

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1198  
**COMPANY NAME** : MAA GROUP 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.*

## 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>During the financial year 2017, the Board has continued to lead and provide direction to management directly as well as indirectly through its committees in relation to the Group's strategic direction and business.</p> <p>The Board will also continue to monitor the Group's operation and financial performance and promote good corporate governance culture within the Group.</p> <p>Please refer to the Company's Corporate Governance Overview Statement in the Annual Report for the full information on the above.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>MAAG's Board Charter sets out the roles and responsibilities of the Executive Chairman.</p> <p>The roles and responsibilities of the Executive Chairman include the following:</p> <ul style="list-style-type: none"> <li>• providing leadership for the Board so that the Board can perform its responsibilities effectively.</li> <li>• setting the Board agenda and ensuring that the Board members receive complete and accurate information in a timely manner ;</li> <li>• leading Board meetings and discussions;</li> <li>• encouraging active participation and allowing dissenting views to be freely expressed;</li> <li>• managing the interface between the Board and management;</li> <li>• ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li> <li>• leading the Board in establishing and monitoring good corporate governance practices in the Company;</li> <li>• to be the spokesperson for the Company; and</li> <li>• to be in charge of branding and corporate imaging of the Company.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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 position of the Executive Chairman is held by Tunku Dato' Yaacob Khyra and the position of the CEO/Group MD is held by Datuk Muhamad Umar Swift.</p> <p>Details on the roles and responsibilities of the Executive Chairman are as set out in Practice 1.2 above.</p> <p>The CEO/GMD is responsible to ensure the implementation of all decisions of the Board and the strategy adopted by the Board and assumes full accountability to the Board for all aspects of the Company's day-to-day operations and overall performance of the Group.</p> <p>The roles of the Executive Chairman and the CEO/Group MD are distinct and separate, each has a clearly accepted division of responsibilities as set out in the Company's Board Charter.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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>MAAG has a qualified and competent Company Secretary, Lily Yin Kam May, who is responsible in advising the Board on governance matters.</p> <p>The roles and responsibilities of the Company Secretary include, but not limited to the following functions:-</p> <ul style="list-style-type: none"> <li>• manage all Board and Board Committees meeting logistics, attend and record minutes of all board and Board Committee meetings and facilitate the Board communications;</li> <li>• advise the Board on its roles and responsibilities;</li> <li>• facilitate the orientation of new directors and assist in director training and development;</li> <li>• advise the Board on corporate disclosures and compliance with company and security regulations and listing requirements;</li> <li>• manage processes pertaining to the AGM;</li> <li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's need and stakeholders' expectations;</li> <li>• serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</li> </ul> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its duties.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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>Generally, the Board papers are circulated to all Board members five (5) working days before the board meeting save for important or urgent matters that require the immediate attention of the Board.</p> <p>The Company places importance for the Board to receive information within a reasonable time in order to prepare adequately for the Board Meeting.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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>To ensure the effective discharge of its function and responsibilities, the Board had established a Board Charter which clearly sets out the relevant matters reserved for the Board's approval, as well as those that are delegated to the Board Committees and Chief Executive Officer.</p> <p>Key matters reserved for the Board's decision include, inter alia, the following:</p> <ul style="list-style-type: none"><li>• Acquisition and disposal of assets of the Company or of its subsidiaries that are material in nature;</li><li>• Investment in new business;</li><li>• Divestment/sale of existing business;</li><li>• Related-party transactions of a material nature;</li><li>• Authority levels for core functions;</li><li>• Investment and treasury policies;</li><li>• Risk Management policies;</li><li>• Outsourcing of core business functions;</li><li>• Corporate proposal on fundraising; and</li><li>• Compensation and remuneration of Directors and key senior officers.</li></ul> <p>The Board Committees are authorised by the Board to undertake the duties and responsibilities in accordance with their respective Terms of Reference. The Chairman of the respective Board Committees reports its recommendation to the Board on matters deliberated in the Board Committee meetings.</p> <p>The Board Charter provides guidance to the Board in the fulfilment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board will continue to review the Board Charter periodically as may be necessary in order to ensure it remains updated should there be changes to the Company's policies, procedures and processes or the relevant legislations and regulations.</p>

