

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6874
COMPANY NAME : KUB Malaysia Berhad
FINANCIAL YEAR : 31 December 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for ensuring that Shareholders' value and interests are protected and enhanced. The Board has continuously reviewed and adopted various guidelines and processes to enhance the standards of the corporate governance practised within KUB Group. These include but not limited to review the Board Charter and Terms of Reference of its Sub-Committees and the Management Guidelines ('the Policies').</p> <p>The Board adopts, among others, the following duties and responsibilities :</p> <ul style="list-style-type: none">• together with Senior Management, promote good corporate governance culture within KUB Group which reinforces ethical, prudent and professional behaviour.• review, challenge and decide on Management's proposals for KUB Group, and monitor its implementation by Management.• ensure the strategic plan of KUB Group supports long term value creation and include strategies on economic, environmental and social considerations underpinning sustainability.• supervise and assess Management performance to determine whether the business is being properly managed.• ensure there is a sound framework for internal controls and risk management.• understand the principal risk of KUB Group's business and recognise that business decisions involve the taking of appropriate risks.• set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management.
- ensure the integrity of the Company's financial and non-financial reporting.

The matters reserved for the Board are as follows :

- KUB Group strategy, plans and budgets;
- Acquisitions and disposals and transactions exceeding the authority limits of the Subsidiaries' Board;
- Review the performance of the Senior Management of KUB Group; and
- Changes in the key policies, procedures and delegated authority limits of KUB Group.

The Board Retreat is held annually and serves as a platform for the Board and the Management to exchange and formulate ideas in reviewing and adopting a strategic plan. At this platform, the Board plays an active role in the development of KUB Group's strategy, whereby the Management presents to the Board its recommended strategy and proposed a business plan and budget for the following year at a dedicated session. At this session, the Board reviews and deliberates upon the key strategies of the proposed business plan cognisant of both the Management and its own perspectives, as well as challenges Management's views and assumptions, to deliver the best outcomes. In furtherance of this, the Board then reviews and approves the annual business plan and budget for the ensuing year and sets the Key Performance Indicators ('KPI') under the Corporate Scorecard. The overall KUB Group strategy will focus on growing and strengthening the core business sectors, transforming the Subsidiaries business model, turnaround underperforming Subsidiaries and divesting the Subsidiaries' key assets to generate funds to finance key strategic goals.

Board Activities

The Board has an agenda that ensures strategic, budget, sustainability, risk management and internal control, operational, financial performance and corporate governance items are discussed at the appropriate time at Board meetings. Key highlights of activities undertaken by the Board and Board Committees in the financial year ended 31 December 2018 ('FY2018') are in respect of the following :

- Business strategy, budget, funding and financial performance

The Board had reviewed, deliberated, in consideration of the foreseeable external environment changes that may impact the performance of KUB Group and had resolved the strategic plan for 2019 together with the budget for the financial year 2019 at its meeting in November 2018.

- Nomination and remuneration

The Board through the Board Nomination and Remuneration Committee ('BNRC') is responsible to ensure that there is an effective and orderly succession planning in KUB Group. The Terms of Reference stipulates that the BNRC is responsible for formulating the nomination, selection and succession policy for KUB Group's key management positions. The BNRC is entrusted to review candidates for key management positions and determine the remuneration for these appointments. For this purpose, the factors considered by the BNRC include the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments.

- Joint Venture, proposed development and collaboration, investment, acquisition and disposal of assets

Notwithstanding that no meeting of Board Investment Committee ('BIC') was convened in 2018, the Board had as and when required further reviewed, deliberated, in consideration of the emerging risks and opportunities, market outlook (i.e. market study and market analysis), economic indicators, currency market, industry/regulatory developments as well as key business developments, which may affect the investment portfolio, KUB Group's investment strategy and financial health in relation to potential projects for KUB Group's implementation that had been earlier discussed and deliberated by the BIC.

- Quarterly financial results

The Board, with the recommendation of the Board Audit Committee ('BAC') had considered KUB Group's financial results, discussed and reviewed KUB Group's business plan including financial performance to-date against the annual budget and financial plan.

- Internal control and risk management

Through the Board Risk Management Committee ('BRMC'), the Board oversees the risk management framework of KUB Group. The BRMC advises the Board on areas of significant risks and the adequacy of compliance and control procedures throughout KUB Group.

Sustainability

KUB Group endeavours to create a sustainable future for employees, customers, shareholders and the general community by creating positive social impact through its business activities.

The Board promotes good corporate governance in the application of sustainability practices as outlined in the KUBMaG.

The governance structure focuses on creating and enhancing Shareholders' value by striking a balance between short-term financial performance and long-term sustainability through sound corporate governance that upholds the code of conduct and ethics, risk management and effective internal controls.

Full detail of the Sustainability Statement is reflected on page 21 to 22 of the Annual Report.

Succession Planning

The Board also determines succession plans for the Management. These actions are carried out directly by the Board and through its Sub-Committees.

In order to identify emerging talents within KUB Group and facilitate the succession planning initiative, KUB Group had implemented the Employees' Development Programme ('EDP'), especially for Management and Senior Management positions. The objective of the programme is to cultivate well-rounded managers and develop leaders who are able to contribute effectively to KUB Group's long term sustainability and to ensure adequate internal talent to succeed in critical positions.

The EDP includes pairing identified individuals with mentors and executive coaches, the creation of cross-functional training and exposure, and formal learning and assignments. The potential successor will be managed by the training provider/mentor and his/her individual development plan will be tracked with structured interventions to develop leadership and functional capability.

The various organisational development initiatives on internal organisational alignment and human capital enhancement undertaken by the Company as of to date are as follows :

- Organisational restructuring
- Revision of employees compensation and benefits
- Successor's assessment
- Recruitment of key leadership roles
- Implementation of the performance management system
- Implementation of a new planning cycle
- Recruitment of key talents at the Subsidiaries to support growth and turnaround initiatives
- Development of a new competency framework
- Roll-out leadership and functional development programme
- Upgrading of Group-wide Accounting and Management Information System

The BNRC closely monitors Management positions and succession pipelines, including Senior Management positions at Group level and Heads of Companies.

