Directors & Officers under the Companies Act 2016 ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio ▪ 2019 National Budget Highlights - How it impacts Enra
Dato' Sri Che Khalib Mohamad Noh	<ul style="list-style-type: none"> ▪ Invest Malaysia 2018 - Connecting Strengths, Advancing Performance ▪ Talk by YBhg. Tan Sri Datuk Muhammad Ibrahim, Governor Bank Negara Malaysia @ 40th HBSACM Anniversary Dinner ▪ Dialogue & Luncheon Session with Malaysian Captains of Industry & Business Forum with the China Entrepreneur Club in Beijing, China ▪ Khazanah Megatrends Forum 2018 - On Balance: Recalibrating Markets, Firms, Society and People ▪ MIA International Accountants Conference 2018 ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio ▪ Risk Culture Awareness Program
Datuk Ooi Teik Huat	<ul style="list-style-type: none"> ▪ Energy Transition - Trends and Opportunities by AT Kearney ▪ Energy Sector Outlook by RHB Research Institute ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio
Dato' Abdul Hamid Sh Mohamed	<ul style="list-style-type: none"> ▪ The Financial Institutions Directors' Education (FIDE) Core Programme - Module A ▪ Capital Market Director Programme (CMDP) <ul style="list-style-type: none"> - For Equities & Futures Broking (Module 1, 2A, 3 & 4) - For Fund Management (Modules 1, 2B, 3 & 4)

		<ul style="list-style-type: none"> ▪ Cyber Security for Financial Services Industry - What the C-Suite and Board of Directors Should Know By CIO, MKE and FireEye ▪ Invest ASEAN 2018 ▪ Conference for Members of the Audit Committee and Risk Management Committee ▪ Shariah, Islamic Banking & Finance ▪ Khazanah Megatrends Forum 2018 ▪ Malaysia: A New Dawn Conference ▪ FIDE Core Programme - Module B (Bank) ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio
	Dato' Siti Halimah Ismail	<ul style="list-style-type: none"> ▪ 7th Annual National Procurement Conference 2018 - Whats New in Procurement Governance ▪ SSM National Conference 2018 ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio ▪ Anti-Corruption Summit 2018
	Syed Naqiz Shahabuddin Syed Abdul Jabbar	<ul style="list-style-type: none"> ▪ Financial Reporting by Listed Issuers ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio
	Dato' Ir. Jamaludin Osman	<ul style="list-style-type: none"> ▪ Annual Combatting Procurement Fraud and Corruption in the Public and Private Sectors Seminar 2018 ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio ▪ Business Continuity Management ▪ C-Suite Cyber Security ▪ Emotional Intelligence for Exemplary Leadership
	Tee Beng Thong	<ul style="list-style-type: none"> ▪ Malaysia Code on Corporate Governance 2017, Regulatory Updates and Financial Statement Fraud and Misstatement Seminar

