

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5272
COMPANY NAME : Ranhill Holdings Berhad
FINANCIAL YEAR : 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board continues to execute its fiduciary duties to use reasonable care, skill & diligence in line with Section 211 (1) and (2) and Section 213 (1), (2) and (3) of the Companies Act, 2016.</p> <p>The Board is responsible for ensuring that the Group continues to remain on track towards the realisation of its set business objectives and goals. In fulfilling this duty, the Board has developed an annual business plan which charts the course forward for the Group. On 2 February 2019, the Board tabled and approved its 2019 Business Plan on the same day.</p> <p>The Board is guided by its Board Charter, which stipulates the roles and responsibilities, the power and authority vested in the Board and other required guidance in enabling the Board to discharge its duties. This includes matters reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the President / Chief Executive ("PCE"), Chief Corporate Officer ("CCO") and Senior Management.</p> <p>The Board Charter is available at www.ranhill.com.my.</p> <p>The Group also has established a Governance model or framework to provide necessary structure to facilitate smooth operations and decision making.</p> <p>The Board has also established various Board Committees to facilitate the execution of its duties. Each Committee has its own respective Terms Of Reference ("TOR") to facilitate the execution of its roles and responsibilities.</p> <p>Through the Governance Risk Management Committee ("GRMC"), the Board looks to effectively address the Group's risk exposure. Via its Audit Committee ("AC"), the Board ensures Ranhill's audit and accounting practices are in line with recognised accounting practices such as the Malaysian Financial Reporting Standards ("MFRS") and the International Financial</p> |

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| | <p>Reporting Standards (“IFRS”).</p> <p>Via its Strategy & Investment Committee (“SIC”), the Board formulates strategies for achieving the corporate objectives set by the Board. This includes investment decisions such as acquisition, divestments, mergers and funding in line with the strategy set by the Board.</p> <p>Also, the Board through its Nominating & Remuneration Committee (“NRC”) ensures that there is an effective succession planning for the Board and that the Company’s remuneration plan is comparative to industry benchmarks.</p> <p>As the highest decision making body, the Board sets the tone at the top by placing the highest priority on business sustainability and corporate governance.</p> <p>In line with the new MCCG, the Board in 2018 has conducted a thorough assessment of its internal corporate governance framework and practices. Revisions have been made to strengthen our overall governance.</p> <p>During FY2018, the Board together with top Senior Management met to outline key strategic issues and decision making. Further details of the Board’s role in setting strategy are given in the Corporate Governance Overview Statement of the 2018 annual report.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

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

Practice 1.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Tan Sri Azman Yahya is the Chairman of the Board.</p> <p>Within the Group's Board Charter, the Chairman has prescribed roles that look to provide robust stewardship of the Group in line with ensuring corporate governance practices, leadership and effectiveness. Among the key responsibilities are:-</p> <ul style="list-style-type: none"> • Providing leadership for the Board to ensure it executes its responsibilities effectively; • Helming the Board towards ensuring good corporate governance within the Group; • Representing the Board to shareholders; • Maintains regular contact with the President/Chief Executive; • Facilitates healthy discussion and deliberation at Board meetings and ensures all Board members participate actively; • With the assistance of the Company Secretary, sets the Board agenda and ensures Board Members receive all required information in a timely manner prior to meetings. <p>The Chairman's role in ensuring a greater degree of independent judgment has been strengthened when on 2 February 2019, Tan Sri Azman was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director.</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 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The position of Chairman is held by Tan Sri Azman Yahya while the position of President / Chief Executive ("PCE") is held by Tan Sri Hamdan Mohamad.</p> <p>Both individuals have distinct roles which are clearly described in the Group's Board Charter. The Chairman's role is described in Practice 1.2 of this CG Report.</p> <p>The PCE drives the strategic day-to-day management of the Group. Together with the Senior Management, he is responsible for translating strategic objectives, policies and goals set by the Board into tangible business targets or KPIs and for the realisation of these through actionable business plans.</p> <p>Other responsibilities include:</p> <ul style="list-style-type: none"> • To develop and ensure the execution of day-to-day operational strategies together with the Management team. • Accountable to the Board for the overall Group performance and the observance of Management's limits. • To act within all specific authorities delegated by the Board. <p>While the Board has given the PCE and the Senior Management team a certain degree of flexibility and autonomy in the execution of business plans, the PCE is still accountable to the Board and reports to the Board on Group performance periodically.</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 1.4

