

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6874
COMPANY NAME : KUB Malaysia Berhad
FINANCIAL YEAR : 31 December 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 since the 52nd Annual General Meeting 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's leadership, duties, responsibilities and key highlights of Board activities are reflected on page 60 to 61 of this 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

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>In KUB Group, it is the responsibility of the Chairman to lead and manage the board performance by providing leadership and guidance to the Boards. The Chairman responsibilities amongst other :</p> <ul style="list-style-type: none"> a) 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; b) leads the Board meeting discussions and encourages debate on issues and seek views from the Directors on matters requiring decisions of the Board; c) reviews the draft minutes of meetings before circulation to the Directors for review and comments; d) chairs the general meeting of the Company and provides responses to shareholders on questions raised by them. e) 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	:	

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 for making and implementing operational decisions, and the day-to-day management of the business of KUB Group with respect to both its commercial and regulatory functions. The President/Group Managing Director, along with the Management, oversee conduct of business of KUB Group, chart the overall business direction of KUB Group, report and communicate key strategic matters and proposal to the Board and implement decisions made by the Board. 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>The roles of the Company Secretaries are reflected on page 62 of this Annual Report.</p> <p>The profile of the Company Secretaries is reflected on page 22 and 24 of this 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	:	Prior to each Board meeting, Board members and the Board Committee members are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective Board meetings. The minutes of meetings are circulated to the Board members and the Board Committee members. The details 'Support for Directors' are reflected on page 63 of this 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

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>Function of the Board is guided by the Board Charter, which was formalised in the financial year ended 31 December 2016. On 29 March 2018, the Board has approved the revised Charter in line with the Code.</p> <p>Based on the Board 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 Board 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 updated version of the Board Charter is available on KUB's website at www.kub.com. The Board Charter will be periodically reviewed as and when necessary.</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>KUB has in place a separate Code of Conduct for Directors and employees of the Company. The Directors' Handbook and Code of Conduct and Code of Conduct and Ethics for employees are available on KUB's website. The Directors' Handbook and Code of Conduct was formalised in the financial year ended 31 December 2016 and will be further reviewed during the financial year ending 31 December 2018. 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 service with KUB.</p> <p>The fundamental principles applied in developing 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 available 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">a) Conflict of Interest;b) Misuse of Position;c) Misuse of Information;d) Integrity and Accuracy of Record/Transaction;e) Fair and Equitable Treatment; andf) Confidentiality.

	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 in the Employee Handbook and it is accessible online through Human Resource Information Exchange ('HRIX').	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>KUB Group has established KUB Integrity Framework which have been approved by the Board and subsequently implemented in November 2017. The framework illustrates how integrity plays a vital 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 reflect better governance practice in supporting the objective of CIP; Zero Tolerance Towards Corruption. The Policy is guided by the Malaysian Anti-Corruption Act 2009.</p> <p>Apart from the above, KUB Group also has a Whistleblowing Policy of which it is to directly support the Company's Core Values, Code of Ethics and Governance Requirement. A revision of the policy was made and approved by the Board in August 2017. On 29 March 2018, the Board has approved the revised Whistleblowing Policy. This Policy guides 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 proper investigation to be initiated on all allegations or reports received/ submitted by parties from within or outside KUB Group. The updated Whistleblowing Policy is available on KUB's website.</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 4.1