	<p>On 23 November 2017, the Board had reviewed and approved the revision to the Board Charter to be in line with the MCCG.</p> <p>The Board Charter is also published on the Company's website.</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

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 had established a Code of Conduct and Ethics which sets out standards of business and ethical conduct based on general principles including, amongst others, integrity, honesty, fair dealing, confidentiality, diversity and compliance with laws which guides all directors and employees in the conduct of their business and that of the Group, in order to promote good corporate governance culture and behaviour.</p> <p>On 23 November 2017, the Board had reviewed and approved the enhancement to the Code of Conduct and Ethics, which is in line with the MCCG.</p> <p>The Code of Conduct and Ethics is also published on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company's Whistle-blowing Policy provides channels to anonymously report on suspected fraud, misconduct and/or wrongdoings against employees, CEO or any directors or the chairman of the Company, whilst ensuring the integrity of the process and information and also the rights of informants.  The Whistleblowing Policy is published on the Company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Currently, the Board comprises of ten (10) members whereby six (6) are Independent Non-Executive Directors.</p> <p>Dedicated Board Committees were also established and are chaired by Independent Non-Executive Directors. The three (3) Board Committees established by the Board namely:</p> <ul style="list-style-type: none"> <li>• Audit Committee;</li> <li>• Risk and Sustainability Management Committee; and</li> <li>• Nomination and Remuneration Committee.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>For financial year ended 2017, the Board had two (2) directors, Tan Sri Datuk Seri Razman Md Hashim and Tan Sri Ahmad bin Mohd Don, who had served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and had obtained the approval of the shareholders during the Annual General Meeting (AGM) on 25 May 2017 to continue to act as Independent Non-Executive Director.</p> <p>The Board is satisfied through the assessment and evaluation by the Nomination and Remuneration Committee, and recommended for them to be re-elected and continue to act as Independent Non-Executive Directors of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, with the recommendation of the Audit Committee and Nomination and Remuneration Committee (NRC) has duly noted and supported the enhanced standard and requirements under the MCGG 2017 in relation to appointment of board and senior management. The Board had on 23 November 2017 approved the revision to the Procedure for the Appointment and Removal of Directors and the Review of the Effectiveness of the Board and Individual Directors to be aligned with the enhanced requirements under the MCGG 2017.</p> <p>The said policy includes assessing the suitability of an individual and proposing candidate for appointment to the Board, take into accounts:-</p> <ul style="list-style-type: none"><li>• skills, knowledge, expertise and experience of the candidate;</li><li>• education qualification and/or working experience of the candidate;</li><li>• age, ethnicity, cultural background and gender of the candidate;</li><li>• the number of directorships already held by the candidate;</li><li>• the candidate's other commitments and resources and time available for input to the Board;</li><li>• relationship of the candidate with any director or major shareholder of the Company.</li><li>• Diversity of the Board composition, including the gender diversity target.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company sees the participation of women as being fundamental to the achievement of equal opportunity in the workplace and has reviewed and continues to implement its Policy on Diversity and Non Discrimination. The relatively large number of female employees in the Group is proof that the gender diversity approach has long been in practice in the Group.</p> <p>The Board had on 23 November 2017, set a target of having at least one (1) woman director on the Board, and had also engaged an independent source to identify suitable women candidates for its consideration.</p> <p>On 22 February 2018, the Board had appointed Datin Seri Raihanah Begum as an Independent Non-Executive Director to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 4.6

