

## CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0080  
**COMPANY NAME** : STRAITS INTER LOGISTICS BERHAD (formerly known as Raya International Berhad)  
**FINANCIAL YEAR** : December 31, 2017

### OUTLINE:

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

#### Remark :

In order to provide the latest status update of the Company, this Disclosure on Corporate Governance also includes information up to 12 April 2018.

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (“the Board”) of Straits Inter Logistics Berhad (formerly known as Raya International Berhad (“Straits” or “the Company”) recognizes the importance of practising good corporate governance throughout the Group and supported the principles and recommendations in the Malaysian Code on Corporate Governance (“MCCG or the Code”) 2017 in discharging its responsibilities and maximise shareholders’ value and the financial performance of the Group.</p> <p>The duties, powers and functions of the Board are governed by the Articles of Association of the Company, the Companies Act 2016, ACE Market Listing Requirements (ACE LR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and other regulatory guidelines and requirements that are in force. In discharging its duties and roles effectively, the Board is also guided by the Board Charter, which sets out the principles and guidelines that are to be applied by the Board, whilst the Board committees are guided by its respective terms of reference.</p> <p>The Board Charter and the Terms of Reference for each Board Committee can be found at the Straits’s website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a>.</p>

**cont../ Practice 1.1**

The Board has established three (3) Board Committees, namely, the Audit Committee (“AC”), Nomination and Remuneration Committee (“NRC”) and Board Risk & Compliance Committee (“BRCC”), each operating within the defined Terms of Reference, to assist the Board in discharging its responsibilities.

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.

The AC 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.

While, the NRC 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.

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.

The Board has overall responsibility for the performance of the Group and its responsibilities amongst others include the following:-

- a) Establishing corporate objectives and developing a strategic plan for the Company.
- b) Review, challenge and decide on management’s proposals for the company and monitor its implementation by management
- c) Establishing and reviewing the strategic direction of the Company

<p><b>cont../ Practice 1.1</b></p>	<ul style="list-style-type: none"> <li>d) Ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability</li> <li>e) Supervise and assess management performance to determine whether the business is being properly managed</li> <li>f) Ensure the integrity of the company’s financial and non-financial reportings</li> <li>g) Ensure there is a sound framework for internal controls and risk management</li> <li>h) Review and approve policies of the Company including Delegation of Authority Limit (“DAL”)</li> <li>i) Approve the nomination, selection, succession policies, and remuneration packages for the Board members, Board Committee members, Nominee Directors on the functional Boards of the subsidiaries and the Principal Officers (CEO, CFO, COO) of the Group</li> <li>j) Understand the principal risks of the company’s business and recognize business decisions involve risks</li> <li>k) Set the risk appetite and establish a sound framework to manage risks</li> <li>l) Ensure that senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of board and senior management</li> <li>m) Ensure that the company has procedures in place to enable effective communication with stakeholders</li> </ul>
<p><b>Explanation for departure</b> :</p>	<p>N/A</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is headed by YAM Dato' Seri Tengku Baharuddin Ibni Sultan Mahmud. His profile can be viewed on page 11 of the Annual Report.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Section 11 of the Board Charter of Strait which is available on the Company's website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a></p> <p>The Chairman, in consultation with the GMD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.</p> <p>The Chairman plays a key role in the conduct of General Meetings. Besides ensuring proper flow of resolutions tabled at the meeting, he manages the communication on the floor.</p> <p>The Chairman of the Board also act as Chairman at all general meetings of the Company.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman and the GMD are clearly separated, as outlined in the Board Charter of Straits.</p> <p>The separation of position is to promote accountability and facilitate the division of responsibilities as required by the MCCG 2017.</p> <p>The Board practices a clear demarcation of duties and responsibilities between the Chairman and GMD to ensure a balance of power and authority in the Board.</p> <p>The positions of Chairman and Group MD are held by two different individuals. The Chairman, YAM Dato' Seri Tengku Baharuddin Ibni Sultan Mahmud holds position as Non- Independent Non-Executive Chairman, whilst GMD is Dato' Sri Ho Kam Choy who holds position as an executive director.</p> <p>The GMD is accountable for the operation and strategic development of the Group, and obliged to refer major matters to the Board. In addition, the Board also oversees the conduct of the Company's business, whereby it devises and puts in place adequate systems of control, focuses primarily on the mitigation of any foreseeable or potential risk besetting the Company.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is supported by two (2) suitably qualified and competent company secretaries. Both Company Secretaries are qualified Secretaries under Section 235(2)(a) of the Companies Act 2016 .</p> <p>The Company Secretaries are external Company Secretaries from Mega-Wan Secretarial Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.</p> <p>Every Director has unrestricted access to the advice and the services of the Company Secretaries i.e Puan Wan Haslinda and Mr. Sangar Nallappan who are members of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA) and Malaysian Association of Company Secretaries (MACS) respectively in ensuring the effective functioning of the Board.</p> <p>The Company Secretaries ensure that Board Policies and procedures are followed and reviewed regularly, and responsible to ensure that each Director is made aware of and provided with guidance as to his/her duties, responsibilities and powers.</p> <p>The Company Secretary provides a central source of guidance and advice to the Board and its committee, on matters relating to application of good corporate governance practices and on compliance with relevant laws.</p> <p>The Board is also regularly updated from time to time by the Company Secretary and/or Management on updates to the regulations and guidelines as well as new development on regulations imposed by the regulators.</p>