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 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Ahmad Ibnihajar, an Independent Non-Executive Chairman provides leadership and guidance to the Board and is responsible for ensuring the effectiveness of the Board's performance. The Chairman works closely with the rest of the Board members in forming policies and strategies to align the business activities driven by the Management.</p> <p>The Chairman responsibilities among others :</p> <ul style="list-style-type: none"> • sets the Board agenda with the Company Secretaries alongside with President/Group Managing Director and ensures that Board members received the meeting papers in advance of the Board meeting date and that minutes of meetings are circulated upon conclusion of the Board meeting; • leads the Board meeting discussions and encourages debate on issues and seek views from the Directors on matters requiring decisions of the Board; • reviews the draft minutes of meetings before circulation to the Directors for review and comments; • chairs the general meeting of the Company and provides responses to shareholders on questions raised by them; and • instils leadership in promoting good governance practices and adherence across KUB Group. The Chairman ensures that relevant Board governance are adhered to and there is reasonable interaction between the Board and Management as part of the effective decision making process.
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	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The positions of the Chairman and the President/Group Managing Director are held by different individuals. The President/Group Managing Director is responsible to implement the policies and strategies approved by the Board for the purpose of managing the business and the day-to-day management of KUB Group. The respective members of the Management were in attendance at Board meetings to support the President/Group Managing Director in presenting the updates on the progress of key initiatives, business targets and budget and achievements to date, and to provide clarification on the challenges and issues raised by the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries are persons qualified pursuant to Section 235(2) of the Companies Act, 2016. The Company Secretaries are responsible and accountable to the Board, through the President/Group Managing Director, for ensuring that the secretarial function provides adequate support to the Board, Board Committees and Subsidiaries Boards for all Board-related administrative functions. The Company Secretaries are responsible to the Board in ensuring all governance matters, Board proceedings, applicable laws and regulations are complied with. The Company Secretaries are the custodian of the Board and Board Committee meetings agenda and ensure that matters for discussion are ordered appropriately so as to focus the Board's attention on critical matters requiring deliberation.</p> <p>In performing their duties, the Company Secretaries carry out, among others, the following tasks :</p> <ul style="list-style-type: none">• ensuring compliance with the provisions of the Companies Act, 2016, Bursa Malaysia Securities Berhad Main Market Listing Requirements and Capital Market and Services Act 2007;• facilitating and attending Board Meetings, Board Committee Meetings and the General Meeting(s);• assisting the Board with the preparation of announcements for release to Bursa Malaysia Securities Berhad;• ensuring compliance with the provisions of KUB's Constitution;• preparing and distribution of relevant Board/Board Committee papers;• facilitating the conduct of the assessment to be undertaken by the Board and/or the Board Committees as well as to compile the results of the assessments for the Board and/or the Board Committees notation;• facilitating continuous professional development programmes for the Board;• rendering advice and support to the Board and Management; and

	<ul style="list-style-type: none"> • carrying out any other duty that may be reasonably required by the Board. <p>The Company Secretaries keep the Board abreast with the latest regulatory updates and also ensure that deliberations at Board and Board Committee meetings are well documented.</p> <p>The profiles of the Company Secretaries are reflected on page 10 of the Annual Report.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>In 2016, KUB Group had embarked on 'green' initiative with the implementation of a paperless environment or 'eBoard paper' ('eBoard') for all Board and Board Committee meetings. The eBoard enables digital access to meeting documents to replace the distribution of hard copies. The implementation of eBoard ensures a secure board portal with permission-driven access, secured email and reduces risks of leakages of confidential information. The customised solution provides various functionalities which enable Directors and Committee members to access various Company documents, including Board policies, procedures, rules and guidelines, which are uploaded onto their personal iPads for easy reference. Thus, Directors and Committee members are able to access meeting documents and Company information in a timely and efficient manner, facilitate improvement of Board performance and overall effectiveness of decision-making.</p> <p>The notice for each of the meetings is accompanied by the minutes of the preceding Board Meetings, together with the relevant information and supporting documents to facilitate the Board's informed decision-making process. Management and consultants are invited to attend the Board Meetings as deemed fit to assist the Board with management and operational input as well as professional advices. They also have access to the advice and services of the Company Secretaries and independent professionals as and when required. All deliberations and decisions (including dissenting views) made at the Board meetings are recorded by the Company Secretaries including whether any Directors abstained from voting or deliberating on particular matters. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board Meeting. Minutes of the meeting are circulated to the Board and the Management for review and comments in a timely manner before the minutes of the last Board meeting are confirmed at the next Board meeting.</p>

	<p>Ten (10) Board Meetings were held in the financial year ended 31 December 2018. All Directors attended more than 90% of the Board meetings held in the financial year under review and had fulfilled the requirements of the Company's Constitution and Listing Requirements in respect of the Board Meeting attendance.</p> <p>Details of attendance of each Director at Board meeting held in the financial year 2018 are disclosed in the Profile of Directors on page 4 to 8 of the Annual Report.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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	:	<p>There is demarcation of responsibilities between the Board, Board Committees and Management. The Board's power and functions are specified in the Board Charter ('the Charter'). Based on the Charter, the Board assisted by its Sub-Committees is ultimately responsible for KUB Group's corporate governance, strategic direction, establishing KUB Group's business and investment policies, overseeing the conduct of KUB Group's business and evaluating whether these are being properly and effectively managed.</p> <p>The objectives of the Charter are to ensure that all Board members acting on behalf of KUB are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of KUB.</p> <p>The Charter was formalised and approved by the Board in 2016. The Board reviews the Board Charter periodically, when necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The revised Board Charter was recently reviewed and approved by the Board in 2018 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by the Code and Listing Requirements, where possible or relevant. The Charter is available on KUB's website at www.kub.com.</p> <p>A clear guideline separating the functions of the Board and its Sub-Committees with the function of the Management is spelt out in KUB Management Guidelines ('KUBMaG'). The KUBMaG is continuously reviewed by the Board.</p>

	<p>The main objective of KUBMaG is to facilitate organised dissemination of Management policies and ensure timely and effective decision-making process of KUB Group. The KUBMaG is an integral part of the management system established to achieve the planned business goals and objectives of KUB Group. The KUBMaG outlines the authority framework within which the respective level of KUB employees operates. The framework ensures the proper execution of the instrument of delegation and provision of clear policies, guidelines and procedures for decision making.</p> <p>The Non-Executive Directors, with their different background, professions and experiences effectively contribute to independent view and judgment to facilitate the decision making process of KUB Group with regards to the various business strategies and performance.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Company has in place a separate Code of Conduct for Directors and employees of KUB Group. The Directors' Handbook and Code of Conduct and Ethics for employees are available on KUB's website. The Directors' Handbook and Code of Conduct was formalised in 2016 and revised in 2018 to be re-aligned with the Companies Act, 2016, the Listing Requirements, the Code and the Constitution. The Directors' Handbook and Code of Conduct is designed to provide the Directors of KUB with the guidelines on the policies and procedures governing the terms, conditions and benefits of their services with KUB.</p> <p>The fundamental principles applied in the formulation of the policies and procedures are equity among all Directors and fairness to KUB. The Directors are expected to adhere to the spirit of these principles. The Directors' Handbook and Code of Conduct is published on KUB's corporate website.</p> <p>KUB Group communicates the Code of Conduct and Ethics to all employees. The Code of Conduct and Ethics covers the following six (6) broad categories of ethics relating to KUB Group's operations and personal conduct :</p> <ul style="list-style-type: none">(i) Conflict of Interest;(ii) Misuse of Position;(iii) Misuse of Information;(iv) Integrity and Accuracy of Record/Transaction;(v) Fair and Equitable Treatment; and(vi) Confidentiality.

