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TIME™

CORPORATE GOVERNANCE

2019

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5031
COMPANY NAME : TIME DOTCOM BERHAD
FINANCIAL YEAR : December 31, 2019

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 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.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The duties and responsibilities of the Board are set out in the Company's Board Charter which include among others:- <ul style="list-style-type: none"> - setting up of Committees to assist in Board function; - establishing strategic goals for the Company and reviewing management performance; - set values and culture and promote good corporate governance practices; - establish succession plan for Board and Senior Management; and - identify risks and ensure there is a risk management framework. 2. The Board leads and challenges Management in the setting of strategic targets for the Company in an annual offsite meeting. Management's performance is then reviewed against KPIs set. 3. The Board, through its committees, has established the following policies to enhance the Company's values and standards:- <ul style="list-style-type: none"> - Policy on Board Remuneration; - Policy on External Auditors Assessment; and - Policy on Nomination and Assessment Process of Board Members. 4. In discharging its fiduciary duties and responsibilities, the Board is guided by the prevailing legal and regulatory requirements as well as the policies of the Company. 5. The Board also ensures that its members keep abreast with the latest financial standards, regulatory framework and constantly reviews the business risks of the Company. |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Company's Chairman is a lawyer and senior partner of a legal firm. He has vast experience sitting on Board of companies (including public listed companies) which include UEM Builders Berhad, UEM Land Holdings Berhad (now UEM Sunrise Berhad), Proton Holdings Berhad, PETRONAS, Danajamin Nasional Berhad and Foundations. He also served as Chairman in some of these companies. He also chaired the Exchange Committee of the Labuan International Financial Exchange, Corporate Debt Restructuring Committee as well as a member of panel of Lembaga Tabung Haji. He is a strong advocate of corporate governance and constantly steers the Board towards Board effectiveness through the establishment of Board Charter, Code of Conduct and Ethics and various policies and frameworks. He provides a good leadership to the Board in achieving the Company's long term strategic and business goals.2. Key responsibilities of Chairman are set out in the Board Charter and they are:<ul style="list-style-type: none">- Leading the Board in establishing and monitoring good corporate governance practices and setting the values and standards of the Company so that the Board can perform its responsibilities effectively;- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;- Setting the Board agenda and ensuring the provision of accurate, timely and clear information to Directors;- Ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole;- Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;- Leading Board meetings and discussions as well as encouraging active participation and allowing dissenting views to be freely expressed; and- Managing the interface between the Board and Management. |

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

Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The Company's Chairman and its CEO are held by different individuals. Division of responsibilities of Chairman and CEO are clearly set out in the Board Charter. 2. The Chairman of the Company is Encik Abdul Kadir Md Kassim and the CEO is Encik Afzal Abdul Rahim. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 1.4

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Company Secretary holds a law degree and is licensed by the Companies Commission of Malaysia. She has over 20 years of experience as a Company Secretary which includes 2 other public listed companies.2. The detailed responsibilities of the Company Secretary are disclosed in the Board Charter. Other than ensuring compliance with the provisions in Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 and other relevant regulations, the Company Secretary advises the Board and its committees on corporate governance practices/compliance.3. Other than the above roles and responsibilities, the Company Secretary continuously updates herself on the latest regulations and practices necessary to fulfill her job functions. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.5

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. Meeting materials containing sufficient details are distributed to the Board within reasonable time prior to the meeting to give Directors ample time to prepare for the meeting. 2. Draft minutes reflecting accurate deliberations at meetings and the decisions following that are circulated via email in a timely manner with follow up actions identified. 3. The Board members/Board Committees are invited to comment on the draft minutes before they are confirmed at the following Board/Board Committee meeting. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 2.1