<b>cont../ Practice 1.4</b> :	<p>The Board is satisfied with the performance and support rendered by the Company Secretary in the discharge of its duties effectively. The Company Secretary plays an advisory role to the Board in relation to Group policies and procedures, compliance with regulatory requirements, codes and guidelines.</p> <p>The Company Secretary also facilitates directors' training.</p> <p>The Company Secretary attends all Board and Board Committee meetings.</p> <p>The Company Secretary ensures that deliberations at Board and Board Committee meetings are well documented</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors have full and timely access to information concerning the Group. The Directors are provided with the relevant agenda and meeting papers in sufficient time prior to scheduled Board /Board Committee meetings to enable them to have an overview of matters to be discussed, or reviewed at the meetings and to seek further clarifications, if any.</p> <p>During the year, there were six (6) Board meetings held to deliberate on financial and non-financial matters and decide on immediate strategic matters.</p> <p>In addition, there were eight (8) Audit Committee (AC) Meeting, and two (2) Nomination &amp; Remuneration Committee (NRC) meetings were held in FY2017.</p> <p>The agenda together with the board papers are disseminated to the Board via email prior to the meetings to enable them to study the matters which require their decisions or opinions. The Board seeks further information and clarification from the management in order to make an informed decision, as and when necessary.</p> <p>Further, the Management were invited to attend the Board Meetings to present and brief the Board on the relevant matters pertaining to their areas of responsibility as and when required.</p>

<b>cont../ Practice 1.5</b> :	<p>The deliberations and conclusion of issues discussed at meetings are duly recorded in minutes. All deliberations and decisions of the Boards are properly recorded and documented by the Company Secretary including whether any directors abstained from voting of deliberating on manner.</p> <p>The decisions made at meetings were communicated to management /relevant parties in a timely manner to ensure appropriate execution.</p>	
<b>Explanation for departure</b> :	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the Board Charter which sets out the duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the relevant Board Committees and management in discharging its fiduciary and leadership functions.</p> <p>The Board charter is available on the Company's corporate website <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a> which sets out, amongst others:</p> <ul style="list-style-type: none"><li>• composition of the Board</li><li>• duties and responsibilities of the Board</li><li>• separation of powers between Chairman and Group Managing Director</li><li>• establishment of Board Committees</li><li>• roles of Chairman</li><li>• Board processes</li></ul> <p>The Board Charter would be reviewed periodically and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board Charter shall be approved by the Board</p>

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

**Intended Outcome**

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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia in discharging its role effectively. The Code of Ethics requires all Directors to observe high ethical business standards and to apply these values to all aspects of the Group’s business and professional practices and to act in good faith in the best interest of the Group and its shareholders.</p> <p>In discharging his or her duty to direct the management of the business and affairs of the Straits Group, a director shall at all times act in a manner he or she believes to be in good faith and in the best interests of the Straits Group, and exercise the care an ordinary prudent person in a like position would exercise under similar circumstances.</p> <p>Conflict of Interests</p> <p>Avoid any conflict of interests with the Company and disclose immediately all contractual interests, whether direct or indirect, with the Company and Straits Group.</p>

<b>cont../ Practice 3.1</b> :	<p>Occupational Safety and Health</p> <p>Straits is committed to ensuring the safety and health of all our employees and customers, which is demonstrated by our endeavours to integrate occupational safety and health (OSH) practices into the business practices and strategy at all times.</p> <p>The recent revision of the COBE was approved by the Board on 26 March 2018.</p> <p>The COBE is available on the Company's official website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a></p>	
<b>Explanation for departure</b> :	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is currently undertaking to develop a Whistle-blowing Policy as a communication and feedback channel for employees to report on any misconduct or malpractices within the Group such as corruption, fraud and dishonest practices at the workplace.</p> <p>The Whistle-blowing Policy is at a drafting stage and will be tabled to the Board for approval by Quarter 3 of 2018</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Quarter 3 , 2018