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>As at the date of the Annual Report, the Board consists of nine (9) members comprising one (1) Chairman/Independent Non-Executive Director, one (1) President/Group Managing Director, one (1) 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 five percent (55%) or majority of the Board membership which is in accordance with the Practice 4.1 of the Code.</p> <p>No individual or group of individuals dominates the Board's decision making process. The Board adopts the concept of independence in tandem with the definition of Independent Director under Paragraph 1.01 of the Listing Requirements that he/she is independent of Management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of KUB, taking into account the candidate's character, integrity and professionalism.</p> <p>The Board approved the assessment criteria of the independence of Directors embedded in the Directors' Handbook and Code of Conduct to formalise the process of determining the Non-Executive Directors' independence by having each of them complete the Form of Declaration/Confirmation of Independence on an annual basis.</p> <p>The Board is generally satisfied that each Independent Non-Executive Director remains independent in character and judgement and is free from relationships or circumstances which are likely to affect or could appear to affect the Director's judgement.</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	:	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 agreed that the tenure of an Independent Director (inclusive of redesignated) does not exceed a limit of nine (9) years. Upon completion of the nine (9) years, 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 judgement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3- 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, cultural and 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	: <u>Applied</u>
Explanation on application of the practice	<p>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.</p> <p>The Board encourages women candidate to take up board positions. In relation thereto, the Company has established the Board Diversity Policy with the objective of at least ten per cent (10%) women representation on the Board. As of the date of reporting, the Company has achieved its Board Diversity Policy objective. The Board Diversity Policy as set out below is in accordance with the Paragraph 15.08A(3) of MMLR :</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 Board Nomination and Remuneration Committee 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 Board Nomination and Remuneration Committee will consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience on the Board.</p> <p>The Board Nomination and Remuneration Committee 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 Board Nomination and Remuneration Committee 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 Board Nomination and Remuneration Committee 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. The recruitment process is reflected on page 68 of this Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board Nomination and Remuneration Committee comprises exclusively of Non-Executive Directors, a majority of Independent Directors in accordance with the Listing Requirements. The Committee is chaired by Tunku Alizan Raja Muhammad Alias, the 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.
		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>Annual Board Evaluation comprises the Board and Board Committees Effectiveness and a Directors' Self and Peer Assessment ('the Exercise'). The Exercise was 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>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>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>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	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. The details Remuneration Policies are reflected on page 70 to 71 of this 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

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 Board Nomination and Remuneration Committee ('BNRC') had met four (4) times during the financial year ended 31 December 2017 for deliberation of the following key activities:</p> <p>In relation to its nomination functions :</p> <ul style="list-style-type: none">• Retirement and re-election of Directors;• Annual Board evaluation,• Evaluation on the performance of the Board Audit Committee;• Independent Directors' assessment;• Revision of the composition of the Board Committees and Board Subsidiaries;• Appointment of Senior Management;• Renewal of contract of service of Senior Management; <p>In relation to its remuneration functions :</p> <ul style="list-style-type: none">• Annual salary increment for the year 2017;• Bonus payment for the year 2016;• Appointment and renewal of contract of service of Senior Management;• Directors' Fees for the financial year ended 2016;• Revision of the Non-Executive Directors' remuneration package; <p>The BNRC' 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 Subsidiary during the financial year ended 31 December 2017 are disclosed on page 71 to 72 of this 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 Board is of the view that 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	:	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 88 to 91 of this 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