	<p>The Code of Conduct and Ethics reinforces KUB Group’s core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees. The Code of Conduct and Ethics is incorporated into the Employee Handbook and it is accessible online through Human Resource Information Exchange (‘HRIX’).</p> <p>The BAC through the Group Risk and Audit Division monitors compliance with the Code of Conduct and Ethics. KUB Group expects its Board and employees to act responsibly, promote open communication and treat the shareholders and stakeholders respectfully.</p> <p>All employees must safeguard information entrusted to them, avoid any potential conflicts of interest. When dealing with the regulators and customers, all employees of KUB Group must be clear, professional and exercise sound judgment in all communications. When dealing with suppliers, KUB Group will apply good governance, set clear expectations and strictly adhere to KUB Gift Policy to avoid conflicts of interest.</p> <p>KUB Group is committed to adhering to laws, rules and regulations that safeguard against money laundering/terrorist financing, bribery and corruption as well as promoting fair competition in the market place.</p> <p>Conflicts of Interest Policy</p> <p>To foster ethical and independent decision-making, KUB requires Directors with any direct or indirect interest in a proposal or transaction being considered by the Board or its Board Committees to declare that interest and abstain himself/herself from the deliberations. The affected Directors will abstain in the decision-making.</p> <p>The Conflict of Interest Policy is designed to protect the Directors and the Company and to enhance Corporate Governance, transparency and integrity, and defines the situations in which personal interests and/or dealings may conflict or be perceived to conflict with the discharge of duties and responsibilities. The Conflict of Interest Policy is included in the Directors' Handbook and Code of Conduct.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is KUB Group policy to conduct all its businesses in an honest and ethical manner, which outlines a zero tolerance policy towards all forms of bribery and corruption. Pursuant to the signing of the Corporate Integrity Pledge ('CIP') witnessed by the Malaysian Anti-Corruption Commission ('MACC') in 2016, the CIP has been extended to all employees of KUB Group as part of its initiative to strengthen the ring-fencing of KUB Group's ethics parameters. The Board has approved KUB Integrity Framework for its implementation in November 2017. The framework illustrates on how integrity plays a pivotal role in the attainment of KUB Group's vision and mission through the execution of KUB Integrity pillars.</p> <p>In addition, KUB Group has also established KUB Gift Policy to enhance governance practice in support of the CIP objective; 'Zero Tolerance Towards Corruption'. The Policy is guided by the Malaysian Anti-Corruption Act 2009.</p> <p>The following Integrity Policies were established and approved by the Board in the financial year under review :</p> <ul style="list-style-type: none">(i) Political Contribution Policy(ii) Management Letter of Support Policy(iii) Money Laundering Policy(iv) Declaration of Asset Policy <p>KUB Group is continuously improving the governance policies and practices to be aligned with the ISO 37001:2016 'Anti-Bribery Management System' to ensure the sustainability of the CIP objective.</p> <p>The Company has implemented a Whistleblowing Policy approved by the Board in 2017 and revised in 2018.</p>

	<p>This Policy provides the employees of KUB Group in communicating instances of illegal and immoral conduct to the appropriate parties within KUB Group and at the same time protecting these employees against victimisation or discrimination in any way arising from such communications. It also provides initiation of independent investigation on all allegations or reports lodged by parties from within or outside KUB Group. The Whistleblowing Policy is available on KUB's website.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 majority independent directors.

Application	: Applied
Explanation on application of the practice	<p>The Board currently comprises of a Chairman/Independent Non-Executive Director, a President/Group Managing Director, a Senior Independent Non-Executive Director, three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Independent Directors make up fifty-six percent (56%) or majority of the Board membership which is in compliance with Paragraph 15.02(1) of the Listing Requirements and Practice 4.1 of the Code.</p> <p>No individual or group of individuals dominate the Board's decision-making process. The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment in respect of KUB Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by KUB Group.</p> <p>The assessment criteria of the independence of Directors embedded in the Directors' Handbook and Code of Conduct serves to formalise the process of determining the Non-Executive Directors' independence with them having to complete the Declaration/Confirmation Form of Independence on an annual basis.</p> <p>The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgment and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgment.</p> <p>In reaching this conclusion, the Board has considered all relevant facts and circumstances of these relationships, which include whether the Independent Director :</p> <ul style="list-style-type: none">• Is a major shareholder of KUB or an officer of, or otherwise associated directly with, a major shareholder of KUB;• Is employed, or has previously been employed within the last two (2) years in an executive capacity by KUB;

	<ul style="list-style-type: none"> • Has been engaged as an adviser by KUB or is presently a partner, Director (except an Independent Director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to KUB; and • Has engaged in any transaction with KUB or is presently a partner, Director or major shareholder, as the case may be, of a firm or corporation which has engaged in any transaction with KUB.
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 :	Please specify number of years.

