

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5166
COMPANY NAME : Minda Global Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the overall corporate governance of Minda Global and its subsidiaries (“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>The Board had on 14 February 2018 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 2017 (“MCCG 2017”). The document serves as reference and guide for Directors in discharging their responsibilities for the Company which is made available on Minda Global’s website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf</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>The Chairman of the Board, General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), is an Independent Non-Executive Director, He 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 Global's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf</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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Independent Non-Executive Chairman is General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.) while the role of Group Managing Director ("GMD") is fulfilled by Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar and Mr Maha Ramanathan Palan who was the Non-Executive Director ("ED") of the Company has been redesignated as the Executive Director on 30 March 2020.</p> <p>Naresh Alagan who was the Group Chief Executive Officer ("GCEO") has resigned on 14 January 2020.</p> <p>The roles of the Chairman and GMD/GCEO are exercised by different individuals. The roles of Chairman are distinguished from that of the GMD's/GCEO'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.</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 1.4

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 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>The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. In this respect, the Company Secretary has attended training and seminars conducted by relevant regulators to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the MMLR of Bursa Securities.</p> <p>The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.</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 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board meetings for the ensuing financial year are scheduled in advance to facilitate Directors to plan ahead and fit the year's Board meetings into their schedules.</p> <p>Prior to each meeting, a reasonable period of the notice of meetings and agendas were circulated to all Directors together with the draft minutes of the previous meeting as well as 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. Management were invited to attend and present at the meetings, to provide additional information and explanations.</p> <p>The Minutes including matters Directors abstained from voting/deliberation, contain all deliberations, discussion and decision are prepared soonest practicable by the Company Secretary.</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 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>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 at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Board-Charter-Final.pdf</p> <p>The Board Charter clearly outlines amongst others:</p> <ul style="list-style-type: none"> • board composition and board balance with qualified individuals of diverse experience, integrity and competence • roles and responsibilities of the Board of Directors, Chairman of the Board, GMD/GCEO, Independent Non-Executive Directors ("INED"), Senior INED and Non-Independent Non-Executive Directors • board committees (i.e. Audit and Risk Management Committee and Nomination and Remuneration Committee) • the procedures of board meeting • continuing education programmes • directors' remuneration • board evaluation and performance • investor relations and shareholder communication • relationship with other stakeholders <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>
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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Conduct and Ethics for Directors was adopted 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>As an effort to continuously observe highest standard of ethical conducts within the Group, the Board has also adopted the Code of Conduct which applies to all Directors and employees of the Group on 29 May 2020. This Code of Conduct of the Group covers the areas among others, conflicts of interest, abuse of power, insider trading, proper use of company's assets and confidential information, financial reporting, corruption and bribery, money laundering and whistleblowing.</p> <p>The Code of Conduct and Ethics for Directors is made available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Director-Code-of-Conduct - Final.pdf whereas the Code of Conduct of the Group is made available on the Company's website at http://mindaglobal.com.my/wp-content/2020/05/Minda-Global-Code-of-Conduct-23May2020.pdf</p>