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	:	KUB has always recognised the need to uphold independence. None of the member of the BAC was former key audit partners within the cooling-off period of two (2) years. On 29 March 2018, 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 ended 31 December 2017, the BAC has obtained assurance from Messrs. Deloitte, the External Auditors, 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>
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 8.4 - 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) Non-Executive Independent Directors and a Non-Executive Non-Independent Director, whom are equipped with the financial expertise and commercial acumen that are most needed for them to discharge their responsibilities and fulfil their roles as BAC members. The training attended by all Directors during 2017 are reflected as follows :</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Programmes/Training/Conferences</th> </tr> </thead> <tbody> <tr> <td>Dato' Ahmad Ibnihajar Chairman</td> <td> <u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u> <ul style="list-style-type: none"> The New Companies Act, 2016 - Key Changes and Implications to Directors New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <u>Malaysian Institute of Corporate Governance</u> The New Malaysian Code on Corporate Governance 2016 - 'How to Walk the Talk?' </td> </tr> <tr> <td>Datuk Abdul Rahim Mohd Zin President/Group Managing Director</td> <td> <u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u> <ul style="list-style-type: none"> The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board The New Companies Act, 2016 - Key Changes and Implications to Directors New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework </td> </tr> </tbody> </table>	Name	Programmes/Training/Conferences	Dato' Ahmad Ibnihajar Chairman	<u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u> <ul style="list-style-type: none"> The New Companies Act, 2016 - Key Changes and Implications to Directors New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <u>Malaysian Institute of Corporate Governance</u> The New Malaysian Code on Corporate Governance 2016 - 'How to Walk the Talk?'	Datuk Abdul Rahim Mohd Zin President/Group Managing Director	<u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u> <ul style="list-style-type: none"> The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board The New Companies Act, 2016 - Key Changes and Implications to Directors New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework
Name	Programmes/Training/Conferences						
Dato' Ahmad Ibnihajar Chairman	<u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u> <ul style="list-style-type: none"> The New Companies Act, 2016 - Key Changes and Implications to Directors New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <u>Malaysian Institute of Corporate Governance</u> The New Malaysian Code on Corporate Governance 2016 - 'How to Walk the Talk?'						
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	<p>Dato' Ab Rahim Abu Bakar (Senior Independent Non-Executive Director)</p>	<p>In-House Risk Management Conference for Directors and Senior Management</p> <p><u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u></p> <ul style="list-style-type: none"> • The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board • The New Companies Act, 2016 - Key Changes and Implications to Directors • New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <p><u>Malaysian Directors Academy ('MINDA')</u></p> <p>About Corporate Directors Advanced Programme 2017 - Strategy and Risks</p>
	<p>Datuk Hj Faisyal Datuk Yusof Hamdain Diego (Non-Independent Non-Executive Director)</p>	<p><u>Bursatra Sdn Bhd</u></p> <p>Changes Affecting Directors under the Companies Act, 2016 - What Every Director Needs to Know</p> <p><u>Malaysian Institute of Corporate Governance</u></p> <p>One (1)-Day Conference - Governance Culture in your Organisation</p> <p><u>Ministry of Finance ('MOF') Sabah</u></p> <p>Two (2)-Day Seminar for Board of Directors of Government Agencies and Government Link Companies Year 2017 - Towards Board Excellence</p>
	<p>Dato' Jamelah A.Bakar (Independent Non-Executive Director)</p>	<p><u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u></p> <ul style="list-style-type: none"> • The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board • The New Companies Act, 2016 - Key Changes and Implications to Directors • New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <p><u>ARAM Global Sdn Bhd/PUNB</u></p> <p>Annual Updates on Audit, Governance and Compliance for the Public and Private Sector Forum 2017</p>

	<p>Tunku Alizan Raja Muhammad Alias (Non-Independent Non-Executive Director)</p>	<p>In-House Risk Management Conference for Directors and Senior Management</p> <p><u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u></p> <ul style="list-style-type: none"> • The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board • The New Companies Act, 2016 - Key Changes and Implications to Directors • New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <p><u>Scomi/KPMG</u></p> <p>Cyber Risk Awareness Training and Visit to KPMG Asia Pacific Cybersecurity and Digital Hub</p> <p><u>Bursatra Sdn Bhd</u></p> <p>Critical and Creative Thinking Skills for Decision-Making and Problem-Solving</p> <p><u>Gabungan AQRS Berhad/Bursatra Sdn Bhd</u></p> <p>New Malaysian Code on Corporate Governance 2017 - A Comprehensive and Actionable Work Plan</p>
	<p>Tengku Zahaimi Tuan Hashim (Non-Independent Non-Executive Director)</p>	<p><u>In-House Directors' Training Programme</u></p> <p>New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework</p> <p><u>ARAM Global Sdn Bhd</u></p> <p>Annual Updates on Audit, Governance and Compliance for the Public and Private Sector Forum 2017</p>
	<p>Mohammad Farish Nizar Othman (Independent Non-Executive Director)</p>	<p><u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u></p> <ul style="list-style-type: none"> • The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board • The New Companies Act, 2016 - Key Changes and Implications to Directors • New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <p><u>Institute of Enterprise Risk Practitioners</u></p> <p>Qualified Risk Director Programme – Series 13</p>