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with Practice 4.2 and Step Up 4.3 of the Code, the Board on 29 March 2018 approved that the tenure of an Independent Director (inclusive of re-designated) does not exceed a limit of nine (9) years. Upon completion of the nine (9)-year tenure, the Independent Director is to relinquish his/her Directorship.</p> <p>The Directors are also assessed on their ability to provide strong, valuable contributions to the Board's deliberations, without interference to and acting in the best interests of KUB. The criteria include independence from the Management and the absence of any business relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the Independent Director's judgment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3- Step Up

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

Application	:	Applied
Explanation on adoption of the practice	:	Kindly refer to the explanation on Practice 4.2 above.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Company sees increasing diversity at Senior Management level as an essential element in supporting the attainment of its strategic objectives. In any appointment, number of aspects has been considered to maintain a diversified Board and Senior Management which will facilitate in the growth of KUB Group, including but not limited to gender, age, educational background, professional experience, skills and knowledge.	
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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board encourages women candidate to take up board positions. The Company has established the Board Diversity Policy with the objective of at least ten per cent (10%) women representation on the Board. The Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in KUB's business sector, should remain a priority so as not to compromise on qualification, experience and capability.</p> <p>The Board Diversity Policy is published on KUB's website.</p> <p>BOARD DIVERSITY POLICY</p> <p>The Board Diversity Policy is to ensure that the mix and profiles of the Board members in terms of gender and age, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board agreed that the objectives of the Board Diversity Policy of at least 10% women representation on the Board.</p> <p>The BNRC is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. In reviewing the composition of the Board, the BNRC will consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience on the Board.</p> <p>The BNRC will continue to recommend appointments to the Board based on merit, measured against objective criteria and the skills and experience the individual offers.</p> <p>The Board is of the view that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in KUB's business sector, should remain a priority so as not to compromise on qualification, experience and capability.</p>

	<p>In connection with its efforts to create and maintain a diverse Board, the BNRC will :</p> <ul style="list-style-type: none"> • Undertake the recruitment and sourcing process that seeks to include diverse candidates, including women in any Director search; • Assess the appropriate mix of diversity (including gender and age) skills, experience and expertise required on the Board and address gap, if any; • Make recommendations to the Board in relation to appointments and maintain an appropriate mix of diversity, skills, experience and expertise on the Board; and • Periodically review and report to the Board on requirements in relation to the diversity on the Board, if any. <p>The BNRC will discuss and agree annually on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one (1) or more aspects of its diversity and measure progress accordingly.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board delegated to the BNRC including but not limited to the responsibility of recommending the appointment of any new Directors, review of KUB's succession plans and training programmes.</p> <p>The policies and procedures for recruitment and appointment including re-election are embedded in the Board Charter and the Directors Handbook and Code of Conduct. The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the BNRC. The BNRC has adopted the process for identification of suitable candidates for appointment to the Board, having regard to the skills required and the skills represented.</p> <p>In identifying, selecting and appointing a new Director, the BNRC and the Board will assess the following criteria :</p> <ul style="list-style-type: none"> • The needs of the Board to maximise the likelihood that there is a range of skills, experience and perspectives represented, including an understanding of : <ul style="list-style-type: none"> ▪ the industry in which KUB operates; ▪ the regulatory environment in which KUB operates; ▪ the markets in which KUB operates; and ▪ the communities impacted by KUB's operations. • The potential candidate particular skills and experience • The potential candidate capability to bring new skills, experience and perspective to and enhance the culture within the existing Board and KUB <p>Once the BNRC and the Board have determined the above criteria, the BNRC will assess the factors need to be considered in appointing a new Director including but not limited to the following :</p> <ul style="list-style-type: none"> • The time commitment required by a Director to discharge effectively the duties to KUB; • The nature of existing positions, directorships or other material relationships and the impact that each may have on the potential appointee's ability to exercise an independent judgment;

- The extent to which the potential appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board;
- The strategic and operational advantages of broadening the membership of the Board in terms of diversity of experience, skills, values, perspectives and backgrounds; and
- The extent to which the potential appointee meets the independence criteria as outlined in the Listing Requirements and the Code.

In the event that the BNRC believes that a new Director needs to be appointed, either to fill a casual vacancy or increase the total number of directors, the Curriculum Vitae or background information of potential candidates are to be sought from existing Board members. In addition, the BNRC may engage the services of non-governmental agencies for Curriculum Vitae of potential candidates if required. The BNRC will review the list of nominees against the criteria and factors set out above with the assistance from the Company Secretary.

One (1) or more of the BNRC members appointed by the Chairman of the BNRC will then contact the shortlisted candidates and confirm the suitability of the candidates for appointment as a Director ('the Discussion'). The one (1) or more BNRC members will report back to the BNRC on the Discussion. The BNRC may make any other enquiries regarding the shortlisted candidates as it deems appropriate.

Once satisfied that all relevant information has been obtained and assessed, the BNRC will make an appropriate recommendation to the Board. If approved, the Board will then authorise the Company Secretary to announce the appointment of the new Director to Bursa Malaysia. The newly appointed Director will be issued among others with a letter of appointment and will attend KUB's induction programme.

All new Directors appointed to the Board would attend a formal induction programme to familiarise themselves with KUB Group's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, audit, compliance and risk management. The programme conducted by the President/Group Managing Director, Heads of Division, Heads of Companies, and is organised by the Group Secretarial Division.

Protocol for Accepting New Directorship

By accepting the appointment, the Director undertakes that he/she has sufficient time to carry out his/her duties and has declared to the Board details of all other significant business and other interests and a broad indication of the time spent devoted to such commitments. The Director must advise the Board of any subsequent changes to these commitments.

	<p>In order to foster commitment among Directors, the Directors should devote sufficient time to carry out their responsibilities, the existing Directors will notify in writing to the Chairman of the Board whilst the Chairman of the Board will notify in writing to all Board members before accepting new Directorship in other companies, including indication of time that will be spent on the new appointment.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.7

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

Application	: Departure														
Explanation on application of the practice	<p>In the financial year under review, the Committee is chaired by Tunku Alizan bin Raja Muhammad Alias, Non-Independent Non-Executive Director, being representative to the substantial shareholder to ensure the Board and Senior Management is adequately remunerated in discharging their obligations and responsibilities towards KUB. No individual or group of individuals dominates the BNRC's decision making process and independent views have been taken into consideration in each discussion.</p> <p>The objectives of the BNRC are to establish a documented formal and transparent procedure for the appointment of Directors and Senior Management and to assess the effectiveness of the Directors, the Board as a whole and the various Sub-Committees of the Board on an on-going basis. In the financial year under review, the Board has approved the revised Terms of Reference of the BNRC in line with the Code. The BNRC had met four (4) times in the financial year under review.</p> <p>The attendance of the Members of the BNRC at its Meeting held in the financial year under review is as follows :</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Directors</th> <th style="text-align: right;">Attendance</th> </tr> </thead> <tbody> <tr> <td>Dato' Ab Rahim bin Abu Bakar</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Tengku Zahaimi bin Tuan Hashim</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td>Mohammad Farish Nizar bin Othman</td> <td style="text-align: right;">4/4</td> </tr> <tr> <td><i>Datuk Haji Mohd Haniff bin Haji Koslan</i> <i>(Appointed w.e.f. 16 August 2018)</i></td> <td style="text-align: right;">1/1</td> </tr> <tr> <td><i>Tunku Alizan bin Raja Muhammad Alias</i> <i>(Chairman)</i> <i>(Resigned w.e.f. 4 March 2019)</i></td> <td style="text-align: right;">4/4</td> </tr> <tr> <td><i>Dato' Jamelah binti A.Bakar</i> <i>(Resigned w.e.f. 28 June 2018)</i></td> <td style="text-align: right;">1/3</td> </tr> </tbody> </table>	Directors	Attendance	Dato' Ab Rahim bin Abu Bakar	4/4	Tengku Zahaimi bin Tuan Hashim	4/4	Mohammad Farish Nizar bin Othman	4/4	<i>Datuk Haji Mohd Haniff bin Haji Koslan</i> <i>(Appointed w.e.f. 16 August 2018)</i>	1/1	<i>Tunku Alizan bin Raja Muhammad Alias</i> <i>(Chairman)</i> <i>(Resigned w.e.f. 4 March 2019)</i>	4/4	<i>Dato' Jamelah binti A.Bakar</i> <i>(Resigned w.e.f. 28 June 2018)</i>	1/3
Directors	Attendance														
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<i>Dato' Jamelah binti A.Bakar</i> <i>(Resigned w.e.f. 28 June 2018)</i>	1/3														