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

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| Application | : Applied |
| Explanation on application of the practice | <p>The Group employs the service of a qualified Chartered Company Secretary – Lau Bey Ling (MAICSA No: 7001523) who has over 20 years of experience providing secretarial services, including public listed companies.</p> <p>In addition, the Group employs an External Secretary – Leong Shiak Wan (MAICSA No: 7012855) to provide additional corporate secretarial support.</p> <p>Directors have unrestricted access to the advice and services of both Group Secretaries.</p> <p>Together, the expertise and experience of both individuals allow for effective facilitation of Board and Board Committee meetings as well as the performance of other necessary duties to support the Board pertaining to the Group's constitution and ensuring Board policies and procedures are in accordance with set rules and regulations.</p> <p>The Company Secretaries' functions include (but not limited to):</p> <ul style="list-style-type: none">• Advising the Directors of their duties and responsibilities;• Advising the Directors of obligations to disclose their interest in securities, disclosure of any conflict of interest and related party transaction;• Advising the Directors of prohibition on dealing in securities during the closed period and restriction on disclosure of price sensitive information;• Prepare agendas of meetings for Board and Board Committees;• Attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly;• Advising the Board on its obligatory requirements to disclose material information;• Ensuring the appointment of new directors, re-appointment and resignation of Directors are in accordance with the relevant legislations; and• Ensuring execution of assessment for Directors, Board and Board Committees. |

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| | The Company Secretary has been present at all Board and Board Committees' meetings. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions. | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.5

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>In facilitating more effective time planning for Directors, the annual meeting calendar is circulated in advance of each new year. The calendar provides meeting dates for the Board, Board Committees, the annual general meeting and other major appointments.</p> <p>It also provides the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.</p> <p>In the FY2018, Notice of Board meetings, board papers and other meeting materials were provided to the Board five (5) business days in advance to allow board members time to review the information and prepare accordingly for meetings so they may make informed decisions and contribute productively during meetings.</p> <p>The same Notice is sent to Management so that they have sufficient time to prepare necessary meeting materials.</p> <p>The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. Meetings of the Board and the Board Committees are carefully minuted and circulated to all Board members.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a Board Charter since 26 May 2016 which outlines the respective duties and authority of the Chairman, the individual directors, the PCE and the respective Board Committees. The Charter also clear stipulates matters that are reserved for the Board's deliberation and decision.</p> <p>The Board has reviewed its Charter on 26 February 2019, revisions were made mainly to be in line with the requirements or recommendations in the latest Companies Act 2016, Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements 2018.</p> <p>The Board has adopted the revised Board Charter on 26 February 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

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

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

Practice 3.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board established a formalised Code of Conduct & Business Ethics ("CCBE") on 25th April 2016. The Group's CCBE serves to guide expected good corporate conduct, behaviour and practices for all employees and Directors within Ranhill.</p> <p>The CCBE governs all related areas for good governance and best practices such as matters of corruption, bribery transparency, abuse of power, accountability, conflicts of interest ("COI"), breach of privacy / confidentiality, insider trading, fair dealing and anti-competition, improper use of company assets, compliance with laws, rules and regulations and so on.</p> <p>All new employees are inducted to the CCBE during their orientation process. Communication on the CCBE is cascaded regularly across company communication channels as a reminder to employees.</p> <p>Supporting the CCBE is the Fraud and Whistleblowing policy which sets the standard for expected behaviour and practices for all within 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