	<p>The Code of Conduct and Ethics for Directors and the Code of Conduct of the Group will be periodically reviewed by the Board and updated in accordance with the needs of the Group.</p> <p>The Board is also committed to conducting businesses in an ethical, transparent, responsible and efficient manner. In line with this commitment, the Board has put in place an Anti-Bribery and Anti-Corruption Policy on 29 May 2020 which is made available on the Company's website at http://mindaglobal.com.my/wp-content/uploads/2020/05/Minda-Global-AB-AC.pdf</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted a Whistle-blowing Policy (“WP”) on 14 February 2018 which plays an important part in maintaining the highest level of corporate ethics within the Group, and has 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 WP can be made through e-mail at director@mindaglobal.com.my or mail (using the attached form as per Appendix 1 which can be found at Company’s website) addressed to the registered address of the Company at HMC Corporate Services Sdn Bhd, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur. The Group 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 http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Whistle-Blowing-Policy-Final.pdf</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 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board currently consists of seven (7) members, comprising the Independent Non-Executive Chairman, the Group Managing Director, the Executive Director and four (4) Independent Non-Executive Directors. Hence, the Independent Directors of the Company comprises 71% of Board membership.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable – No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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 :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board will ensure that each of its Directors, has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director, 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 must be submitted to the Nomination and Remuneration Committee (“NRC”) for consideration. The NRC 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">(a) Age limit(b) In accordance with the Main Market Listing Requirement (“MMLR”) of Bursa Securities, Companies Act 2016 and any other regulatory compliance(c) Work experience(d) Qualifications(e) Personal background(f) Competencies(g) Directorships <p>During the year under review, no new Director was appointed. The Board decided to maintain the optimum Board size at 7 based on the review of the Board composition in 2019. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.</p> <p>The Group adopts gender diversity through its Board, Management and staff composition. The Board welcomes suitable and qualified female Directors to come on the Board subject to the evaluation and assessment by the NRC following the criteria set by the MCGG 2017 and the MMLR of Bursa Securities.</p> <p>The detailed description of the diverse background and experience of the Board members, are set out in Directors’ Profile of the Annual Report 2019.</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 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. In order to further reinforce the Company's commitment towards gender diversity, the Board has put in place the Board Gender Diversity Policy which is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/12/Minda-Gender-Diversity-Policy.pdf</p> <p>Currently, there are two women Directors on the Board and this represents 28% of the Board composition. The Board, through the NRC, will continue to conduct all Board appointment processes in a manner that promotes gender diversity.</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 4.6

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>All the appointments of new Directors are subject to screening and appropriate recommendation by the 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, experiences and integrity to effectively discharge his or her role as a director. The NRC will consider the recommendations by GMD/GCEO and, within the bounds of practicability, by any other senior executive or any Director or Shareholder.</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 4.7

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

Application	:	Applied			
Explanation on application of the practice	:	The membership of the NRC is set out in its Terms of Reference. The NRC comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Non-Executive Director, Tan Sri Datuk (Dr.) Rafiah Binti Salim.			
		During the year under review, one (1) meeting was carried out, with attendance as follows:			
		Name of Director	Designation	No. of Meetings Attended	
		Tan Sri Datuk (Dr.) Rafiah Binti Salim (Senior Independent Non-Executive Director)	Chairman	1/1	
		Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar (Independent Non-Executive Director)	Member	1/1	
		Sanjeev Nanavati (Independent Non-Executive Director)	Member	1/1	
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC carries out assessment on an annual basis on the effectiveness and performance of the Board, Board Committees and contribution of each individual Director, including the required mix of skills, independence of the Independent Non-Executive Directors, diversity and core competencies necessary for the Board to discharge its duties effectively.</p> <p>Each Director will be provided with a detailed questionnaire in the Directors' Performance Evaluation which covers matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee will be carried out by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR.</p> <p>Results of the evaluation of the Board, Board Committees and individual Directors are presented to the NRC and Board meetings.</p> <p>As of June 2020, the NRC has conducted the evaluation and assessment exercise in respect of the effectiveness and performance of the Board and Board Committees, and contribution of each individual Director on the Board for the financial year ended 31 December 2019.</p> <p>Following the evaluation and assessment results, the NRC agreed that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies, diversity and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings.</p>

	<p>Based on the evaluation and assessment results, the NRC has also recommended to the Board, Tan Sri Datuk (Dr.) Rafiah Binti Salim and Mr. Sanjeev Nanavati, who are retiring and eligible to stand for re-election at the Company's forthcoming Annual General Meeting in accordance with Clause 103 of the Company's Constitution. Tan Sri Datuk (Dr.) Rafiah Binti Salim has expressed her intention to seek for re-election at the Company's forthcoming Annual General Meeting but Mr. Sanjeev Nanavati has expressed his intention that he does not wish to seek re-election and as such, he will retire as a Director of the Company at the conclusion of the Company's forthcoming Annual General Meeting.</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