	The Board through the BNRC continuously reviews its size and composition to ensure the effective functioning of the Board.	
Explanation for departure	:	KUB Group acknowledges that the Practice 4.7, the Nominating Committee is to be chaired by an Independent Director or the Senior Independent Director.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual Board Evaluation comprises the Board and Board Committees Effectiveness and Directors' Self and Peer Assessment ('the Exercise'). The Exercise is conducted to assess the Board's performance as well as to recommend improvement areas and remedial actions on the Board's administration and process. The performance evaluation was conducted for the Board as a whole, its Board Committees and contribution of each individual Director.</p> <p>The Annual Board Evaluation is intended to accomplish the following :</p> <ul style="list-style-type: none">• Improve the overall performance of KUB and its Board• Assess individual and collective success• Improve working relationship• Reinforce individual relationship• Improve the support given to the Board members <p>Findings of the Annual Board Evaluation were generated based on Directors' feedback via the Annual Board Evaluation Form. Upon collation and tabulation of the results and analysis of output, the Company Secretary consulted the Chairman of the BNRC for in-depth analysis of the Annual Board Evaluation Results.</p> <p>A summarised report will be presented to the BNRC and the Board to enable the Board to identify its strengths, areas for improvement and potential issues for the Board, Board Committees and individual Directors.</p> <p>The effectiveness of the Board and Board Committees is assessed in the areas of the Board roles and responsibilities, composition, ways to foster commitment, meeting process, administration and conduct, interaction and communication with Management, Stakeholders and Board engagement, as well as the effectiveness of the Chairman.</p>

	<p>Self and Peer Evaluation are conducted to assess each Director's professional competency, performance, leadership and integrity, Board contribution and commitment and strategic thinking and management.</p> <p>The Board, through the BNRC continuously reviews and evaluates the performance of the Board, Board Committees and individual Directors. In addition, the Annual Board Evaluation facilitates in indentifying areas for potential adjustment, provides an opportunity to remind Directors of the importance of group dynamics and effective Board and Board Committee processes in fulfilling the Board and Board Committees duties and responsibilities.</p> <p>Review of Directors Proposed for Re-election</p> <p>Procedures on the appointment and re-election of Directors are stipulated in KUB's Constitution and the Directors' Handbook and Code of Conduct. Directors are to be re-elected at every Annual General Meeting of KUB, where one-third (1/3) of the Directors who have been longest in office since their last election should retire. Directors who are due for re-election at the forthcoming Annual General Meeting and who had given their written consent to be re-elected, are as set out in the Notice of Annual General Meeting.</p> <p>Based on the schedule of retirement by rotation, the BNRC is responsible for recommending to the Board those Directors who are eligible to stand for re-election. This recommendation is based on formal reviews of the performance of the Directors, taking into account their Annual Board Evaluation Results, contribution and commitment to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interest of KUB in decision-making.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 6.1

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

Application	: Applied
Explanation on application of the practice	<p>The BNRC is responsible for reviewing KUB Group's compensation policy and ensuring alignment of compensation to corporate performance, and that compensation offered is in line with the market practice. The Board had approved on the review of Organisational Design, Remuneration and Reward Package and Employment Terms and Conditions of KUB Group.</p> <p>The implementation of the Compensation Policy provides the employees of KUB Group with detailed description of defined standards and processes relative to the development, implementation, management and governance of compensation practice in KUB Group.</p> <p>The objectives of KUB Group are to maintain a Compensation Policy that :</p> <ul style="list-style-type: none"> • Support a performance culture that is based on merit and generates KUB Group's business growth; • Provide clear focus and measurement on key objectives with a meaningful link to reward; • Provide competitive compensation opportunities that retain performers focusing on external competitiveness as the primary driver of reward opportunities; and • Encourage performance-driven culture and fosters teamwork and collaboration across KUB Group. <p>The above objectives are supported by the following three (3) components which form the key approach of KUB Group in achieving its business objectives :</p> <ul style="list-style-type: none"> • Performance alignment : <ul style="list-style-type: none"> ▪ Align business achievement to compensation quantum for reward contribution ▪ Align reward to annual performance and in relation to its Key Performance Indicators ('KPI')

	<ul style="list-style-type: none"> ▪ Recognise and reward cross-companies/divisional collaboration in pursuit of KUB's business goals ▪ Award and differentiate compensation based on individual performance and contributions <ul style="list-style-type: none"> • Individual compensation determination : <ul style="list-style-type: none"> ▪ Facilitate competitiveness through market positioning, competitive compensation positions for comparable job positions ▪ Promote meritocracy and fairness by recognising individual performance with a clear emphasis on performance contribution ▪ Equal compensation opportunity and equitable of application across KUB Group • Compensation structure and instruments : <ul style="list-style-type: none"> ▪ Maintain an appropriate balance of Fixed Compensation and Variable Compensation ▪ Significant portion of Variable Pool be allocated and aligned with the business performance of KUB Group ▪ The administration of the benefit items be subjected to proper control and governance across KUB Group ▪ Promote sound human resource management practices that are consistently applied throughout KUB Group <p>In line with the Compensation Policy to ensure alignment of compensation to corporate performance, an Automated Balance Scorecard System had been implemented across KUB Group to improve existing KPI focusing on performance-based remuneration and improved performance management system.</p> <p>The Board ensures that KUB Group's remuneration policy remains competitive to attract and retain employees of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of KUB Group.</p> <p>The Non-Executive Directors' remuneration should be adequate to attract, retain and motivate individuals of the necessary calibre, expertise and experience to join the Board. In determining the Non-Executive Directors' remuneration various factors will be considered including KUB Group's demands, complexities and performance as a whole, as well as necessary expertise and experience required, and in line with the strategic objectives of KUB Group which rewards contribution for the long term success of KUB Group. The Non-Executive Directors' remuneration adheres to a schedule of fixed fees in accordance with their responsibilities on the Board and Board Committees. The Non-Executive Directors are entitled to be reimbursed for expenses which are reasonably incurred by them in the discharge of their duties such as travel and accommodation.</p>
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	The President/Group Managing Director's performance is measured by individual and corporate performance based on the agreed Key Performance Indicators ('KPIs') established by the Board in the annual Corporate Scorecard.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.2