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Board comprises the following:-</p> <table border="1"><thead><tr><th>Category</th><th>Composition</th><th>%</th></tr></thead><tbody><tr><td>Executive Director</td><td>2/6</td><td>33</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>2/6</td><td>33</td></tr><tr><td>Independent Non-Executive Director</td><td>2/6</td><td>34</td></tr></tbody></table> <p>Both Independent Non-Executive Directors who represent one third (1/3) of the Board are independent of management and free from any businesses or relationships which could materially interfere with the exercise of their independent judgement and decision-making.</p> <p>The Independent Directors are essential in providing unbiased and independent opinion, advice and judgement thus plays a key role in corporate accountability. The Independent Non-Executive Directors are persons of calibre and credibility with the ability to exercise independent judgment in the Board without fear or favour.</p> <p>Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long-term interests of all stakeholders.</p>	Category	Composition	%	Executive Director	2/6	33	Non-Independent Non-Executive Director	2/6	33	Independent Non-Executive Director	2/6	34
Category	Composition	%												
Executive Director	2/6	33												
Non-Independent Non-Executive Director	2/6	33												
Independent Non-Executive Director	2/6	34												

<p><b>cont../ Practice 4.1</b> :</p>	<p>Currently, the lack of majority independent Directors in terms of delivering 50% of composition does not jeopardise independent Boards' deliberations and all decisions are made in the best interests of the Company.</p> <p>The NRC has assessed the Board composition and acknowledged that the current size and composition of Directors would need to be reviewed to provide a balance mix of gender and race required in the boardroom. The Board is mindful of the recommendation of the MCCG that the Board must comprise of at least half of independent directors.</p>	
<p><b>Explanation for departure</b> :</p>	<p>N/A</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**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not Applicable	
<b>Explanation on application of the practice</b>	:	The Board does not have any Independent Director who has served more than nine (9) years as at the date of this Report.  As such, this practice is not applicable to the Company	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	In line with the recommendation by the Malaysian Code on Corporate Governance 2017, the Board had revised the Board Charter and clearly stated that the tenure of an Independent Director shall not exceed a cumulative term of 9 years

### 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 regards to diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new member of the Board is guided by the expertise, experience and competency of the individual candidate with gender diversity forming part of the consideration in the selection of the potential candidate. The Board and the NRC take into account the diversity in the skills, experience, age, race/ethnicity and nationality of the existing Board in seeking potential candidates.</p> <p>The Group adopts non-discriminatory policy in employing talents to fulfil its human resource needs at all levels including Board especially in ensuring gender diversity.</p> <p>The Board is supportive of gender diversity in the Board composition and Senior Management. In relation to recommendation on gender diversity, one of the subsidiaries consists of a female Director and the senior key management also consists of a female.</p> <p>The Board through the Nomination &amp; Remuneration Committee will consider the gender diversity as part of its future selection and will look into having female board representation by year 2019. Presently, the Board is of the opinion that the current size and composition of the Board is appropriate to commensurate the group's business skill requirement and effective decision making</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>The Board acknowledged the non - application of Practice 4.5 and has agreed for the Group to consider appointing women directors to the Board to support the Group's growth strategies.</p> <p>The Board would consider the appointment of a suitably qualified woman candidate on the Board of the Company. The appointment must be one that complements the Board's dynamics which consists of individuals from diverse academic backgrounds/experience that is relevant to the operation/business of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will endeavour to source for more women representation on the Board
<b>Timeframe</b>	:	By year 2019