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

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

Practice 3.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>Ranhill has a formal Fraud and Whistleblowing policy in place since April 2016. The policy clearly states the process for reporting on confirmed or potential issues of business misconduct, corruption, sexual harassment, racial discrimination and other unacceptable, unethical or illegal practices.</p> <p>The said policy comes under the oversight of Ranhill's Fraud and Whistleblowing Committee ("F&WBC") whose role is as follows:</p> <ul style="list-style-type: none">• Function as the reporting focal point for all fraud and whistleblowing reports received.• Investigate all reported incidents with the Chairman of the F&WBC reporting formally to the Board.• Assist the Board in addressing any other fraud or financial irregularity issues within Ranhill Holdings Berhad and its subsidiaries. <p>The F&WBC comprises Ranhill's Senior Independent Director ("SID") and the Heads of Group Corporate Assurance Division ("GCAD"), Group Human Capital Division and the Group Legal and Compliance Division.</p> <p>Under the whistleblowing policy, any party who makes a report of improper conduct in good faith will not face any form of punitive measures such as retaliation, dismissal, victimisation, demotion, suspension, intimidation, discrimination and so on.</p> <p>Employees or even external parties may whistle blow with their identities remaining confidential to whistle@we-care.my. The policy was cascaded across the Ranhill Group on August 2016 and we continue to promote awareness among employees on the existence of the said policy.</p> <p>As yet, Ranhill has not received any whistleblowing reports.</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.

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| Application : | Applied |
| Explanation on application of the practice | <p>During FY2018, there was a change in Ranhill's Board composition from 11 to eight (8) directors.</p> <p>With effect from 2 February 2019, Group Chairman Tan Sri Azman Yahya has been re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director. This is due to the 2 years disqualifying period as independent director which has lapsed from the completion date on 15 December 2015 of the Scheme of Arrangement i.e. the Reverse Take-over (RTO) of Symphony House Berhad ("Symphony") by the Company whereby Tan Sri Azman was the director and shareholder of Symphony at that time.</p> <p>The completion of the RTO was to facilitate the Company to assume the listing status of Symphony on 16 December 2015. In addition, Tan Sri Azman has also met the criteria for director's independence as set out in the Listing Requirements of Bursa Securities.</p> <p>With the above changes, Ranhill's Board comprises eight (8) members of whom two (2) are Executive Directors and five (5) are Independent Non-Executive Directors. The present Board composition is as follows:</p> <ol style="list-style-type: none"> 1. Tan Sri Azman Yahya (Chairman) <i>(Independent Non-Executive Director)</i> 2. Tan Sri Hamdan Mohamad <i>(Executive Director / President And Chief Executive)</i> 3. Dato Sri Lim Haw Kuang <i>(Executive Director)</i> 4. Lim Hun Soon @ David Lim <i>(Independent Non-Executive Director)</i> 5. Abu Talib Abdul Rahman <i>(Independent Non-Executive Director)</i> 6. Loong Mei Yin <i>(Non-Independent Non-Executive Director)</i> 7. Datuk Abdullah Karim <i>(Senior Independent Non-Executive Director)</i> 8. Leow Peen Fong <i>(Independent Non-Executive Director, appointed w.e.f. 2 March 2018)</i> <p>Note:</p> <ol style="list-style-type: none"> (1) <i>Datuk Abdullah Karim had been re-designated as Senior Independent/Non-Executive Director of the Company w.e.f 13 November 2018.</i> (2) <i>Datuk Zulkifli Ibrahim had resigned as Independent/Non-Executive Director of the Company w.e.f. 1 June 2018.</i> (3) <i>Tan Sri Saw Choo Boon had resigned as Senior Independent/Non-Executive Director of the Company w.e.f. 1 September 2018.</i> (4) <i>Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani had been re-designated as Senior Independent/Non-Executive Director of the Company w.e.f. 1 September 2018. Later, he</i> |

tendered his resignation as Senior Independent/Non-Executive Director of the Company w.e.f 18 September 2018.

The present Board is composed of high calibre and proven captains of industry who bring a wealth of experience and an exceptional track record of excellent achievement within their respective individual capabilities.

Furthermore, the Board practices an open and transparent discussion environment during meetings to ensure independent judgment is allowed to flourish in ensuring the best interest of the Group and shareholders is safeguarded.

Going further, the independence of our INEDs are assessed during the Board Effectiveness Evaluation (“BEE”) via self and peer assessments and forms of declaration that the individual INED is free from any business or other relationship which could materially interfere with the exercise of their objective and independent judgements, decisions and reviews.