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

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

Application	: Applied
Explanation on application of the practice	<p>The BNRC had met four (4) times during the financial year under review for deliberation of the following key activities :</p> <p>In relation to its nomination functions :</p> <ul style="list-style-type: none"> • Revision of the Board Charter; • Revision of the Terms of Reference of the Board Nomination and Remuneration Committee; • Establishment of the Board Diversity Policy; • Retirement and re-election of Directors; • Annual Board Evaluation; • Evaluation on the performance of the Board Audit Committee; • Independent Directors' Assessment; and • New contract of service of President/Group Managing Director and Senior Management. <p>In relation to its remuneration functions :</p> <ul style="list-style-type: none"> • Annual salary increment for the year 2018; • Bonus payment for the year 2017; • Directors' Fees for the financial year ended 2017 and 2018; • New contract of service of President/Group Managing Director and Senior Managements; and • Remuneration Study for Non-Executive Directors. <p>The BNRCs' roles and responsibilities are governed by the Terms of Reference which are available on KUB's website.</p>

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and Subsidiaries during the financial year under review are disclosed on page 26 of the 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The disclosure of Senior Management's remuneration that include the five (5) key management personnel in the Audited Financial Statements are adequate as it complies with the requirement of Paragraph 17 of Malaysian Financial Reporting Standard 'Related Party Disclosures'. KUB endeavours to hire the best talents and relies on its robust systems and processes and oversights to ensure remunerations are competitive and managed strategically and strongly linked to performance and potential. Disclosing the bands of 50,000 would affect the competitiveness of KUB.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Will not be disclosing.	
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the BAC is not the Chairman of the Board, so as not to impair the objectivity of the Board's view of the BAC's findings and recommendations. Details of the composition and activities of the BAC are set out in the BAC Report on page 41 to 43 of the Annual Report.</p> <p>The BAC met five (5) times in the financial year ended 2018. The President/Group Managing Director, Group Chief Financial Officer, Head, Group Risk and Audit Division and the representatives of the co-sourced Internal Auditor attended those five (5) meetings whilst representatives of the External Auditors and the respective Heads of Division and Heads of Companies were in attendance by invitation.</p> <p>The BAC reviewed and recommended the quarterly financial statements for approval by the Board prior to their releases to Bursa Malaysia. The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of KUB Group's state of affairs. The Directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	The BAC is guided by its Terms of Reference. KUB has always recognised the need to uphold independence. None of the member of the BAC was a former key audit partners within the cooling-off period of two (2) years. In the financial year under review, the Board has approved the revised Terms of Reference of the BAC in line with the Code. The Terms of Reference of the BAC reflects a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the BAC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>KUB has established a transparent and appropriate relationship with KUB Group's External Auditors through the BAC. The BAC meets the External Auditors without the presence of the Management at least twice (2) a year.</p> <p>The BAC also undertakes an annual assessment of the performance, suitability and independence of the External Auditors in recommending the re-appointment of the External Auditors which encompassed the performance of the External Auditors and the quality of their communication with the BAC and KUB Group. The BAC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their objectivity, independence and professionalism. The External Auditors' performance and independence checklist is embedded in the Board Charter.</p> <p>In the financial year under review, Deloitte PLT, the External Auditors have given assurance that they have maintained their objectivity and independence in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.</p> <p>The BAC is satisfied with the performance, suitability and independence of the External Auditors based on the quality of services and sufficiency of resources they provided to KUB Group, in terms of the firm and the professional employees assigned to the audit.</p> <p>The role of the BAC in relation to the External Auditors is described in the BAC Report on page 41 to 43 of the Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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 :	<p>The BAC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, whom are equipped with the financial expertise and commercial acumen for them to discharge their responsibilities and fulfil their roles as BAC members. The training attended by all Directors during 2018 are reflected as follows :</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Programmes/Training</th> </tr> </thead> <tbody> <tr> <td>Dato' Ahmad Ibnihajar Chairman</td> <td> <ul style="list-style-type: none"> Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' </td> </tr> <tr> <td>Datuk Abdul Rahim bin Mohd Zin President/Group Managing Director</td> <td> <ul style="list-style-type: none"> 22nd Asia LPG Seminar and Workshop : Introduction to LPG and NGL Markets Introduction to Corporate Liability Provision </td> </tr> <tr> <td>Dato' Ab Rahim bin Abu Bakar (Senior Independent Non-Executive Director)</td> <td> <ul style="list-style-type: none"> Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' </td> </tr> <tr> <td>Tengku Zahaimi bin Tuan Hashim (Non-Independent Non-Executive Director)</td> <td> <ul style="list-style-type: none"> Introduction to Corporate Liability Provision Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' </td> </tr> <tr> <td>Mohammad Farish Nizar bin Othman (Independent Non-Executive Director)</td> <td> <ul style="list-style-type: none"> Internal Audit for Board Audit Committee </td> </tr> </tbody> </table>		Name	Programmes/Training	Dato' Ahmad Ibnihajar Chairman	<ul style="list-style-type: none"> Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' 	Datuk Abdul Rahim bin Mohd Zin President/Group Managing Director	<ul style="list-style-type: none"> 22nd Asia LPG Seminar and Workshop : Introduction to LPG and NGL Markets Introduction to Corporate Liability Provision 	Dato' Ab Rahim bin Abu Bakar (Senior Independent Non-Executive Director)	<ul style="list-style-type: none"> Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' 	Tengku Zahaimi bin Tuan Hashim (Non-Independent Non-Executive Director)	<ul style="list-style-type: none"> Introduction to Corporate Liability Provision Malaysian Institute of Corporate Governance ('MICG') : Members' Breakfast Talk cum Dialogue with President 'Integrity in Action' 	Mohammad Farish Nizar bin Othman (Independent Non-Executive Director)	<ul style="list-style-type: none"> Internal Audit for Board Audit Committee
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Mohammad Farish Nizar bin Othman (Independent Non-Executive Director)	<ul style="list-style-type: none"> Internal Audit for Board Audit Committee 													