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. Board Charter was established 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. There is a clear division of responsibilities between the Chairman and the CEO. 2. Board Charter also addresses issues such as Board Composition, Board Diversity, Board Appointment and Board Attendance. 3. Currently, the Board Charter is periodically reviewed. 4. The Board delegates its authority to the 3 Board Committees namely Audit Committee (“AC”), Nomination & Remuneration Committee (“NRC”) and Tender Committee (“TC”). The Terms of Reference (TORs) of the Board Committees clearly set out the scope and roles of the Committees and are disclosed in the Company’s website. 5. The Board also approved the Group’s Discretionary Authority Limits (“DAL”) which specifies the levels of authority delegated to the Management by the Board. The Management operates within the limits of the DAL. Any matter beyond Management limits will be brought to the Board for approval. The DAL is also reviewed periodically. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Company adopted the Code of Conduct and Ethics for Directors and employees with the aim of encouraging high standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors, fostering standards to protect and promote the interests of shareholders and all stakeholders as well as to provide guidance to the Board to maintain the confidence of shareholders and other stakeholders in the Company's integrity.2. The Code of Conduct and Ethics is made available on the Company's website. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 3.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The Board established a whistleblowing policy which includes procedures for Internal Audit's investigation and reporting to the AC and Board. 2. This policy applies to the Company and all its subsidiaries. All employees, directors, shareholders, consultants, vendors, contractors, agency, customers or any other parties with a business relationship with the Company are encouraged to come forward and disclose any wrongdoing that may adversely impact the Company. 3. The whistleblower should first communicate a reportable misconduct to the Head of Group Internal Audit & Compliance via email, telephone or fax. In the event the whistleblower suspects the Head of Group Internal Audit & Compliance is involved, they should communicate to the Chairman, AC and/or CEO. 4. Upon investigation, if the claim of malpractice or misconduct is substantiated, then the Company will undertake appropriate disciplinary action against the responsible individual(s) up to and including termination of employment. Management will subsequently take action to prevent the misconduct from continuing or recurring in the future based on the recommendations contained in the investigation report. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>On 28 February 2020, a woman Independent Non-Executive Director, Ms Koh Cha-Ly, was appointed to the Board.</p> <p>With the new appointment, the Board comprises 5 independent directors out of 9 (56%) which complies with Practice 4.1 of the Malaysian Code on Corporate Governance 2017. The independent directors continue to challenge Management's proposals in a constructive manner providing valuable insights drawing from their various experience spanning from marketing, Information Technology, telecommunications, legal and urban planning. The Non-Independent Non-Executive Director participates in Board meetings deliberation, always acting in the best interest of the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.2

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

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

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| Application | : Applied - Two Tier Voting |
| Explanation on application of the practice | <ol style="list-style-type: none">1. As at 31 January 2020, the Company's Senior Independent Director (SID) has served 12 years. At every Annual General Meeting ("AGM") of the Company, a resolution for the reappointment is tabled to the shareholders for approval through a 2-tier voting process. Justifications to retain the SID are disclosed in the Annual Report.2. The Policy on Nomination and Assessment Process of Board Members sets out the procedures for assessment of independence of independent directors. In considering to continue retaining the SID, the NRC conducted a rigorous assessment and took into consideration the following:-<ul style="list-style-type: none">- He has met the independence guidelines as set out in Chapter 1 of Listing Requirements of Bursa Malaysia Securities Berhad;- His long tenure has given him indepth knowledge of the business of the Group, the challenges facing it and together with his own personal work experience, he is able to provide valuable contribution to the Group's business;- He has shown strong commitment, integrity and always acted professionally in discharging his duties as independent director of the Company without being subject to influence of Management;- He has, at all times, exercised due care during his tenure as independent director of the Company and carried out his duties in an ethical and businesslike manner as well as continued to advocate professional views without fear or favour, in the best interest of the Company and shareholders;- He challenges Management in an effective and constructive manner, providing a check and balance in Board proceedings;- He has actively participated in Board discussions and provided an independent voice on the Board; |

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| | <ul style="list-style-type: none"> - He has not established or maintained any significant personal or social relationship, whether direct or indirect with the executive directors or substantial shareholders and/or persons connected to them other than the normal engagements and interactions on professional level consistent with his duties and expected of him to carry out his duties as Independent Non-Executive Director (“INED”); and - He has vigilantly safeguarded the interests of the Company’s minority shareholders. <p>The Board has assessed and agreed to continue to retain the INED beyond his 12-year tenure which ended in January 2020 and thereafter to table his re-appointment as INED to the shareholders of the Company through a 2-tier voting process at the forthcoming annual general meeting.</p> |
| Explanation for departure | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| Measure | |
| Timeframe | |

Intended Outcome

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

Practice 4.3 - Step Up

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

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

Intended Outcome

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

Practice 4.4

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The Company has, in place, a Policy on Nomination and Assessment Process of Board Members which describes the process to be undertaken by the NRC and Board in discharging their responsibilities for the nomination, assessment and re-election of Board members. 2. The Board, through its NRC, periodically reviews diversity and mix of skills of its Board members. 3. The NRC also oversees human resource policies to ensure diversity in skills, experience, age, gender and cultural background in Senior Management. 4. The Policy on Nomination and Assessment Process of Board Members is made available on the Company's website. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.5

