

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5166  
**COMPANY NAME** : Minda Global Berhad  
**FINANCIAL YEAR** : December 31, 2017

### **OUTLINE:**

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

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

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the overall corporate governance of the Group, its strategic direction, overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, ensuring proper succession planning and effective shareholders communication policy, ensuring the integrity of the Group’s financial and non-financial reporting and reviewing the adequacy and the integrity of the Group’s internal control systems.</p> <p>On 14 February 2018, the Board had approved and adopted the Board Charter to ensure the same are in line with the Corporate Governance practices as stated in the Malaysian Code on Corporate Governance (“MCCG”). The document serve as reference and guide for Directors in discharging their responsibilities for the Company which is made available on Minda Global’s website at <a href="http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf">http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman plays an instrumental role in providing leadership to the Board for all aspects of the Board's roles and responsibilities, ensuring that operations conform to the Board's strategic directions, Company's vision and corporate policies, as well as facilitating the communication and understanding between the Management and the Board.</p> <p>The roles and responsibilities of the Chairman of the Board have been stated under Item 3.2 of the Board Charter, which is made available on Minda Gobal's website at <a href="http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf">http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf</a></p> <p>General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), an Independent Non-Executive Chairman, was appointed as the Chairman of Minda Global on 9 January 2018, and he is also a Chairman of Asiamet Education Group Berhad ("AEGB") since 8 April 2015 before the transfer listing exercise between AEGB and Minda Global.</p> <p>The Chairman's profile can be found in the Directors' Profile of Minda Global's Annual Report 2017.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Independent Non-Executive Chairman is General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.) while the role of Chief Executive Officer ("CEO") is fulfilled by Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar. The roles of the Chairman and CEO are exercised by different individuals. The roles of Chairman are distinguished from that of the CEO's roles with clear division of responsibilities as outlined in the Board Charter. Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Board and the Management in their deliberation of the business, strategies and key operations of the Group.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a qualified and competent Company Secretary who is responsible to advise and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.</p> <p>All Directors have full and unrestricted access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.</p> <p>Ms Wong Youn Kim is a Chartered Secretary and a member of the Malaysian Institute of Chartered Secretaries And Administrators ("MAICSA"). The Company Secretary constantly keeps herself abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through attending relevant courses organised by regulators, professional bodies and recognised training providers and organisations.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is no Board meeting convened during the financial period ended 31 December 2017.</p> <p>Prior to each meeting, a reasonable notice of meetings and agenda were circulated to all Directors together with the draft minutes of the previous meeting together with the respective reports/papers and other board meeting reference materials such as management reports and financial reports to be discussed in order for them to be apprised of the topics and to be prepared accordingly.</p> <p>The Company Secretary ensures that the minutes of meetings as seen and commented by the Chairman are disseminated to the senior management in a timely manner so that necessary actions can be taken.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter was approved and adopted during the first Board meeting on 14 February 2018. The Board Charter is made available on the Company's website.</p> <p>The Board Charter clearly outlines amongst others:</p> <ul style="list-style-type: none"><li>• board composition and board balance</li><li>• roles and responsibilities of the Board of Directors, Chairman of the Board, CEO, Independent Non-Executive Directors ("INED"), Senior INED and Non-Independent Non-Executive Directors</li><li>• board committees (i.e. Audit and Risk Management Committee, and Nomination and Remuneration Committee)</li><li>• the procedure of board meeting</li><li>• continuing education programmes</li><li>• directors remuneration</li><li>• board evaluation and performance</li><li>• investor relations and shareholder communication</li><li>• relationship with other stakeholders</li></ul> <p>The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board adopted the Code of Conduct and Ethics for Directors on 14 February 2018 with the objective of attaining best corporate governance practices and compliance with legislation governing Directors' duties in discharging their duties to achieve corporate objectives. It is important to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity.</p> <p>The Code of Conduct and Ethics for Directors covers a wide area of policies and procedures to provide direction and guidance to all Directors in discharge of their duties and responsibilities that will be in the best interest of the Group and to establish a standard of ethical behaviour for Directors based on trustworthiness and values that are upheld by Directors.</p> <p>The Code of Conduct and Ethics for Directors will be periodically reviewed by the Board and updated in accordance with the needs of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Whistleblowing Policy (“WP”) on 14 February 2018 which plays an important part in maintaining the highest level of corporate ethics within the Group, and have a professional responsibility to disclose any known malpractices or wrongdoings.</p> <p>The WP provides an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders.</p> <p>The structure adopted by the Group establishes a clear line of communication and reporting of concerns for employees at all levels, and provides alternative lines of communication depending on the person(s) who is/are the subject of such concerns.</p> <p>The disclosure of information should initially and promptly be made by the whistle blower to Tan Sri Datuk (Dr.) Rafiah Binti Salim who is a Senior Independent Non-Executive Director. The reports or disclosure under this Policy can be made through e-mail at <a href="mailto:director@mindaglobal.com.my">director@mindaglobal.com.my</a> or mail (using the attached form as per Appendix 1 which can be found at Company website) addressed to the registered address of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The Chief Financial Officer shall be the named Investigator unless otherwise assigned by the Audit and Risk Management Committee.</p> <p>The WP and its details on the procedures being available on the Company’s website at <a href="http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Whistle-Blowing-Policy-Final.pdf">http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Whistle-Blowing-Policy-Final.pdf</a></p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently consists of six (6) members, comprising the Independent Non-Executive Chairman, Group Chief Executive Officer and Group Managing Director, and four (4) Independent Non-Executive Directors, who were appointed on 9 January 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:	All the Directors were appointed on 9 January 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board through its Board Charter sets a policy which limits the tenure of its Independent Directors to nine (9) years.