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Remuneration Policy for the remuneration of Directors and key senior management. The Board is cognisant that such policy is premised on the need to have an adequate level of remuneration to attract, retain and motivate Directors and senior management personnel of high calibre, expertise with experience relevant to the Company.</p> <p>In determining the level and make-up of the Director's remuneration, the NRC is guided by the Remuneration Policy to consider among others, the following:</p> <ul style="list-style-type: none"> (a) Performance measures and targets to be aligned with the Company's corporate strategy and Shareholders' interest; (b) Remuneration and rewards shall be granted based on the achievement of the key performance indicator and subject to the Company's overall performance and affordability; and (c) Total remuneration shall be set at levels that are competitive with the relevant market and industry. <p>The Remuneration Policy is available at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/12/Minda-Remuneration-Policy.pdf</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 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 NRC 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 http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Terms-of-Reference-of-the-Nom-and-Rem-Committee-Final.pdf</p> <p>The summary of NRC's activities during the financial year under review are set out on page 31 under the Corporate Governance Overview Statement of the Annual Report 2019.</p> <p>As of the date of this Statement, the NRC have reviewed and recommended to the Board that the Directors' fees and meeting allowances as well as the remuneration of the Group Managing Director be revised. The Board has approved the revision of the remuneration of the Group Managing Director and the NRC's recommendation on the revision of the Directors' fees and meeting allowances, for shareholders' approval to be sought at the Company's forthcoming Annual General Meeting. No Director is involved in deciding his own remuneration.</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 :	<p>The details of individual Directors' remuneration are as follows:-</p> <p><u>Group Level</u></p> <table border="1"> <thead> <tr> <th>Group</th> <th>Salaries, Allowances and Others RM</th> <th>Fees RM</th> <th>Retirement Benefits RM</th> <th>Meeting Allowances RM</th> <th>Benefit-in-kind RM</th> <th>Total RM</th> </tr> </thead> <tbody> <tr> <td>General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)</td> <td>-</td> <td>60,000</td> <td>-</td> <td>7,000</td> <td>-</td> <td>67,000</td> </tr> <tr> <td>Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar</td> <td>1,241,537</td> <td>-</td> <td>148,920</td> <td>-</td> <td>-</td> <td>1,390,457</td> </tr> <tr> <td>Tan Sri Datuk (Dr.) Rafiah Binti Salim</td> <td>-</td> <td>48,000</td> <td>-</td> <td>4,500</td> <td>-</td> <td>52,500</td> </tr> <tr> <td>Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar</td> <td>-</td> <td>48,000</td> <td>-</td> <td>10,000</td> <td>-</td> <td>58,000</td> </tr> <tr> <td>Dato' Tan Choon Hwa @ Esther Tan Choon Hwa</td> <td>-</td> <td>48,000</td> <td>-</td> <td>5,500</td> <td>-</td> <td>53,500</td> </tr> <tr> <td>Sanjeev Nanavati</td> <td>-</td> <td>48,000</td> <td>-</td> <td>8,000</td> <td>-</td> <td>56,000</td> </tr> <tr> <td>Maha Ramanathan Palan</td> <td>-</td> <td>48,000</td> <td>-</td> <td>2,500</td> <td>-</td> <td>50,500</td> </tr> </tbody> </table>	Group	Salaries, Allowances and Others RM	Fees RM	Retirement Benefits RM	Meeting Allowances RM	Benefit-in-kind RM	Total RM	General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.)	-	60,000	-	7,000	-	67,000	Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	1,241,537	-	148,920	-	-	1,390,457	Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	4,500	-	52,500	Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	10,000	-	58,000	Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	5,500	-	53,500	Sanjeev Nanavati	-	48,000	-	8,000	-	56,000	Maha Ramanathan Palan	-	48,000	-	2,500	-	50,500
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	<u>Company Level</u>						
	Company	Salaries, Allowances and Others	Fees	Retirement Benefits	Meeting Allowances	Benefit- in-kind	Total
		RM	RM	RM	RM	RM	RM
	General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj. Nordin (Rtd.) Tan Sri Dato' Dr. Palaniappan A/L Ramanathan Chettiar	-	60,000	-	7,000	-	67,000
	Tan Sri Datuk (Dr.) Rafiah Binti Salim	-	48,000	-	4,500	-	52,500
	Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar	-	48,000	-	10,000	-	58,000
	Dato' Tan Choon Hwa @ Esther Tan Choon Hwa	-	48,000	-	5,500	-	53,500
	Sanjeev Nanavati	-	48,000	-	8,000	-	56,000
	Maha Ramanathan Palan	-	48,000	-	2,500	-	50,500
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 details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures on an aggregate basis. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.	
<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 7.3 - 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 Audit and Risk Committee ("ARMC") is not the Chairman of the Board. The ARMC is chaired by Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar, an Independent Non-Executive Director and the Board is chaired by General Tan Sri Dato' Seri Mohd Shahrom Bin Dato' Hj Nordin (Rtd.), an Independent Non-Executive Director. Details of the composition of the ARMC are set out in the Annual Report 2019.	
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	:	<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. 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 can be considered for appointment as a Committee member.</p> <p>None of the ARMC members are former key audit partner of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	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 at the Company's website at http://mindaglobal.com.my/wp-content/uploads/2018/07/Minda-Terms-of-Reference-of-the-Audit-Risk-Management-Committee.pdf
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	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.