		<ul style="list-style-type: none"> ▪ Corporate Governance Guide 3rd Edition: Moving from Aspiration to Actualisation ▪ Annual Corporate Governance, Directors' Duties and Regulatory Updates Seminar 2018 ▪ 16th ASEAN Ports and Shipping 2018 ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio
	Sharifah Sofia Syed Mokhtar Shah	<ul style="list-style-type: none"> ▪ Enhancing Board Leadership ▪ Corporate Liability Provision ▪ Mandatory Accreditation Programme ▪ MMC Corporation Berhad In-House Training Programme: Understanding Blockchain Technology and its Potential within the Context of MMC's Business Portfolio ▪ Anti-Corruption Summit 2018
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Code of Ethics ("COE") outlines MMC Group's commitment to appropriate and ethical practices. It sets out the principles, practices and standards of personal and corporate behaviour. All Directors and employees of MMC Group are required to comply with the COE and failure to comply with COE is a serious breach, and appropriate action will be taken for its non-compliance.</p> <p>The COE is published on the Company's website at www.mmc.com.my</p> <p>The COE will be reviewed by the Board every three (3) years to ensure its relevancy and to align with the relevant rules and regulations.</p> <p>Any change to the COE will be communicated to all levels of the Organisation including the Board of Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied
Explanation on the application of the practice :	<p>MMC is committed to promoting and maintaining high standards of transparency, accountability, ethics and integrity at the workplace in line with its Integrity, Innovation, Teamwork, Excellence and Commitment ("INTEC") values. An accountable and transparent workplace provides a mechanism for employees to voice genuine concerns in a responsible and appropriate manner.</p> <p>In view thereof, the Board has established and adopted a Whistleblowing Policy where it provides an avenue for the employees and a third party to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal.</p> <p>A disclosure of Improper Conduct may be made orally or in writing (via a letter or electronic e-mail to mmcwbreport@gmail.com). When a disclosure is made orally, the person receiving the disclosure shall, as soon as it is practicable, reduce the same to writing. Any Improper Conduct that is discovered or genuinely suspected by the Whistleblower shall be reported immediately to the Chief Internal Auditor.</p> <p>The Whistleblower or persons connected to him/her shall be protected from any detrimental action as a direct consequence of the disclosure. Additionally, the Whistleblower's identity and such other confidential information shall not be disclosed save with the Whistleblower's consent or otherwise required by law. The protection conferred under this Policy is not affected notwithstanding that the disclosure of the improper conduct does not result in any disciplinary action on the person against whom the disclosure was made.</p> <p>The Whistleblowing Policy is published on the Company's website at www.mmc.com.my</p>
Explanation for departure :	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board comprises a majority of Independent Directors (“IDs”), of which out of nine (9) Directors, six (6) are IDs. All IDs satisfy the independence test as prescribed by the Listing Requirements.</p> <p>The Directors, on an annual basis, give confirmation as to whether he/she has any family relationship with any Director and/or major shareholders of the Company, any conflict of interest with the Company and any convictions for offences for the last five (5) years other than traffic offences.</p> <p>The Board, through the Nomination and Remuneration Committee (“NRC”), on an annual basis, assess the independence of IDs via the Board Evaluation Assessment as follows:</p> <ul style="list-style-type: none"> (i) Self and Peer Assessment to ensure that the IDs are independent of management and free from any business or other relationship that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company; and (ii) A form of Declaration of Independence to be signed by the IDs to facilitate the process of determining the Director’s Independence. <p>Based on the Board Evaluation Assessment conducted for the Financial Year 2018, it can be concluded that none of the IDs had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on the application of the practice	<p>The Company seeks annual shareholders' approval for its Directors who have served in that capacity for more than nine (9) years.</p> <p>At the Company's 42nd Annual General Meeting ("42nd AGM"), shareholders' approval was sought for the continuation in office as Independent Directors for two (2) Directors who have exceeded the cumulative term of more than nine (9) years.</p> <p>For the forthcoming 43rd Annual General Meeting (43rd AGM"), two (2) Directors namely, YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed will seek shareholders' approval to continue to act as Independent Directors.</p> <p>The NRC had reviewed the performance of YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed and was of the view that the independence of a Director is measured by his conduct and his state of mind, his appearance as well as his ability to exercise independent judgment and act in the best interest of the Company. The length of time is not the sole determinant of his credibility as an Independent Director.</p> <p>The continuation of YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed to act as Independent Directors are based on the following justifications:</p> <ul style="list-style-type: none">(i) They fulfil the criteria as an Independent Director as defined in the Listing Requirements, and therefore is able to bring independent and objective judgment to the Board;(ii) Their immense experience in their respective fields/background enable them to provide the Board with a diverse set of experience, expertise, skills and competence;