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The NRC comprising of Independent Non-Executive Directors, is tasked with the responsibility to identify and select potential new Directors and to make recommendations to the Board for the appointment of Director. The Committee is responsible for reviewing candidates for appointment to the Board Committees, and making recommendations to the Board for approval</p> <p>The NRC would recommend suitably qualified candidates for appointment to the Board which fits the criteria requirements that the Board is looking for.</p> <p>The Board and NRC did not utilise independent sources to identify suitably qualified candidates as the management understands the specialised industry it operates in.</p> <p>However, the Committee is open to referrals from external sources available such as industry and professional associations, as well as independent search firms.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	In line with the recommendation of the Malaysian Code on Corporate Governance, apart from referrals from Directors, major shareholders and management, the Board is open to utilising independent sources to identify suitably qualified candidates, where necessary.
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of NRC is Mr. Ho Fook Meng who is an Independent Director.</p> <p>The composition of the NRC can be found on page 3 of the Annual Report.</p> <p>The Terms of Reference of the NRC is made available on the Company's website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to 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 NRC assesses the effectiveness of the Board as a whole, all committees of the Board and the contribution of each individual Director annually.</p> <p>This assessment is internally facilitated and conducted on a peer and self-evaluation basis through questionnaires circulated to the Directors covering the aspects associated with Board's and Board committees' effectiveness. Completed questionnaires and the results of the evaluations are collated into a report and provided to all Directors.</p> <p>The results are deliberated by the Nomination &amp; Remuneration Committee and subsequently by the Board and key issues arising thereon are identified for further action to be taken by Executive Management</p>
<b>Explanation for departure</b>	:	N/A
<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>	:	N/A
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established a formal remuneration policy for the Executive Directors (ED), Non-Executive Directors and senior management to align with business strategy and long term objectives of the Company and its subsidiaries. The policies and procedures are periodically reviewed and made available on the Company's website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a>.</p> <p>Directors' fees and other benefits in-kind paid to the Non-Executive Directors for carrying their duties as Directors of the Company are approved at the Annual General Meeting by the Shareholders of the Company.</p> <p>The detailed remuneration of ED, Non-Executive Directors and the top two (2) Senior Management personnel are disclosed in the CG Overview Statement on pages 28 and 29 of the 2017 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company has a combined Nomination &amp; Remuneration Committee (NRC). The NRC comprises all Independent Non-Executive Directors.</p> <p>The NRC is responsible for assessing the performance of the individual Board members and Board Committees. The assessment was done annually vide Directors' Performance Evaluation on interactions contributed, input quality and understanding of role.</p> <p>The primary function of the NRC is to review and to recommend to the Board the remuneration packages and other terms of employment of the executive directors and directors' fee and benefits of the Non-Executive Directors. The Terms of Reference of the NRC is made available in the Company's website at <a href="https://www.straits-interlogistics.com">https://www.straits-interlogistics.com</a>.</p> <p>Further information on the duties, responsibilities and activities of the NRC can be found on page 26 &amp; 27 in the 2017 Annual Report.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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>	:	The detailed disclosure on named basis for the remuneration of individual directors are stated in the Corporate Governance Overview Statement of page 28 & 29 of the Annual Report 2017.
<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 RM50,000.00.

<b>Application</b>	:	Departure						
<b>Explanation on application of the practice</b>	:							
<b>Explanation for departure</b>	:	<p>The remuneration of the top two Senior Management Team of the Company for 2017 is as follows:-.</p> <table border="1"><thead><tr><th><b>Range of Remuneration (Annual) (RM)</b></th><th><b>Top two Senior Management</b></th></tr></thead><tbody><tr><td>50,000 and below</td><td>1</td></tr><tr><td>50,001 – 100,000</td><td>1</td></tr></tbody></table> <p>The remuneration of the top two (2) Senior Management of the Company disclosed above is on an aggregate basis.</p> <p>The Company had disclosed the top two senior management's remuneration component in bands width of RM50,000 but not on named basis due to confidentiality and sensitivity of each remuneration package.</p> <p>While the Company notes the need for corporate transparency on the remuneration of key senior management executives, the disclosure of details on a named basis may be detrimental to its business interests, given the competitive human capital environment for personnel with the requisite knowledge, expertise and experience of the Company's business activities.</p> <p>The Company also believes that the non-disclosure of the information on key personnel and their remuneration will not affect the interest of its shareholders.</p>	<b>Range of Remuneration (Annual) (RM)</b>	<b>Top two Senior Management</b>	50,000 and below	1	50,001 – 100,000	1
<b>Range of Remuneration (Annual) (RM)</b>	<b>Top two Senior Management</b>							
50,000 and below	1							
50,001 – 100,000	1							

<b>cont../ Practice 7.2</b>	: The Company has disclosed the remuneration of its top two (2) senior management personnel in the band of RM50,000.00 as disclosed in the CG Overview Statement on pages 29 of the Annual Report instead of on named basis. This is in line with the spirit of the disclosure guidelines and in the interest of the employees concerned and shareholders.
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*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**

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>	:	As an alternative, the Company has disclosed the remuneration of its top two (2) senior management personnel in the band of RM50,000 as disclosed in the CG Overview Statement on pages 29 of the Annual Report