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board will ensure that each of its Directors, CEO or Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director, CEO or Chief Financial Officer, as the case may be, of the Company.</p> <p>The Board Charter clearly outlines that all nominations of candidates for the positions of Directors and CEO must be submitted to the Nomination and Remuneration Committee for consideration. The Nomination and Remuneration Committee shall base its recommendation on the guidelines as detailed hereunder before recommending the candidates to the Board for approval:</p> <ul style="list-style-type: none"><li>(a) Age limit</li><li>(b) In accordance with the Listing Requirement, Companies Act 2016 and any other regulatory compliance</li><li>(c) Work experience</li><li>(d) Qualifications</li><li>(e) Personal background</li><li>(f) Competencies</li><li>(g) Directorships</li></ul> <p>The Group adopts gender diversity through its board, Management and staff composition. The Board welcomes suitably and qualified female Directors to come on the Board subject to the evaluation and assessment by the Nomination and Remuneration Committee following the criteria set by the Code and the MMLR.</p> <p>For more detailed description of the diverse background and experience of the Board members, kindly refer to the profile of each member of the Board as set out in the Directors' Profile of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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



**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. The current composition of the Board achieved the target of 30% representation of women Directors (2 women Directors out of total 6 Directors) in order to have optimum mix of skills, knowledge and experience of the Directors on Boards.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the appointments of new Directors are subject to screening and appropriate recommendation by the Nomination and Remuneration Committee (“NRC”) prior to consideration and approval by the Boards.</p> <p>In considering potential candidates for appointment, the NRC will ensure candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge his or her role as a director. The NRC will consider the recommendations by CEO and, within the bounds of practicability, by any other senior executive or any Director or Shareholder as well as network of industry contacts including independent sources, when required.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The membership of the NRC is set out in its Terms of Reference. The NRC comprises exclusively Independent Non-Executive Directors (“INEDs”) and chaired by the Senior Independent Non-Executive Director, Tan Sri Datuk (Dr.) Rafiah Binti Salim.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	All the Directors were appointed on 9 January 2018 and the NRC was formed on 14 February 2018, therefore the board evaluation for year 2018 will only be carried out in year 2019.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The first exercise on board evaluation review by NRC will be carried out in year 2019.	
<b>Timeframe</b>	:	Before the AGM for year 2019.	