	<p>Datuk Haji Mohd Haniff Haji Koslan (Independent Non-Executive Director) Appointed w.e.f. 27 February 2018</p>	<p>In-House Risk Management Conference for Directors and Senior Management</p> <p><u>In-House Directors' Training Programme - Malaysian Institute of Corporate Governance</u></p> <ul style="list-style-type: none"> • The Proposed Malaysian Code on Corporate Governance ('MCCG') 2016 - Raising the Bar on Transparency, Accountability and Integrity in the Board • The New Companies Act, 2016 - Key Changes and Implications to Directors • New Malaysian Code on Corporate Governance - A Comprehensive Disclosure Framework <p><u>Malaysian Institute of Corporate Governance</u></p> <p>Setting Up for International Success : ISO 37001 Anti-Bribery Management Systems</p> <p>Seminar on Implementation of the Report on 'Transparency in Corporate Reporting'</p> <p><u>Bursatra Sdn Bhd</u></p> <p>Changes Affecting Directors under the Companies Act, 2016 - What Every Director Needs to Know</p> <p><u>Malaysian Directors Academy ('MINDA')</u></p> <p>About Corporate Directors Advanced Programme 2017 - Financial Language in the Boardroom</p> <p><u>ARAM Global Sdn Bhd</u></p> <p>Annual Updates on Audit, Governance and Compliance for the Public and Private Sector Forum 2017</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 9.1

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 amongst 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 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 process outlined in ISO 31000 : 2009 Risk Management – Principles and Guidelines. It should be noted that these principles in themselves are broad and to be utilised only where considered appropriate. The Framework is to provide 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 process that will be embedded throughout KUB Group at varying level. • Encouraging understanding by managers and their staff on the implication of risk exposures, opportunities and their 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 process for risk management is integrated with all aspects of the business, including governance, strategic planning, operational planning, management and reporting. <p>The Framework is developed and continuously improved 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>

	<p>Additionally, the Framework provides a structured approach in the overall risk management process via the following :</p> <ul style="list-style-type: none"> • The underlying principles of Risk Management for KUB Group. • Risk Management Governance under the supervision of BRMC. • Risk Management Governance structure which outline 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. 	
<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	:	The Board Risk Management Committee comprises three (3) Independent Non-Executive Directors and a 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>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 the KUB Group's system of internal control, risk management and governance process.</p> <p>To support the BAC in discharging their responsibilities, the Head, Group Risk and Audit Division reports directly to the BAC. The appointment of the Head, Group Risk and Audit Division is reviewed and endorsed by the BAC.</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 this 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

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.</p> <p>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>KUB Group Risk and Audit Division is supported by six (6) internal auditors headed by Encik Azizan Ariffin. The detailed profile of Encik Azizan Ariffin is reflected under the Profile of Senior Management on page 23 of this 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 trainings in ensuring its commitment that its activities meet the standards required by the Institute of Internal Auditors International Professional Practices Framework ('IPPF').</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the need for transparency and accountability to shareholders and for regular communications with shareholders, stakeholders and investors on the performance and major developments in the 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 the Group's performance and strategic direction as and when needed and/or requested. Corporate Communication and Investor Relations ('CCIR') of KUB plays its role to ensure proper channels of communication between KUB Group and the stakeholders.</p> <p>The CCIR manages the investing community and conducted engagement between the Management and analysts/fund managers/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.</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 11.2

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 Board recognises the Annual General Meeting as an invaluable platform for shareholders to engage in a productive dialogue and provide constructive feedback that contributes to the overall performance of KUB Group. The Board therefore 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 with 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 regarding the details of the Annual General Meeting and their entitlement (if any) to attend the Annual General Meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Chairman of the BNRC and BAC, attended and participated at Annual General Meeting of KUB in 2017. 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	:	The Board encourages the Shareholders to request for the resolutions put forth to be voted by poll. This is in line with the amendments of the Listing Requirements in mandating poll voting for all resolutions set out in the notice of general meetings. The procedure for voting by polls is in accordance with KUB's Constitution. KUB's Constitution allows poll voting to be conducted manually using voting slips or electronically using various electronic voting devices, for the purpose of more efficiently determining the outcome of resolutions. KUB has conducted an electronic poll voting or 'e-polling' at the last Annual General Meeting. As stated in KUB's Constitution, KUB 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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