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Audit Committee Mr. Leong Fook Heng and he is not the Chairman of the Board.</p> <p>The Chairman of the Board is currently held by YAM Dato' Seri Tengku Baharuddin Ibni Sultan Mahmud.</p> <p>The Chairman of the AC and the Chairman of the Board are held by different individuals to allow the Board to objectively review the AC's findings and recommendations.</p> <p>The Chairman of the AC is a member of the Malaysian Institute of Accountants ("MIA") and has vast experience in finance and corporate matters to lead discussions and deliberations related to financial issues and to review results and statements. His full profile can be viewed on page 16 of the 2017 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently, none of the Audit Committee members is a former key audit partner. If a former key audit partner is to be appointed as a member of Audit Committee, he would need to observe the cooling-off period of at least two (2) years before his appointment as a member of the Audit Committee.</p> <p>The Board acknowledged the non - application of Practice 8.2.</p> <p>The Terms of Reference of the Audit Committee and the Board Charter will be amended to clearly provide that in the event that a former key audit partner of the External Auditors is appointed as a member of the Audit Committee, he or she shall be subject to a minimum two (2) years cooling-off period before being appointed as a member of the Audit Committee.</p> <p>The above new policy will be approved by the Board as and when need arises.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The AC is responsible for reviewing, assessing and monitoring the performances, suitability and independence of the External Auditors as stated in the Terms of Reference of the AC.</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 2017, the AC has assessed the performance of the External Auditors, Messrs. Moore Stephens Associates PLT ("Moore Stephens") and was satisfied with the quality of the services rendered and the competency and sufficiency of resources provided for the Company.</p> <p>In view thereof, the AC recommended for Moore Stephens to be retained as the Company's External Auditors for financial year ending 2018. A resolution on the re-appointment of Moore Stephens as the Company's Auditors will be tabled at the forthcoming 21<sup>st</sup> AGM to be held on 27 June 2018.</p> <p>The Audit Committee has yet to formalize the policies and procedures to assess the suitability, objectivity and independency of the external auditor.</p>

<b>cont../ Practice 8.3</b> :	However, the Audit Committee shall establish the policies and procedures and recommend them for the Board approval in 2019.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :	The Audit committee with the assistance of the Internal Auditor of the Company will establish and formalize the policies on the annual assessment of the external auditor.	
<b>Timeframe</b> :	FY2019	

**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>	:	The members of the Audit Committee comprises majority independent and non-executive directors which in compliance with the ACE Market Listing Requirement.  However, the Board is mindful of the recommendation of the Code.

### 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 Chairman of the Audit Committee, Mr Leong Fook Heng is an Associate Member of the Institute of Chartered Secretaries and Administrators (United Kingdom) and Associate Member of Chartered Institute of Management Accountants (United Kingdom). He is also a Member of the Malaysian Institute of Accountants.</p> <p>The profile of the Audit Committee Members can be found on page 11, 15 &amp; 16 of the 2017 Annual Report.</p> <p>The members of Audit Committee has undertaken continuous professional development and training during the FY 2017 as disclosed on page 25 of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established Board Risk &amp; Compliance Committee (BRCC) on 26 March 2018.</p> <p>The Board has extended the responsibilities of the Audit Committee ("AC") to include the role of reviewing and monitoring the effectiveness of the Group's internal control system prior to the establishment of the BRCC.</p> <p>With the establishment of the BRCC, the full framework of Risk Management and Internal Control framework will be improvised further and targeted to be reviewed by Q3 of 2018.</p> <p>Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has established the Framework for Enterprise Risk Management</p> <p>The Board has an established Board Risk &amp; Compliance Committee (BRCC). This committee should be responsible for providing independent counsel, advice and direction with regards to risk management.</p> <p>BRCC will seek input from internal auditors and external auditors including others in carrying out its responsibilities as per its Terms of Reference. The BRCC should have an understanding of the risk management strategy and risk management implementation plan followed in the company and oversight responsibilities relating to risk management. This understanding helps them to add value to the risk management process when giving recommendations.</p> <p>The Statement on Risk Management and Internal Control is stated on page 39 to 41 of the 2017 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - 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>	:	<p>However, the Board has established Board Risk &amp; Compliance Committee (BRCC) to oversee the company's risk management framework and policies with assistance of the Risk Management Committee.</p> <p>Currently, the Board Risk Committee comprises two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.</p>