	<p>(iii) They understand the Company's business operations which allow them to participate actively and contribute to deliberations or discussions at the Board and Committees meetings;</p> <p>(iv) They devote sufficient time and effort and attend all the Board and Committees meetings, for informed and balanced decision making; and</p> <p>(v) They exercise due care with their professionalism aptitude as Independent Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company and shareholders.</p> <p>Based on the following justifications, resolutions on the continuation to act as Independent Directors will be tabled at the Company's 43rd AGM to be held on 9 May 2019.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Not Adopted
Explanation on the adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board. The Board is of the view that diversity is considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills and knowledge.</p> <p>The NRC will continue to consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics are sought, as part of its selection exercise for Board and Senior Management of the Company.</p> <p>The appointments of Tee Beng Thong and Sharifah Sofia Syed Mokhtar Shah during the year reflect the Board's commitment in ensuring the Board's diversity.</p> <p>For Financial Year 2018, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Company's businesses. The composition of the Board is such that no individual or small group of individuals can dominate the Board's decision making.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, cultural background, gender and age. For the Financial Year 2018, the Company had approved the appointment of a new Chief Operating Officer, Technical & Engineering. The profile of the Key Senior Management is disclosed in the Company's Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on the application of the practice	:	
Explanation for departure	:	<p>The Board during the Financial Year 2018 had appointed another woman Director making the total number of women Director on the Board of MMC to two (2).</p> <p>Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board. The increase in the number of women representations on the Board, reaffirms the Board's commitment in supporting the country's aspiration in increasing women representation on the Board.</p>
	:	<p>Alternative Practice: The Board would consider the appointment of a suitably qualified candidate, including women, on the Board of the Company. The appointment must be one that complements the Board's dynamic which consists of individuals from diverse academic backgrounds/experience that is relevant to the operation/business of the Company.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The Board will endeavour to source for more women representation on the Board.
Timeframe	:	By 2021

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on the application of the practice	:	There is a formal process in place for the selection and the appointment of Independent Directors to ensure transparency and objectivity in such appointments. The Company's Constitution allows nomination by the shareholders. The Board also utilises various sources to identify suitable qualified candidates. The Board then, through the NRC, review the general qualifications and experience, as well as the specific qualifications a candidate should possess to ensure the Board maintained the appropriate mix of diversity, skills, experience and expertise. A background check with the Malaysian Anti-Corruption Commission ("MACC") would also be conducted on the candidate to ensure that the candidate does not have any record with MACC for corruption-related offences which could affect his appointment as a Director of MMC. The NRC will also assess whether the candidate has any interest or relationship that may impact or influence his ability to act in the best interest of MMC before a recommendation is made to the Board to appoint the candidate as an Independent Director of MMC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The NRC is chaired by YBhg. Tan Sri Dato' Seri Shamsul Azhar Abbas, an Independent Non-Executive Chairman.</p> <p>The membership of the NRC is set out in the Terms of Reference ("TOR"). The Terms of Reference of the NRC is published on the Company's website at www.mmc.com.my</p> <p>An excerpt of the NRC TOR is also disclosed in the Board Policy Manual which is also available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Departure	
Explanation on the application of the practice	:		
Explanation for departure	:	The Board had, for Financial Year 2018, undertaken the annual assessment exercise to evaluate the performance of the Board, Board Committees as well as the performance of individual Directors via a 360° evaluation which is conducted internally.	
	:	Alternative Practice: The assessment exercise is facilitated by the Group Corporate Secretarial Department.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will consider engaging an Independent Consultant to undertake the annual assessment exercise for the Board, once in every three (3) years.	
Timeframe	:	By 2021	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board has established a formal and transparent process in determining the appropriate remuneration package for the Board.</p> <p>The Board, with the assistance of the NRC, reviews the level of remuneration of Directors to ensure that it is sufficient to attract and retain the Directors needed to lead the Company to success. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors.</p> <p>The NRC is also responsible for reviewing the general remuneration policy of MMC Group of Companies to ensure alignment of compensation to corporate performance.</p> <p>The NRC is also responsible for recommending to the Board the utilisation of the provision for annual salary increment and performance bonus for each financial year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The NRC comprises wholly of Independent Directors. The Terms of Reference ("TOR") of the NRC is published on the Company's website at www.mmc.com.my</p> <p>An excerpt of the NRC TOR is also disclosed in the Board Policy Manual which is also available on the Company's website.</p> <p>The duties of the NRC include amongst others:</p> <ul style="list-style-type: none">• Consider and recommend to the Board suitable candidates for appointment as Board members of MMC, its Committees, subsidiaries and associates companies based on the pre-determined criteria;• Assess annually the effectiveness and performance of the Board as a whole, its Committees and the contribution of each individual Director;• Assess annually the independence of an Independent Director who has served for a cumulative period of nine (9) years;• Facilitate Director's induction and training programs;• Review and recommend to the Board the general remuneration policy of the MMC Group of Companies;• Recommend to the Board the remuneration package of the Non-Executive Directors, Group Managing Director/Group Chief Executive Officer and Senior Management of MMC Group of Companies (Grade 17 and above); and• Review the performance of the Group Managing Director/Group Chief Executive Officer and Executive Directors within the MMC Group against their predetermined performance targets. <p>The NRC had, during the Financial Year 2018, reviewed and made recommendations on the following matters to the Board:</p>