The Board is satisfied that the INEDs have demonstrated the required level of independence in acting impartially and in the best interests of Ranhill.

Board Independence:

The independence of a director is assessed in accordance with Ranhill’s Policy on Independence of Directors. The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstance of a director changes and reassessment is warranted.

In accordance with the policy, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a director:

- Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Is employed, or has previously been employed in an executive capacity by the company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- Is, or has within the last three years been, a partner, director or senior employee of a material professional adviser to the company or another Group member;
- Is, or has been within the last three years, in a material business relationship with the company or another Group member, or an officer of, or otherwise associated with, someone with such a relationship;
- Has a material contractual relationship with the company or another Group member other than as a director;
- Has close family ties with any person who falls within any of the categories described above; or has been a director of the company

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| | <p>for such a period that his or her independence may have been compromised.</p> <p>The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the company and its Group members, the persons or organisations with which the director has an affiliation and from the perspective of the director. To assist in assessing the materiality of a supplier or customer the Board has adopted the following materiality thresholds:</p> <ul style="list-style-type: none"> • A material customer is a customer of Ranhill which accounts for more than 2% of Ranhill's consolidated gross revenue; and • A supplier is material if Ranhill accounts for more than 2% of the supplier's consolidated gross revenue. |
| <p>Explanation : for departure</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure :</p> | |
| <p>Timeframe :</p> | |

Intended Outcome

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

Practice 4.2

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is of the view that progressive refreshing of the Board is in the best interest of Ranhill in line with best corporate governance practice. Hence, to date, none of Ranhill's Independent Directors have reached the maximum 9-year tenure of service as stipulated under the Practice.</p> <p>However, should there be a need to retain the services of an Independent Director, in line with the MCCG 2017, the Group will seek to retain such Director (s) as a non-independent Director or will seek annual shareholder approval to retain them as Independent Directors.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.3 - Step Up

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

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Group has applied this Step-up practice which is provided for in the in Board Charter. The Charter stipulates that the tenure of Independent Directors is to not exceed a period of nine (9) consecutive years.</p> <p>The Charter is available at www.ranhill.com.my.</p> |

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>In the selection of Directors, the Board looks to foster a diversity of views and perspectives that will facilitate a more objective and truly in-depth decision making process. This is essential given the size and complexity of Ranhill's business operations and the dynamically evolving external environment.</p> <p>This is achieved by the NRC instituting an impartial assessment and selection process. The NRC identifies and assesses candidates based on qualifications, related experience, track record and professional achievements and whether their unique skill sets and competence is a good fit in line with Ranhill's requirements for good stewardship and corporate governance. This also includes the following:</p> <ul style="list-style-type: none"> • Candidate's independence in the case of the appointment of an Independent Non-Executive Director; • The composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); • Any competing time commitments if the candidate has multiple Board representations. <p>Ranhill undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.</p> <p>All newly appointed Directors will be given an induction programme to acquaint them with the Group and its business operations and strategies, as well as on-going activities and any potential issues or developments. This includes visits to the Group's significant places of operations, meetings with senior management and relevant staff.</p> <p>Based on the review of the Board composition, the Board has retained its present size of 8.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="4">Age Group</th> <th colspan="2">Gender</th> </tr> <tr> <th>Number of Directors</th> <th>41-50</th> <th>51-60</th> <th>61-70</th> <th>71-80</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td></td> <td>1</td> <td>1</td> <td>6</td> <td>0</td> <td>6</td> <td>2</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Number of Directors</th> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td></td> <td>4</td> <td>4</td> <td>0</td> <td>0</td> <td>8</td> <td>0</td> </tr> </tbody> </table> | | Age Group | | | | Gender | | Number of Directors | 41-50 | 51-60 | 61-70 | 71-80 | Male | Female | | 1 | 1 | 6 | 0 | 6 | 2 | | Race/Ethnicity | | | | Nationality | | Number of Directors | Malay | Chinese | Indian | Others | Malaysian | Foreigner | | 4 | 4 | 0 | 0 | 8 | 0 |
| | Age Group | | | | Gender | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Directors | 41-50 | 51-60 | 61-70 | 71-80 | Male | Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | 1 | 6 | 0 | 6 | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Race/Ethnicity | | | | Nationality | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Directors | Malay | Chinese | Indian | Others | Malaysian | Foreigner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | 4 | 0 | 0 | 8 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>The Board is of the view that this is the optimal size for its present requirements to ensure enable effective oversight, delegation of responsibilities and productive discussions in the best interest of the Group and shareholders.</p> <p>The same applies for Senior Management. However, this process comes under the Group's Human Resources policy (rather than the NRC) which is administered by the Group Human Capital Division.</p> | |
| Explanation for departure : | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure : | | |
| Timeframe : | | |
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Intended Outcome