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function is outsourced to Messrs. Chung Wan Ling &amp; Co. The internal audit function is outsourced to a professional services firm to provide the Audit Committee with an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The internal auditor division conducts scheduled internal audits based on the audit plan presented to and approved by the Audit Committee.</p> <p>During the financial year under review, the Internal Auditor reviewed compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary.</p> <p>The Internal Auditor ("IA") is independent of Management where it reports direct to the AC. The role of the IA is to provide an independent and objective assurance on governance, risk management and control system of the Group.</p> <p>The effectiveness of Internal Audit Function was continuously measures through reviewing the individual internal audit engagement report and annual performance of Internal Audit activities.</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 Internal Audit function is outsourced to Messrs. Chung Wan Ling &amp; Co and discharge its duties and responsibilities in accordance with the terms of engagement. The IA receives instruction from and reports directly to the AC.</p> <p>The internal audit activities, including the audit scope, procedures, frequency and the content of the reports, remain free from any interference.</p> <p>The Internal Auditors are free from any relationships or conflicts of interest, which could impair the audit objectivity and independence for each audit engagement.</p> <p>Messrs. Chung Wan Ling &amp; Co is a member firm of Malaysian Institute of Accountants and also an approved company auditor firm which provides audit and assurance services and is supported by a dedicated team of audit personnel.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensure that communications to shareholders and the investing public in general, regarding the businesses, operations and financial performance of the Group are timely.</p> <p>The Board fully recognizes the rights of shareholders and encourages them to exercise their rights at the Company's AGM.</p> <p>The AGM remains the principal forum for dialogue with shareholders where they may seek clarifications on the Company's business and reports. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board will respond to any question raised during the meeting.</p> <p>Notice of the AGM, annual reports and circulars are sent out with sufficient notice before the date of the meeting to enable the shareholders to have full information about the meeting to facilitate informed decision-making. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.</p> <p>The Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made via Bursa LINK as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.</p>

<p><b>cont../ Practice 11.1</b> :</p>	<p>The Group uses a range of communications to disseminate its information to the public and this includes the uploading of all relevant information on the Group on its website at <a href="http://www.straits-interlogistics.com">www.straits-interlogistics.com</a></p> <p>The corporate website provides all relevant information to shareholders and the investing community. Media releases, analyst reports, quarterly and annual financial statements, announcements, share and financial information, annual reports and circular/statements to shareholders are made available in a dedicated section for investors.</p> <p>The AGM serves as a principal form for dialogue with shareholders. All shareholders are encouraged to attend the AGM, where they can participate and given the opportunity to ask questions and vote on important matters affecting the Group.</p> <p>Members of the Board as well as Executive Management will be present to answer questions raised by the shareholders.</p> <p>The External Auditors will also attend the AGM to answer shareholders' queries on their audit process and report, the accounting policies adopted by the Company and their independence.</p> <p>Annual Report</p> <p>The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.</p> <p>The Company's Annual Report can be obtained by accessing the website at <a href="http://www.straits-interlogistics.com">www.straits-interlogistics.com</a></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

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>	:	As Straits is not under the "Large Companies" category, it has not adopted integrated reporting  The current reporting complies with the requirements of the Companies Act 2016, the applicable accounting standards and the ACE Market Listing Requirements
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The last AGM was held on 19 June 2017 and the Notice convening the AGM was sent to shareholders on 27 April 2017 which is more than 28 days from the date of the meeting.</p> <p>The forthcoming 21<sup>st</sup> AGM of the Company will be convened and held on 27 June 2018. The Notice of the 2018 AGM will be sent to shareholders at least 28 days ahead of the meeting date together with the Audited Financial Statements, agenda for the meeting and Annual Report for 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All Directors attended the Company's 20 <sup>th</sup> AGM held on 19 June 2017, to engage directly with the shareholders. The Chairmen of the AC and NRC were on standby to receive any queries by the shareholders in relation to the activities and functions of their Committees. The Management and External Auditors were also in attendance at the Company's 20 <sup>th</sup> AGM to respond to the shareholders' queries.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company's AGM was held within the capital city limits and has always been in Klang Valley and not in remote location.</p> <p>The venue for the last AGM was at One World Hotel, Bandar Utama City Centre. This venue was easily accessible and was familiar to most shareholders.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p> <p>The Company had implemented poll voting at the 20<sup>th</sup> AGM held on 19 June 2017 for all resolutions as set out in the notice of the AGM. The poll results of each resolution were announced to Bursa Malaysia Securities Berhad after the AGM via Bursa LINK on the same day.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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