	<ul style="list-style-type: none"> • Evaluation of the size, composition and effectiveness of the Board; • Re-election of Directors and continuation in office as Independent Director at the 2018 Annual General Meeting (“AGM”); • Proposed remuneration review, annual increment and performance bonus for the employees; • Proposed appointment of Senior Management members; • Proposed remuneration review, annual increment and performance bonus for the GMD; • Proposed appointment of new Non-Independent Non-Executive Director; • Proposed appointment of Senior Independent Director; • Proposed improvement on salary range of MMC; • Proposed salary benchmarking of Senior Management; • Proposed entry level salary for MMC’s technical employees; and • Proposed MMC’s FY 2019 Corporate KPIs.
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on the application of the practice	:	The remuneration received by each of the Non-Executive Director and the GMD for the Financial Year 2018 is disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2018. The breakdown of the remuneration includes monthly fees, Committees' fixed allowance, meeting allowances, benefits-in-kind, etc.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application :	Applied																																					
Explanation on the application of the practice :	<p>The Board has in place policies and procedures to determine the remuneration of Senior Management, which take into account the demands, complexities and performance of the Company as well as skills and experience required.</p> <p>The disclosure on the remuneration of the top five (5) Senior Management on a named basis for the Financial Year 2018, is made in bands of RM50,000.00, as follows:</p> <table border="1" data-bbox="438 958 1407 1944"> <thead> <tr> <th rowspan="2">Name of Senior Management</th> <th colspan="4">Range of Remuneration</th> </tr> <tr> <th>RM750,001 - RM800,000</th> <th>RM800,001 - RM850,000</th> <th>RM950,001 - RM1,000,000</th> <th>Above RM1,000,000</th> </tr> </thead> <tbody> <tr> <td>Mohd Shahar bin Yope @ Yahya (Group Chief Financial Officer)</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Dr. Mabel Lee Khuan Eoi (Director, Group Treasury)</td> <td></td> <td></td> <td>X</td> <td></td> </tr> <tr> <td>Mohd Razin bin Ghazali (Chief Operating Officer, Technical & Engineering)</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ian Brian James (Group Chief Executive Officer, MMC Port Holdings Sdn Bhd)</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Ir. Chee Weng Loon (Director, Engineering & Contracts)</td> <td></td> <td></td> <td></td> <td>X</td> </tr> </tbody> </table> <p>The breakdown of the remuneration includes salary, bonus, benefits-in-kind and other emoluments.</p>				Name of Senior Management	Range of Remuneration				RM750,001 - RM800,000	RM800,001 - RM850,000	RM950,001 - RM1,000,000	Above RM1,000,000	Mohd Shahar bin Yope @ Yahya (Group Chief Financial Officer)		X			Dr. Mabel Lee Khuan Eoi (Director, Group Treasury)			X		Mohd Razin bin Ghazali (Chief Operating Officer, Technical & Engineering)	X				Ian Brian James (Group Chief Executive Officer, MMC Port Holdings Sdn Bhd)				X	Ir. Chee Weng Loon (Director, Engineering & Contracts)				X
Name of Senior Management	Range of Remuneration																																					
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Ir. Chee Weng Loon (Director, Engineering & Contracts)				X																																		