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

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | On 28 February 2020, Ms Koh Cha-Ly was appointed as an Independent Non-Executive Director of the Company. | |
| | | With the appointment of Ms Koh, the Company now has 2 women directors (22%) on its Board. Their profiles are at pages 28 and 32 of the Company's Annual Report 2019. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Company continues to seek a suitably qualified woman candidate to join the Board to fulfill the 30% requirement. | |
| Timeframe | : | Within 1 year - 1 woman director | |

Intended Outcome

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

Practice 4.6

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | Other than recommendations from existing Board members, Management or major shareholders, independent sources are also being used to identify suitably qualified candidates to join the Board. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.7

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

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the NRC is chaired by Non-Independent, Non-Executive Director of the Company. | |
| | | The Board is reviewing the composition of all Board Committees before making changes. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Board will make the necessary changes to comply. | |
| Timeframe | : | Within 1 year | |

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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <ol style="list-style-type: none"> 1. Currently Board evaluation is done internally, facilitated by the Company Secretary's office. Among the areas of assessment are, the Board's understanding of the Company's vision, reviewing and monitoring strategic and operating plan and financial matters, reviewing performance of Senior Management and quality of board papers and Board meetings. 2. The Board members also conduct a peer assessment of each of its members. 3. A report of the outcome is tabled to the NRC and Board. 4. The NRC is tasked with ensuring that issues arising from the report are followed up and addressed. | |
| | | The Board intends to engage an independent expert for Board evaluation once every 3 years. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Board is currently reviewing potential independent experts for 2020 Board evaluation. | |
| Timeframe | : | Others - 1 year | |

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.

| | | |
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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Remuneration Policies for Non-Executive Directors (NEDs) and Senior Management are currently in place. The policies are aimed at motivating the NEDs and Senior Management for the future success of the Group and also to ensure that the level of remuneration is generally set to provide market competitiveness to attract and retain the NEDs and Senior Management. Review of NEDs remuneration is done periodically taking into account packages of companies comparable to size and complexity within and across the industries for market competitiveness.2. The policies take into account the demands, complexities and performance of the Company as well as skills and experience required.3. The evaluation of Senior Management against an agreed KPIs which include revenue, profit before taxation, new regional acquisition/investment and EBITDA margin are reviewed and approved by NRC. The rewards commensurate with their achievements. Benchmarking is also done within and across industries to ensure market competitiveness.4. The policies and procedures are periodically reviewed and made available on the company's website. |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 6.2

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The TOR of the NRC sets out the authority and duties given by the Board which include reviewing and recommending remuneration packages of Board and Senior Management.2. Review of the TOR of the NRC is conducted periodically.3. The NRC currently comprises solely Non-Executive Directors.4. The TOR of the NRC is disclosed in the Company's website. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 7.1

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The disclosure of Directors' remuneration on a named basis is in the Notes to the Financial Statements of the Company's 2019 Annual Report. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | The Company will not disclose the top 5 Senior Management's remuneration in the 2019 Annual Report. The Board believes that such disclosure will not be in the Company's interests given the highly competitive industry the Company operates in. The Board is also mindful of the internal sensitivities such disclosure can cause. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Independent Directors, together with the NRC, will ensure salaries of top 5 Senior Management are in line with market practices. |
| Timeframe | : | Others - Not adopting this Practice |

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.

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The Chairman of the AC is not the Chairman of the Board. 2. The Chairman of the Board is Encik Abdul Kadir Md Kassim. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company adopted the External Auditor Assessment policy which states, among others, that a former key audit partner is required to observe a cooling-off period of at least two years before he can be appointed as a member of the AC.</p> <p>On 28 February 2020, the Board approved the revision made to the External Auditor Assessment Policy with respect to the requirement by a former key audit partner to observe a cooling-off period from at least “2 years” to “3 years” to comply with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

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|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | External Auditors Assessment Policy was established to review, assess and monitor the performance, suitability and independence of the external auditors. The AC provides their assessment on the Company's external auditor in the External Auditors Evaluation Form prescribed by Bursa Malaysia Securities Berhad. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 1. The composition and qualifications of the AC members comply with those prescribed by Listing Requirements of Bursa Malaysia Securities Berhad. 2. The AC members, individually and collectively, have sufficient skills to engage with Management and Auditors and are prepared to ask key and probing questions about the Company's financial position, operational risks and internal controls, compliance with applicable approved accounting standards and other related requirements. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Company has in place, a Risk Management framework and Risk Management Procedure Manual which identify, assess and monitor key business risks affecting the Company.2. Risk Management Framework and Risk Management Procedure Manual has been adopted to guide the Risk Management Secretariat and the organisation to identify, analyse and evaluate strategic, business, operational and related risks. The Risk Management Secretariat monitors implementation and updates of action plans, and reports to the Risk Management Steering Committee ("RMSC") and the AC on a quarterly basis.3. The RMSC is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policies and guidelines have been established as part of the risk management framework. Under the existing risk management framework, the business operating units, departments and divisions are responsible for compliance with risk policies and guidelines. During the financial year, the RMSC reviewed the enterprise risk profiles and management's action plan on risk areas.4. The Risk Management Secretariat reports to the RMSC to assist it in the undertaking of its functions. The Risk Management Secretariat works with risk owners across business divisions to facilitate implementation and monitoring of risk treatment plans. Key risks and its status are identified and reported to the Board on a quarterly basis. |
| Explanation for departure | : | |
| | | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 9.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 1. The Company’s risk management and internal control framework which identify, assess and monitor key business risks affecting the Company will be disclosed in the 2019 Annual Report. The risk management framework and practice is in accordance with ISO 31000 Risk Management. 2. The risk management and internal control framework is tabled to the AC for review annually. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 9.3 - Step Up