	Datuk Haji Mohd Haniff bin Haji Koslan (Independent Non-Executive Director)	<ul style="list-style-type: none"> • Preparation for Corporate Liability on Corruption : 'How Ready is Your Company to Safeguard Your Directors, Top Management as Against Corruption Prosecution' • Financial Reporting by Listed Issuers : 'Interpreting Financial Numbers and Overcoming Challenges in Facing Timely and Accurate Reporting' • Introduction to Corporate Liability Provision • A Step-by-step Approach in Fitting in the 'Bolts and Nuts' to fortify a Holistic and Robust Framework
	Datuk Norliza bin Abdul Rahim Appointed w.e.f. 28 August 2018	<ul style="list-style-type: none"> • Mandatory Accreditation Programme
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	:	<p>The Board has established sound risk management practices to safeguard KUB Group's business interests from risk events that may impede the achievement of business strategies and growth opportunities as well as providing assurance to all stakeholders.</p> <p>The Board has also established the following governance framework and guidelines which are expected to provide a structured and consistent approach in managing risks and guidance on resuming key business function in the event of crisis among others :</p> <ul style="list-style-type: none"> • KUB Group Enterprise Risk Management Framework • Business Continuity Management Framework • Business Impact Analysis Guidelines • Business Continuity Plan Guidelines
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	: Applied
Explanation on application of the practice	<p>The Board Risk Management Committee ('BRMC') assists the Board to oversee the risk management matters relating to the activities of KUB Group. The BRMC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The BRMC reviews the Enterprise Risk Management Framework ('Framework') and processes to ensure that they remain relevant for use, and monitors the effectiveness of risk mitigation action plans for the management and control of the significant risks exposures inherent in its business operation. The design of this Framework is aligned with the principles and processes outlined in ISO 31000 : 2009 Risk Management - Principles and Guidelines.</p> <p>The Framework serves as a formal process to assist KUB in among others :</p> <ul style="list-style-type: none"> • Providing the foundations and arrangements on the application of risk management processes embedded throughout KUB Group at varying levels. • Encouraging understanding by managers and their employees on the implication of risk exposures, opportunities and risk management, in their day-to-day work and in strategic and operational planning activities. • Developing and implementing procedures to ensure that risks are identified, assessed against accepted criteria and appropriate measures are implemented. • Communicating that risk management is everyone's business within KUB Group. • Ensuring that KUB Group's Framework and processes for risk management are integrated with all aspects of the business, including governance, strategic planning, operational planning, management and reporting. <p>The Framework is developed to ensure KUB Group capabilities in facing the changing and challenging business environment by continuously implementing, monitoring, reviewing and improving the overall risk management activities.</p>

The Framework further provides a structured approach in the overall risk management processes as follows :

- The underlying principles of Risk Management for KUB Group.
- Risk Management Governance under the supervision of BRMC.
- Risk Management Governance structure which outlines the roles and responsibilities of all individuals involved in the risk management processes.
- Approach to managing risk based on ISO 31000 : 2009 principles and risk management processes with a detailed context.

The Board has established the Business Continuity Management ('BCM') which provides guidance on resumption of key business functions in the occurrence of crisis that has a severe impact on business in relation to financial, operational and reputational risks.

The BRMC is committed to enhance service reliability and resilience via an improved BCM programme. The programme serves to identify potential adversities to KUB Group and their impact on business operations. An overall framework has been established to build organisational resilience with an effective response mechanism to safeguard KUB Group's reputation, brand and the interests of its key stakeholders. In 2018, the establishment of BCM Programme for KUB Malaysia Berhad and KUB Gaz Sdn Bhd had been strengthened with the issuance of ISO 22301 Certification by Cybersecurity Malaysia in January 2018. Other subsidiaries within KUB Group including KUB Telekomunikasi Sdn Bhd, KUB Power Sdn Bhd and the Group of KUB Agro Holdings Sdn Bhd had completed the Certification in January 2019.

The Board acknowledges that risk management is an integral part of KUB Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

Thus, the risk management and internal control system are regularly reviewed by the Management and appropriate recommendations are presented to the Board for approval. KUB continues to maintain and review its internal control procedures to ensure that its assets and its shareholders' investments are protected as well as providing assurance to all stakeholders. The full report on KUB's Statement on Risk Management and Internal Control is reflected on page 32 to 40 of the Annual Report.

	<p>Health, Safety and Environment</p> <p>In recognition of employees as its most valuable assets, KUB Group is committed to providing a safe and secure workplace that is free from negative and inappropriate behaviours.</p> <p>KUB Group adopts the international standards and controls to continuously improve the safety management systems to ensure a safe working environment as it is fundamental in business operations and KUB Group's success. As part of the initiative, KUB Group has been certified with OHSAS 18001 : 2007 on 3 July 2017. In 2018, KUB Group has embarked on the 5S Programme to maintain a safe, clean, organised and efficient environment with accurate and timely information. On 4 October 2018, KUB Group has been certified with the Quality Environment Management System (QE/5S) by Malaysia Productivity Corporation. With the QE/5S certification, the Company is committed to embed safety and health as its work culture.</p> <p>At the same time, all subsidiary companies are now being monitored closely in compliance with Safety, Health and Environment legal requirements. The Health and Safety Environment Department is entrusted to educate and enforce the Emergency Response Team Members of all subsidiary companies to comply with legal requirements in order to instil safety and health into all employees' minds and their work culture.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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	:	Applied
Explanation on adoption of the practice	:	In the financial year under review, the BRMC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