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

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on the adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Audit Committee is chaired by the Senior Independent Director, YBhg. Datuk Ooi Teik Huat.</p> <p>The Terms of Reference ("TOR") of the Audit Committee is published on the Company's website at www.mmc.com.my</p> <p>An excerpt of the TOR of the Audit Committee is also disclosed in the Board Policy Manual which is also available on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on the application of the practice	:	None of the members of the Board is a former key audit partners and as such, there is no such person being appointed as a member of the Audit Committee. Nevertheless, the Management has included in the TOR of the Audit Committee the policy on observation of a cooling-off period of at least two (2) years for a former key audit partner prior to the appointment as a member of the Audit Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Audit Committee is responsible for reviewing, assessing and monitoring the performances, suitability and independence of the External Auditors in accordance with a framework/policy which was approved by the Board. The Policy is in line with Practice 8.3 of the Code.</p> <p>The assessment will be conducted annually to assess the performance of the External Auditors prior to making a recommendation to the shareholders for re-election.</p> <p>In 2018, the Audit Committee has assessed the performance of the External Auditors, Messrs. PricewaterhouseCoopers PLT ("PWC"), and was satisfied with the quality of the services rendered and the competency and sufficiency of resources provided for the Company. In view thereof, the Audit Committee recommended for PWC to be retained as the Company's External Auditors for 2019. A resolution on the re-appointment of PWC as the Company's Auditors will be tabled at the forthcoming 43rd AGM to be held on 9 May 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on the adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Board reviews the performance of the Audit Committee through the annual Board Committee assessment. The members of the Audit Committee have the relevant accounting or related experience/expertise in auditing to effectively discharge their duties.</p> <p>The Chairman and the members of the Audit Committee are financially literate and have carried their duties in accordance with the TOR of the Audit Committee.</p> <p>The members undertake continuous professional development to keep abreast of the latest and relevant developments in the accounting and auditing standards, practices, rules, regulations, etc.</p> <p>During the Financial Year 2018, the members of the Audit Committee had attended the relevant training to better equipped themselves and to assist them in discharging their duties as members of the Audit Committee.</p> <p>The qualification of the Audit Committee members is disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>Based on the annual Board Committee assessment, the Board is satisfied with the performance of the Audit Committee and its members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.1

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

Application	: Applied
Explanation on the application of the practice	<p>The risk management and internal control framework of the Group was approved by the Board.</p> <p>The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to changes in the business environment. There are two (2) Committees at the Board level that have the primary risk management and internal control oversight responsibilities:</p> <ul style="list-style-type: none"> • The Finance, Investment and Risk Committee – oversight over risk management • The Audit Committee – oversight on governance, internal control system and financial matters. <p>The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:</p> <ul style="list-style-type: none"> • Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators • Reviews of specific transactions, projects or opportunities are also discussed between the Management and the Board as and when required. This allows the Board and the Management to manage potential risks • The Group's Risk Management Report is presented quarterly to the Finance, Investment and Risk Committee by the Group Risk Management Department to provide an overview of the Group's key risks and how they are being addressed. It also includes the summary report on Health, Safety and Environment of the Group. The report is also presented to the Board. The Board notes and provides its views which are then communicated to the respective risk owners by the Risk Management Department • The Audit Committee deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also updated to the Audit Committee to enable monitoring of the actions.