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

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

Intended Outcome

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

Practice 10.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Company's Internal Audit Charter sets out the Internal Audit function which includes, among others, providing advice to the AC on areas of weaknesses or deficiencies in internal process and recommending appropriate measures.2. The Internal Audit Department operates independently and reports directly to the AC in accordance with the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.3. The AC provides their evaluation on the Internal Audit function in the Evaluation of Internal Audit Function form on a yearly basis. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 10.2

The board should disclose–

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

| Application | : Applied | | | | | | | | |
|---|---|--------------------|--------------------|-------------------|---|---|---|---|---|
| Explanation on application of the practice | <p>1. The internal audit function is performed in-house by a group of 12 internal auditors that are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The function is headed by Syed Abdul Qader bin Mohd Ansari, who has more than 15 years of internal auditing experience in telecommunications, airlines and banking industry. All the internal auditors have tertiary qualifications and the level of expertise and professionalism as at the end of 2019 is as follows:</p> <table border="1"><thead><tr><th>Expertise Category</th><th>Number of Auditors</th></tr></thead><tbody><tr><td>Bachelor's Degree</td><td>8</td></tr><tr><td>Professional (ACCA, CISA, CA and ISMS)</td><td>7</td></tr><tr><td>Professional Membership (ACCA, MIA, IIA and ISACA)</td><td>7</td></tr></tbody></table> | Expertise Category | Number of Auditors | Bachelor's Degree | 8 | Professional (ACCA, CISA, CA and ISMS) | 7 | Professional Membership (ACCA, MIA, IIA and ISACA) | 7 |
| Expertise Category | Number of Auditors | | | | | | | | |
| Bachelor's Degree | 8 | | | | | | | | |
| Professional (ACCA, CISA, CA and ISMS) | 7 | | | | | | | | |
| Professional Membership (ACCA, MIA, IIA and ISACA) | 7 | | | | | | | | |
| | <p>2. The internal audit function is guided by its Audit Charter and reports to the AC. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.</p> | | | | | | | | |

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

Intended Outcome

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

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

Practice 11.1

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The Company communicates regularly and proactively with its Company's stakeholders particularly investors and shareholders, through transparent, effective and readily accessible communication channels e.g. press releases, Bursa announcements, AGM and analyst briefings and Company's website. 2. The CEO presents to the shareholders an overview of the Company's performance for the financial year, highlighting corporate activities undertaken by the Company at the Company's AGM. 3. The Chairman invites shareholders to ask questions for every of the agenda items tabled at the Company's AGM and directs the relevant directors and members of Senior Management to respond to the shareholders. Questions by Minority Shareholders' Watchdog Group are also replied and displayed at the AGM. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 11.2

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Company has enhanced its integrated reporting for 2019 Annual Report as prescribed by Corporate Governance Guide issued by Bursa Malaysia Berhad. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 12.1

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 1. The Company dispatches the Notice and Agenda of the AGM to the shareholders 28 days prior to the meeting. Explanatory notes are provided for agenda item for special business. 2. The Notice for AGM is advertised in The New Straits Times on the same day it is despatched to the shareholders. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 12.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | All directors are present during general meetings to attend to shareholders' questions and concerns. This is provided in the Board Charter. The Chairman invites questions from the shareholders and directs to relevant directors, CEO and Chairman of Board Committees and Senior Management to respond. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 12.3

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

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

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Spurred by the Movement Control Order imposed by the Government of Malaysia on 18 March 2020 to slow down and control the spread of the Covid-19 virus, the Board has put in place measures to enable the conduct of a virtual AGM which will commence from its 23 rd AGM, to be held before September 2020. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | To be applied at the forthcoming 23 rd AGM | |

**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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