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>Out of 8 Board members, 2 directors are female. They are Ms Loong Mei Yin and Ms Leow Peen Fong. By definition, Ranhill is not categorized under the "Large Companies" yet as it has to be either (i) on the FTSE Bursa Malaysia Top 100 index or (ii) company with market capitalisation above RM2.0 billion at the start of its financial year. Nonetheless, Management is taking the initiative in support of Bursa Malaysia's target to have public listed companies achieve a 30% or higher composition of women on the board of Directors by 2020.</p> <p>Beyond the Board, Ranhill has continued to emphasise gender diversity in the hiring, promotion and training of staff by advocating an equal opportunity and equal environment in the workplace with HR establishing policies to that effect.</p> <p>With respect to Top Management and Senior Management, about 14% of positions are filled by women. Across the Group, women make up 17% of the workforce.</p> <table border="1" data-bbox="564 1144 1394 1211"> <thead> <tr> <th>Ranhill Group Gender Diversity</th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td></td> <td>2,508 (83%)</td> <td>504 (17%)</td> <td>3,012</td> </tr> </tbody> </table> <table border="1" data-bbox="564 1240 1394 1440"> <thead> <tr> <th colspan="2">Women in Management</th> <th>No</th> </tr> </thead> <tbody> <tr> <td colspan="2">Top Management (Vice President and above)</td> <td>3</td> </tr> <tr> <td colspan="2">Senior Management (Assistant General Manager, General Manager, Senior General Manager)</td> <td>3</td> </tr> <tr> <td colspan="2">Middle Management (Assistant Manager to Senior Manager)</td> <td>49</td> </tr> </tbody> </table> | Ranhill Group Gender Diversity | Male | Female | Total | | 2,508 (83%) | 504 (17%) | 3,012 | Women in Management | | No | Top Management (Vice President and above) | | 3 | Senior Management (Assistant General Manager, General Manager, Senior General Manager) | | 3 | Middle Management (Assistant Manager to Senior Manager) | | 49 |
| Ranhill Group Gender Diversity | Male | Female | Total | | | | | | | | | | | | | | | | | | | |
| | 2,508 (83%) | 504 (17%) | 3,012 | | | | | | | | | | | | | | | | | | | |
| Women in Management | | No | | | | | | | | | | | | | | | | | | | | |
| Top Management (Vice President and above) | | 3 | | | | | | | | | | | | | | | | | | | | |
| Senior Management (Assistant General Manager, General Manager, Senior General Manager) | | 3 | | | | | | | | | | | | | | | | | | | | |
| Middle Management (Assistant Manager to Senior Manager) | | 49 | | | | | | | | | | | | | | | | | | | | |
| 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>The Board manages its succession planning with the assistance of the Nominating and Remuneration Committee (NRC). NRC annually reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across members and reports its conclusions to the Board.</p> <p>The search for candidates is performed through various means which include recommendations from incumbent Directors, Management or external parties including leveraging on the Group's contacts in related industries, and finance, legal and accounting professions. The Group also considers the recommendations from past Board members as well as those of Directors of other public listed companies.</p> <p>Other methods employed include utilising the services of executive recruiters or head-hunters, leveraging on personal relationships and networks and reviewing the women's register of Directors.</p> <p>The search for Directors by the NRC is based on the Group's skills matrix which enables Ranhill to identify gaps in its existing competences. Where the committee identifies existing or projected competency gaps, it recommends a succession plan to the Board that addresses those gaps. The Board does not currently consider that there are any existing or projected competency gaps.</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 | : | <p>Ranhill's Nominating and Remuneration Committee ("NRC") is chaired currently by Datuk Abdullah Karim who is appointed as the Group's Senior Independent Non-Executive Director ("SID") with effect from 13 November 2018 in place of Datuk Seri Nik Norzrul Thani Nik Hassan Thani and Tan Sri Saw Choo Boon who have resigned from the Board of Ranhill on 19 September 2018 and 1 September 2018 respectively.</p> <p>Datuk Abdullah Karim's selection for the position is based on his extensive experience and expertise as an established corporate leader who brings over 39 years of experience in the oil and gas industry with PETRONAS, and also taking into account his proven leadership capabilities as he holds directorships in three (3) public listed companies: Icon Offshore Berhad, Uzma Berhad and Yinson Holdings Berhad.</p> <p>His profile is given in the Board of Director's profile on page 53 of the 2018 Ranhill annual report. The specific responsibilities of the SID are as set out in the Board Charter, which is available on www.ranhill.com.my.</p> <p>At the present moment, given the Committee's effectiveness, the Board believes there is no requirement to have separate Board Committees for the Nominating and Remuneration function respectively.</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 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>Board effectiveness is assessed on an annual basis under the Board's Effectiveness Evaluation ("BEE"). The BEE provides for both peer and self-assessment via a questionnaire.</p> <p>The NRC is responsible for the BEE which assesses individual board members based on selected criteria. The criteria include level of responsibilities, time commitment and contribution of Directors during Board and Board Committees' meetings as well as Board Committees' compositions, roles and responsibilities.</p> <p>Criteria for Board evaluation:</p> <ul style="list-style-type: none"> • Assessment of achievement against mandate. • Evaluation of organization performance against industry norms and measurement of performance indicators. • Dealing fairly with staff and others. • Achievement of Board objectives, quality of decisions (value-adding). • Ability to conduct business honestly, ethically and professionally. • Effective committee structures. • Collective responsibility and teamwork demonstrated. • Compliance with Code of Corporate Governance. • Frequency and duration of board meetings appropriate; quality of board papers; relevance and completeness of agendas. • Information and advice received was relevant, adequate and timely. • Effective reporting – disclosure, transparency, clarity. • Monitoring and feedback process effective. • Ability to innovate, change, improve and learn. • Ability to interact with shareholders effectively. <p>Criteria for Director evaluation</p> <ul style="list-style-type: none"> • Commitment in terms of time and effort. • Attendance at Board meetings. • Ability to participate actively and contribute, and ask tough questions. • Exposure to orientation, upgrading knowledge base. |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Knowledge of company, the group and industry. • Understanding company's mission, vision, strategic plans. • Bringing special expertise to the Board . • Level of preparation at meetings. • Team player. No conflict of interest. <p>The results of each individual director is provided to the individual and copied to the Chairman and tabled at the NRC. The reports on Board and committee performance are provided to all directors and discussed by the Board.</p> <p>The performance of each director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the director. The directors seeking re-election will be asked to reconfirm that they consent to stand in for re-election.</p> <p>For FY 2018, the overall results of the BEE was satisfactory with all Directors scoring well – in the areas of responsibilities, time commitment and contribution to the running of the Board.</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 6.1