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board had sought candidates for an additional independent director to support the recommendation in the earlier 2012 MCGG for majority independent directors where the chairman of the Board is not an independent director.</p> <p>Pursuant to this, the Nomination and Remuneration Committee (NRC) had on 13 April 2017, considered Tunku Dato' Ahmad Burhanuddin ("TAB") for the appointment as an Independent Non-Executive Director for the Board. Based on its assessment, the NRC was of the opinion that TAB had the necessary professional qualifications, skills and experience to be able to contribute positively and effectively to the Board and to undertake and fulfil the duties and responsibilities as an Independent Non-Executive Director of the Company. The Board had on 13 April 2017 approved in principle the appointment of TAB subject to TAB fulfilling and completing the required documentation. TAB was formally appointed on 26 May 2017.</p> <p>The Board had duly noted the new MCGG 2017 requirements issued on 26 April 2017 which includes independent sources in identifying candidates for appointment of directors.</p> <p>The Company had engaged an independent source besides carrying out its own search by approaching business associates and contacts to identify suitably qualified directors who would be interested to consider appointment to the Board of Directors of the Company.</p> <p>In its selection of candidate(s), the NRC had taken into account, amongst others, the following areas:</p> <ul style="list-style-type: none"><li>• background ;</li><li>• skills, abilities and talents ;</li><li>• connections and networks ;</li><li>• time commitment to attend and participate in the meetings scheduled for the year.</li></ul> <p>In addition to the above, the NRC had also considered if the candidate(s):</p> <ul style="list-style-type: none"><li>• will complement the current Board composition with appropriate mix of the required skills, knowledge and expertise to add value to the Board ;</li><li>• will provide the Board with further competencies and be able to</li></ul>



	<p>provide independent and objective advise ;</p> <ul style="list-style-type: none"> <li>• has no material conflicts of interest with the Company.</li> </ul> <p>Based on the assessment, the NRC had selected a candidate, Datin Seri Raihanah Begum, from the list of the candidates who had indicated their interest to be appointed to the Board.</p> <p>The NRC is satisfied that her professional qualifications, skills and experience, especially in insurance, will be able to contribute positively and effectively to the Board and to undertake and fulfil the duties and responsibilities as an Independent Non-Executive Director of the Company.</p> <p>The Board based on the recommendation of the NRC had agreed to the selection and had appointed Datin Seri Raihanah Begum on 22 February 2018.</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**

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>Currently, the Nomination and Remuneration Committee (NRC) comprises of six (6) members, all members are Independent Non-Executive Directors. The Chairman of the NRC is Tan Sri Datuk Seri Razman Md Hashim, who is the Senior Independent Non-Executive Director.</p> <p>NRC met two (2) times during the financial year 31 December 2017 to review the results of the evaluation performed on the Board and Board Committees as well as to review, assess and recommend to the Board the remuneration package of the CEO/GMD, Executive Directors and Senior Management of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, with the recommendation of the Nomination and Remuneration Committee (NRC) has duly noted and supported the enhanced standard and requirements under the MCCG 2017 in relation to the annual evaluation. The Board had on 23 November 2017 adopted the enhancement to the criteria and processes of the annual evaluation to be in line with the MCCG 2017.</p> <p>On 22 February 2018, NRC had conducted an evaluation on the Board, the Board Committees and individual directors through various assessment/process including self-assessment and/or peer assessment.</p> <p>The evaluation of the Board covers, inter alia, the board structure, mix and its composition, frequency of meetings, board responsibilities, board dynamics, risk management and internal control areas and the chairman function as well as independence of independent directors.</p> <p>The evaluation of the Board Committees covers the performance of the role and function of the Committee as well as skills and experience of the Committee.</p> <p>The evaluation of individual directors includes the fit and proper criteria, each director's contribution and performance of his duties as well as independence (in relation to independent directors).</p> <p>Based on the evaluation conducted on the Board, Board Committees and individual directors, the NRC was satisfied with the overall performance of the Board, Board Committee and individual directors.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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 Board, with the recommendation of the Nomination and Remuneration Committee (NRC) has duly noted and supported the enhanced standard and requirements under the MCCG 2017 in relation to remuneration of directors and senior management. On 23 November 2018, the Board had approved the revision to the Procedure for Determining the Remuneration of Directors, Group Managing Director/CEO and Key Senior Officers to be in line with the MCCG.</p> <p>The NRC in discharging its responsibilities in recommending the remuneration packages for the Directors, CEO/GMD and key senior officers of the Company takes into account the following:</p> <ul style="list-style-type: none"> <li>• reflect the skills, experience and level of responsibility borne by individual directors, CEO/GMD and key senior officers;</li> <li>• sufficient to attract and retain directors, CEO/GMD and key senior officers of calibre needed to manage the Company successfully;</li> <li>• demands, complexities and performance of the Company; and</li> <li>• balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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>	:	The Nomination and Remuneration Committee (NRC) functions on a Terms of Reference (TOR) approved by the Board. The Board had on 23 November 2017, approved the revised TOR to be in lined with the MCCG 2017. The main duties and responsibilities of the NRC sets out in the TOR are to assist the Board in succession planning and appointment of board members as well as annual evaluation of the performance of the Board, Board Committees and individual directors, and developing and administrating the appropriate remuneration policies applicable to Directors, CEO/GMD and key senior officers.  The Terms of Reference of the NRC is published on the Company’s website.
<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>	:	Detailed disclosure of the remuneration of each director is disclosed in the CG Overview Statement in the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Disclosure of the top five senior management's remuneration in bands of RM50,000 is disclosed in the CG Overview Statement of the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Currently, the Audit Committee comprises of six (6) members, all members are independent non-executive directors.</p> <p>The Chairman of the Audit Committee is Mr Onn Kien Hoe, who is an Independent Non-Executive Director. He is not the Chairman of the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the Audit Committee has been revised to include the said requirement of the 2 years’ cooling off period. None of the members of the Audit Committee is a former key audit partner.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Audit Committee is guided by its Terms of Reference which sets out their roles and responsibilities including appointment of the external auditor.  The Audit Committee had on 12 April 2018 reviewed and is satisfied with the performance of the external auditors. Pursuant to this, the Board is recommending to the shareholders for the re-appointment of the external auditor during the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Currently, the Audit Committee comprises of six (6) members, all members are independent non-executive directors.