	<p>The details of the Risk Management and Internal Control of the Group are disclosed in the Company's Annual Report.</p> <p>The activities of the Finance, Investment and Risk Committee are also disclosed in the Company's Annual Report 2018.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on the application of the practice	:	<p>A Statement on the Risk Management and Internal Control System of the Group is disclosed in the Company's Annual Report.</p> <p>For the Financial Year 2018, the Board was of the opinion that the risk management and internal control systems were adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of MMC.</p> <p>There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty to the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on the adoption of the practice	:	All three (3) members of the Finance, Investment and Risk Committee namely, YBhg. Dato' Abdul Hamid Sh Mohamed (Chairman), YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Siti Halimah Ismail are Independent Directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on the application of the practice	:	<p>The Board has established an in-house internal audit function for the Group which is headed by the Chief Internal Auditor (“CIA”). The Group Internal Audit (“GIA”) is independent of Management where it has a direct reporting to the Audit Committee, and administratively to the GMD. The function of the GIA is governed by the GIA Charter which is approved by the Audit Committee.</p> <p>The role of the GIA is to provide an independent and objective assurance on governance, risk management and control system of the Group. It conducts regular audits on all subsidiaries and principal areas of operation within the Group to ensure that the Group’s system of internal controls remains effective and efficient, and is adequately monitored and enhanced.</p> <p>The CIA is responsible for reporting to the Audit Committee on the assessment of adequacy and effectiveness of the Group’s control mechanism.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The internal auditors are free from any relationship or conflict of interest or undue influence on others that could impair their objectivity and independence.</p> <p>The independence of the GIA is derived from its direct reporting and unencumbered access to the Audit Committee.</p> <p>The CIA, Ms. Lucy Wong Kam Yang, a Certified Internal Auditor, reports directly and functionally to the Audit Committee and administratively to the GMD.</p> <p>There are eight (8) staffs under the GIA Department with relevant qualifications and experience.</p> <p>The function of the GIA is governed by the GIA Charter which is approved by the Audit Committee.</p> <p>The details of the GIA functions and activities are disclosed in the Company's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The Company maintains a Corporate website at www.mmc.com.my which provide information relating to Annual Reports, quarterly results and all other announcements as prescribed by the Listing Requirements on a timely manner for the shareholders/stakeholders' information. The Board Policy Manual, TOR of the NRC and Audit Committee are also disclosed on the Company's website.</p> <p>The Company values feedback from its shareholders and encourages them to actively participate in discussions and deliberations. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Company ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.</p> <p>The Company continues to meet with research analysts, fund managers, members of the media/business editors and institutional investors, from both the local and international investment community. In 2018, MMC participated in investor conferences to provide updates on the latest developments within the Group.</p> <p>There is also a dedicated section on Investors' Relation on the Company's website for dissemination of corporate and financial disclosures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on the application of the practice	:		
Explanation for departure	:	The Management is still conducting study/research on integrated reporting.	
		Alternative Practice: Not available.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will adopt integrated reporting based on a globally recognised framework. The integrated report will then be published in the Company's Annual Report.	
Timeframe	:	By 2021	

Intended Outcome

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

Practice 12.1

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

Application	:	Departure	
Explanation on the application of the practice	:		
Explanation for departure	:	The Notice of the 43 rd AGM of the Company is dated 17 April 2019, a 21 days' notice, which is within the requirement stipulated by the Companies Act 2016 and the Listing Requirements.	
		Alternative Practice: Not available.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will endeavour to issue a 28 days' notice for the Company's Annual General Meeting.	
Timeframe	:	By 2021	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on the application of the practice	:	<p>All Directors attended the Company's 42nd AGM held on 14 May 2018, to engage directly with the shareholders. The Chairmen of the Audit Committee; Nomination and Remuneration Committee and Finance, Investment and Risk Committee were on standby to receive any queries by the shareholders in relation to the activities and functions of their Committees.</p> <p>The Management and External Auditors were also in attendance at the Company's 42nd AGM to respond to the shareholders' queries.</p> <p>The proceedings of the 42nd AGM included the presentation by the GMD on highlights of the MMC Group's financial performance and business operations overview for 2017, to deepen the shareholders' understanding of the Company's state of affairs.</p> <p>The Company also shared with the shareholders, the responses to the questions raised by the Minority Shareholders' Watchdog Group ("MSWG") at the Meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on the application of the practice	:		
Explanation for departure	:	The voting of resolutions at the 43 rd AGM will be conducted via Electronic Polling which requires the presence of the shareholders to vote.	
		The AGMs are held at a venue which is easily accessible to the shareholders of the Company with sufficient notice given.	
		Alternative Practice: Shareholders are allowed to appoint a proxy to attend, participate and vote in his stead at a general meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will undertake a further review on this matter to allow the shareholders to vote in absentia.	
Timeframe	:	By 2021	

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

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

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