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 Group has established clear guidelines for the remuneration of both Executive and Non-Executive Directors. The main objective of these guidelines is to attract and retain required talent to provide necessary stewardship for Ranhill at the Board and senior management level.</p> <p>Directors' Remuneration is to be approved at the Group's AGM by shareholders annually and is to be paid out on a quarterly basis. The Group's NRC is responsible for evaluating and setting competitive remuneration for Directors. This is performed on an interval of 2-3 years' or on need basis with recommendations then submitted for Board approval. The NRC makes recommendations for remuneration for Independent Non-Executive Directors based on the following (but not limited to) criteria: expertise and experience, time commitment, workload and responsibilities assumed as well as the overall performance of the Group for the financial year.</p> <p>In the case of Independent Non-Executive Directors, as explained above, remuneration is a matter for the Board as a whole, with individual Directors abstaining from discussion of his / her own remuneration.</p> <p>The level of remuneration for the PCE and Executive Directors is determined by the NRC after giving consideration to the compensation levels for comparable positions among other similar Malaysian listed companies as well as overall achievement of individual KPIs as well as Group performance.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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>Ranhill has established its Nominating and Remuneration Committee ("NRC") that is guided by its Terms of Reference ("TOR") which facilitates a formal and transparent process in setting and approving the remuneration of the Board and Board Committees, the President / Chief Executive (PCE) and senior management.</p> <p>The TOR is displayed on the company's website www.ranhill.com.my. The NRC comprises of:</p> <ul style="list-style-type: none">• Datuk Abdullah Karim <i>(Chairman w.e.f 1 September 2018 and re-designated to Senior Independent Non-Executive Director w.e.f 13 November 2018)</i>• Tan Sri Azman Yahya <i>(Member / Non-Independent Non-Executive Director)</i>• Abu Talib Abdul Rahman <i>(Member / Independent Non-Executive Director)</i> <p>Note:</p> <p>(1) <i>Arising from the resignation of Tan Sri Saw Choo Boon as Senior Independent/Non-Executive Director of the Company w.e.f. 1 September 2018, consequently, he also had ceased to be a member/Chairman of the NRC with effect from the same instant.</i></p> <p>(2) <i>Datuk Abdullah Karim was appointed as Chairman of NRC w.e.f. 1 September 2018 in place of Tan Sri Saw Choo Boon.</i></p> <p>The Board is satisfied that the NRC has discharged its roles and responsibilities with effectiveness for both its nomination and remuneration functions. Hence, there is no requirement for separate Board Committees for the nomination and remuneration functions. Following the implementation of the CG Code, our NRC's Terms of Reference, copy of which is available</p> |