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	:	<p>Internal audit is independent of both business management and of the activities under its review. Internal audit is responsible for providing assurance that the design and operations of KUB Group's internal control system are effective.</p> <p>KUB Group Risk and Audit Division assists the BAC in discharging its duties and responsibilities throughout the financial year under review. The Terms of Reference of the internal audit function is clearly spelt out in the Internal Audit Charter. Internal audit principal role is to undertake independent, regular and systematic reviews of the internal control systems, so as to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of KUB Group's system of internal control, risk management and governance processes.</p> <p>Further details of the internal audit activities are set out in the BAC Report and Statement on Risk Management and Internal Audit Function of the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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>Internal audit functions have no operational responsibility and authority over the activities it audits and adopts a risk-based approach in preparing its Internal Audit Annual Plan. The audit plan, budget, key performance indicators and manpower resources are submitted to the BAC for its review and approval. None of the internal auditors has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>To support the BAC in discharging their responsibilities, the Head, Group Risk and Audit Division reports directly to the BAC. KUB Group Risk and Audit Division is headed by Azizan Ariffin and the appointed co-sourced Internal Auditor, Cita Kapital Sdn Bhd. The appointment of the Head, Group Risk and Audit Division and the co-sourced Internal Auditor were reviewed and endorsed by the BAC. The detailed profile of Azizan Ariffin is reflected in the BAC Report of the Annual Report.</p> <p>As the corporate member of the Institute of Internal Auditors of Malaysia ('IIAM'), the internal auditors have access to the internal audit information, networking and training in ensuring its commitment that its activities meet the standards required by the Institute of Internal Auditors International Professional Practices Framework ('IPPF').</p> <p>The details of KUB Group's internal audit function are set out in the BAC Report of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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	:	<p>The Board continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board always ensure that the shareholders are informed on the performance and major corporate activities of KUB Group. This is achieved through timely releases of quarterly financial results, circulars, annual reports, corporate announcements and press releases. The Management attends meetings with institutional shareholders, analysts and members of the media to clarify information announced regarding KUB Group's performance and strategic direction as and when necessary and/or requested. The Corporate Communications and Investor Relations Unit ('CCIR') of KUB is responsible to ensure proper channels of communication between KUB Group and the stakeholders.</p> <p>Shareholders, stakeholders and investors are welcome to raise queries by contacting KUB Group at any time throughout the year and need not wait for the Annual General Meeting for such an opportunity. Shareholders, stakeholders and investors can reach out to KUB Group CCIR email at nor_ferina@kub.com at the 'Contact Us' section of KUB Group website should they require further information or assistance on investor-related matters.</p> <p>The CCIR manages the investing community and conducted engagement between the Management and analysts/fund managers and media in the form of briefings, announcements and press statements to keep the stakeholders updated and well-informed on the progress and affairs of KUB Group. Corporate and financial information is provided during the briefings to analysts/fund managers and media.</p> <p>Quarterly reports on KUB Group's results and announcements can be accessed from Bursa Malaysia's website. In addition, KUB Annual Report contains a review of its financial performance, supported by facts and statistics.</p>

	<p>KUB website include 'About KUB' section and Investor Relations section which provide all relevant information on KUB and accessible to the public. The Investor Relations section includes among others all announcements made by KUB, share price information, annual reports, notices of general meetings and minutes of general meetings whereas 'About KUB' section includes among others the corporate and governance structure of KUB. KUB Group maintains its corporate website which is accessible at www.kub.com.</p> <p>KUB Group's Communication Guidelines empowers the Chairman and/or President/Group Managing Director as the spokespersons of KUB Group. In order to ensure that the Stakeholders and investing public have updated information on KUB Group's performance, operations and other significant developments, various corporate announcements required under the Listing Requirements have been made during the period under review. In addition, detailed information on KUB Group's significant corporate events and developments were made through the media via press release and/or press conference.</p> <p>KUB adopts the requirement on corporate disclosure as stipulated under Chapters 9 and 10 of the Listing Requirements. KUB has in place KUB Group's Communication Guidelines as spelt out in the KUBMaG. It facilitates and ensures compliance by Bursa Malaysia and serves to enhance awareness of corporate disclosure requirements among employees. Clear roles and responsibilities of Directors, Management and employees are provided with the levels of authority to be accorded to designated person and spokesperson in handling the disclosure of material information.</p> <p>The persons responsible for preparing the disclosure will conduct due diligence and proper verification and coordinate the timely disclosure of material information to the investing public.</p> <p>In ensuring consistency to KUB Group's corporate image and standard format, all official communications on KUB Group to the investing public by way of announcements, media, event management, advertisement and promotions, donations and gifts, publications and corporate identity events must be approved by the President/Group Managing Director.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	KUB Group has yet to adopt the integrated reporting. KUB Group acknowledges that the integrated reporting improves the quality of information available to investors and promotes greater transparency and accountability on the part of KUB.
		The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company’s financial and non-financial information including strategic performance. Components such as Management Discussion Analysis, Corporate Governance Overview Statement, Sustainability Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Please specify number of years.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's General Meeting serves as an invaluable platform for shareholders to engage in a productive dialogue with the Board. The Board endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the Annual General Meeting and to facilitate informed decision-making by the shareholders.</p> <p>KUB despatches the notice of the Annual General Meeting to shareholders at least twenty-eight (28) days before the Annual General Meeting, well in advance of the twenty-one (21)-day requirement under the Companies Act, 2016 and Listing Requirements.</p> <p>The notice of the Annual General Meeting outlines the resolutions to be tabled during the meeting and is accompanied by explanatory notes and background of information where applicable.</p> <p>KUB distributes an Administrative Guide when despatching notice of the Annual General Meeting, which provides information to the Shareholders on the details of the Annual General Meeting and their entitlement (if any) to attend the Annual General Meeting.</p> <p>The Annual General Meeting is the principal forum for dialogue with Shareholders. The Board provides an opportunity for the Shareholders to raise questions pertaining to the business activities of KUB Group. During the 'Question and Answer' session of the Annual General Meeting, the Shareholders were invited to post their questions and provide their feedback to the Board. The Chairman of the Board, the President/Group Managing Director and Chairman of the Board Committees were instrumental in facilitating constructive discussions between the Shareholders, the Board and the Heads of Division/Heads of Companies of KUB Group.</p> <p>Highlights on KUB Group's financial performance are also presented to the Shareholders at the Annual General Meeting for their information. The President/Group Managing Director also shared with the Shareholders of KUB's responses to questions submitted in advance of the Annual General Meeting by the Minority Shareholders Watch Group.</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

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, including the Chairman of the BNRC, the Chairman of the BAC, the Heads of Division and the Heads of Companies of KUB Group attended and participated at Annual General Meeting of KUB in 2018. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by 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 12.3

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	:	Applied
Explanation on application of the practice	:	As required under the Listing Requirements, all resolutions will be voted by way of poll. The procedure for voting by poll is in accordance with KUB’s Constitution. KUB’s Constitution further allows its shareholders to vote in absentia or by proxy, provided that the proxy form is deposited at least forty-eight (48) hours before the Annual General Meeting. The locations of the General Meetings have always been convened in the Klang Valley at locations which are accessible by public transport.
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	:	

**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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