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company is in the midst of formalising a Remuneration Policy for its Directors and Senior Management which is targeted to be adopted by end of year 2018.
	:	The Board is cognisant that such policy is premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre, expertise with experience relevant to the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>On 14 February 2018, a combined committee known as Nomination and Remuneration Committee was established to assist the Board in their responsibilities in nominating new nominees to the Board and to assess the performance of the Board, the Board Committees and the Directors of the Company on an on-going basis and also assist the Board in adopting a transparent policy on remuneration of Directors and ensuring the suitability of the remuneration packages of Directors.</p> <p>The NRC comprises wholly of Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director. The composition of the NRC and the profile of each member can be found in Directors' Profile of the Annual Report. The roles and responsibilities of the NRC are set out in its Terms of Reference which is made available on the Company's website at <a href="http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Terms-of-Reference-of-the-Nom-and-Rem-Committee-Final.pdf">http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Terms-of-Reference-of-the-Nom-and-Rem-Committee-Final.pdf</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	There were no directors' remuneration paid by the Company for the financial period ended 31 December 2017.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Not applicable - Step Up 7.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>		There were no remuneration paid to senior management for the financial period ended 31 December 2017.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit and Risk Management Committee ("ARMC") is not the Chairman of the Board. The ARMC is chaired by Professor Colonel Tan Sri Datuk Wira Dr Hj. Mohd Shukor Bin Haji Mahfar, an INED and the Board is chaired by General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), an INED. Details of the composition of the ARMC is set out in the Annual Report 2017.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the ARMC’s Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he/she can be considered for appointment as a Committee member.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As per provided in the Terms of Reference of the ARMC, the duties and responsibilities for the ARMC in respect of the external auditors are as follows:  (a) To consider the nomination and appointment of External Auditors; and to consider the adequacy of experience and resources of the External Auditors and determine the audit fee  (b) To assess the suitability, objectivity and independence of the External Auditors;  The Terms of Reference of the ARMC is available on the Company's website at <a href="http://mindaglobal.com.my">http://mindaglobal.com.my</a>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC comprises wholly of Independent Non-Executive Directors as provided by the Terms of Reference of ARMC that requires at least three (3) members, consisting wholly of independent non-executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	As provided by the TOR of ARMC, at least one (1) member must be a member of the Malaysian Institute of Accountants ("MIA") or a person who fulfils the requirements as stated in the MMLR.  All the ARMC members are able to understand matters under the purview of the Audit and Risk Management Committee including the financial reporting process. Dato' Tan Choon Hwa @ Esther Tan Choon Hwa, a member of ARMC is a member of MIA.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Risk Management Committee ("RMC") was established on 14 February 2018 and the Board had on 26 April 2018 resolved to combine the Audit Committee with Risk Management Committee, which was then renamed as Audit and Risk Management Committee ("ARMC").	
		ARMC is also in the midst of establishing a risk management and internal control framework which would be able to identify, assess and manage the risk relevant to the business environment and industry.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	A task force will be set up and report to the ARMC to identify, assess, respond, monitor and manage all risks applied within the Group.	
<b>Timeframe</b>	:	By end of year 2018	

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Risk Management Committee (“RMC”) was established on 14 February 2018 and the Board had on 26 April 2018 resolved to combine the Audit Committee with Risk Management Committee, which was then renamed as Audit and Risk Management Committee.	
		ARMC is also in the midst of establishing a risk management and internal control framework which would be able to identify, assess and manage the risk relevant to the business environment and industry.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC of Minda Global comprises wholly INEDs and is chaired by Professor Colonel Tan Sri Datuk Wira Dr Hj. Mohd Sukor Bin Haji Mahfar.</p> <p>The ARMC's responsibilities also include overseeing and recommending risk management policies and procedures, implement and maintain a sound risk management framework, review risk profiles and measures taken to mitigate risks.</p>

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by an outsourced internal audit firm which is independent of the activities it audits.</p> <p>There is no internal audit review performed during the financial period ended 31 December 2017. The Internal Audit plan for 2018 was approved by the Audit Committee (now known as Audit and Risk Management Committee) on 24 February 2018.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group’s internal audit function is carried out by an outsourced internal audit firm which is independent of the activities it audit. The outsourced Internal Auditor is Sterling Business Alignment Consulting Sdn Bhd, who is a member of Institute of Internal Audit Malaysia.</p> <p>The Internal Auditors assign different audit teams for each audit review in order to maintain an independent view and approach to the internal audit review.</p> <p>The Internal Auditors reports directly to the ARMC and assist the ARMC in reviewing the effectiveness of the internal control systems whilst ensuring there is an appropriate balance of controls and risk management throughout the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the importance of maintaining proper corporate disclosure procedures with the aim of providing shareholders and investors with comprehensive, accurate and quality information on a timely basis.</p> <p>At the Company's website, under the Investor Relations section, there is information about all announcements made to Bursa Malaysia, share performance, annual reports, corporate information and corporate governance of the Company and it is accessible to the public.</p> <p>The Company's website also provides Investor Relations contact for shareholders to direct their queries or concerns to.</p> <p>Minda Global has adopted a Shareholder Communication Policy which outlines matters relating to the communication between the company and its shareholders, is made available on the Company's website.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company may consider adopting integrated reporting based on globally recognised framework in the near future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In line with the recommendations of the MCCG, the notice of the Annual General Meeting (“AGM”) was circulated to the shareholders on 28 May 2018, at least 28 days prior to the AGM which will be held on 27 June 2018.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors will attend the forthcoming AGM which is scheduled on 27 June 2018. The date of the AGM was set approved in advance by the Board. Once the AGM date as well as other meeting dates have been fixed, Directors would commit themselves to attending all the meetings as scheduled, save for unforeseeable reasons that are beyond their control.</p> <p>The Group Chief Financial Officer will also attend the forthcoming AGM and will be available to give response if there are any question address to him.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Pursuant to the Constitution of the Company, shareholders are allowed to appoint their representative(s) as their proxy(ies) to attend and vote for his/her behalf at the general meetings.	
		The Company may consider leverage on technology to facilitate more shareholders’ participation at general meetings as it can only be implemented with a system fit for this purpose.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



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

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

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