### 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>	:	All members of the Audit Committee are financially literate, of which, four (4) are certified accountants. They have attended the necessary trainings for the discharge of their duties including to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The trainings attended by the members of the AC can be found in the Corporate Governance Overview Statement in the Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has an established Risk Management and Internal Control Framework. The Board through the Risk and Sustainability Management Committee and the Audit Committee, continually reviews the adequacy and effectiveness of the framework. Further details on the framework can be found in the Statement of Risk Management and Internal Controls in the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has disclosed the features of its risk management and internal control framework, and the adequacy and effectiveness of the framework in the Statement of Risk Management and Internal Controls in the Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Currently, the Risk and Sustainability Management Committee comprises of six (6) members, all members are independent non-executive 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Head of the Group Internal Audit and Risk Management Department reports directly to the Audit Committee (AC) and the AC is satisfied that the internal audit is effective and able to function independently.	
<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>	:	The Audit Committee is supported by the Group Audit and Risk Management Department with the outsourced service providers in discharging its duties for the Company. Detailed information on the internal audit is as set out in the Audit Committee Report of the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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> :	The AGM is a good opportunity for proactive engagement and communication between the Board, shareholders and investors. Shareholders who are unable to attend are entitled to appoint a proxy to attend, speak and vote on their behalf.  The MAA Group website ( <a href="http://www.maa.my">www.maa.my</a> ) contains corporate information of the Company, including references to and notices about the AGM, periodic financial statements, Board Charter, Code of Conduct and Ethics, Procedures for determining the remuneration of directors, CEO and key senior officers and Terms of Reference of the Board Committees.	
<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 11.2**

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>	:	Not applicable as MAAG is not considered a Large Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	The Board has endorsed the adoption of MCCG 2017 requirement for notice of AGM to be given to its shareholders at least 28 days prior to the meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	The Board is aware of the importance of meaningful communication with its shareholders. It is the Board's expectation for all its directors to attend the AGM, and the Board will use its best endeavours to provide meaningful response to questions addressed to them.	
<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>	:	Applied	
<b>Explanation on application of the practice</b>	:	MAAG's General Meetings are always held in Kuala Lumpur and not in remote locations. Majority of MAAG's shareholders are mostly located in Kuala Lumpur and Selangor.	
<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>	:		

**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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