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that risk management and internal control system are an integral part of effective management practice. There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investments and Group's assets.</p> <p>The Risk Management Committee was established on 14 February 2018 and the Board has 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 assist the Board to oversee and review the effectiveness of the Group's risk management and internal control systems.</p> <p>An Enterprise Risk Management Framework of the Company and its key subsidiary was established to provide the overall guideline and approach to the Group's risk management and to facilitate systematic application of ERM practices and continuous reporting of risk management activities.</p> <p>The Group has established an Internal Audit Function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the Internal control system. The internal controls which have embedded in the business process and activities, amongst other, include delegation of functions, authority limits, setting of policies and procedures and reporting structure.</p> <p>The details are set out in the Statement on Risk Management and Internal Control in the 2019 Annual Report.</p>
Explanation for departure	:	

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

Intended Outcome

Companies 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	:	Details of the features of risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2019 of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC of Minda Global comprises wholly Independent Non-Executive Directors and is chaired by Tan Sri Datuk Wira Dr. Mohd Shukor Bin Mahfar.</p> <p>The responsibilities of the ARMC include overseeing the company-wide risk management practices. Any approved policy and framework formulated to identify, measure and monitor various risk components would be reviewed and recommended by the ARMC to the Board. Additionally, the ARMC reviews and assesses the adequacy of these risk management and ensures infrastructure, resources and systems are in place for risk management.</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.

Application	:	Applied
Explanation on application of the practice	:	The Group has established an internal audit function through the appointment of an independent consulting firm which reports to the ARMC and assists the ARMC in reviewing the effectiveness of the Internal control system whilst ensuring that there is an appropriate balance of controls and risk management throughout the Group in achieving its business objectives.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 reports directly to the ARMC of the Board. The role of Internal Auditors is to provide objective assurance to the ARMC and the senior management that operations and functions are efficient and effective, and that processes have a robust control environment.</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 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>The Company's website at http://mindaglobal.com.my/ under the Investor Relations section, provides information on all Company's announcements made to Bursa Malaysia, share performance, annual reports, corporate and governance information 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 is available at its website http://mindaglobal.com.my/wp-content/uploads/2018/02/Minda-Global-Shareholder-communication-policy-Final.pdf</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 11.2

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	:	The Annual Report 2019 has provided stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management and Discussion Analysis, Sustainability Statement, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.	
		The Company may consider adopting integrated reporting based on globally recognised framework in near future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	In accordance with the recommendations of the MCCG 2017, the Company gives its shareholders at least 28 days prior notice of the Annual General Meeting (“AGM”) of the Company to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>All Directors will attend the Company 's AGMs which is scheduled and approved in advance by the Board before the AGMs. Once meeting dates have been fixed, Directors would commit themselves to attend the meetings as scheduled, save for unforeseeable reasons that are beyond their control.</p> <p>The GCEO and GCFO will also attend the Company's AGMs and will be available to give response if there are any questions addressed to them.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>At present, the Company does not leverage on technology to facilitate voting in absentia and remote shareholders’ participation at General Meetings as it is currently not cost effective.</p> <p>In the event the shareholders are unable to attend the general meetings, the Company allows its shareholders to vote in absentia or by proxy, provided that the proxy shall have been appointed by the shareholder himself or by his duly authorised attorney or representative provided further that it is filed at the registered office of the Company at least 48 hours before the general meetings pursuant to the Constitution of the Company.</p> <p>The Company may consider leverage on technology to facilitate more shareholders’ participation at general meetings when necessary and at an appropriate time.</p>
<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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