| | | |
|--|--|--|
| | on the Company's website, has been reviewed and expanded to include the remuneration of senior executive management. | |
| 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 : | Ranhill provides a detailed breakdown on the remuneration of all directors, which includes fees, salary, bonus, benefits in-kind and other emoluments. Following is the breakdown: | | | | | | | | |
| | Company | | | | | Subsidiaries | | | |
| | Fees | Salaries & Bonus | Benefits-in-kind | Others | Company Total | Fees | Salaries & Bonus | Others | Group Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Executive Directors | | | | | | | | | |
| Tan Sri Hamdan Mohamad | | 2,214 | 137 | 921 | 3,272 | - | 2,081 | 535 | 5,888 |
| Dato Sri Lim Haw Kuang | | 2,160 | - | 257 | 2,417 | - | - | - | 2,417 |
| Total | | 4,374 | 137 | 1,178 | 5,689 | - | 2,081 | 535 | 8,305 |
| Non-Executive Directors | | | | | | | | | |
| Tan Sri Mohamed Azman Yahya | 180 | - | - | 24.5 | 204.5 | - | - | - | 204.5 |
| Tan Sri Saw Choo Boon (resigned w.e.f. 01/09/2018) | 144 | - | - | 26 | 170 | - | - | - | 170 |
| En Abu Talib Abdul Rahman | 162 | - | - | 37 | 199 | 133.3 | - | - | 332.3 |
| Mr Lim Hun Soon@David Lim | 170 | - | - | 27.5 | 197.5 | - | - | - | 197.5 |
| Datuk Seri Dr Nik Norzrul Thani (resigned w.e.f. 18/09/2018) | 115.6 | - | - | 20.5 | 136.1 | - | - | - | 136.1 |
| Datuk Zulkifli Ibrahim ((resigned w.e.f. 01/06/2018) | 60 | - | - | 10 | 70 | - | - | - | 70 |
| Datuk Abdullah Karim | 144 | - | - | 20.5 | 164.5 | - | - | - | 164.5 |
| En Izaddeen Daud (resigned w.e.f. 09/01/2018) | 3.5 | - | - | - | 3.5 | - | - | - | 3.5 |
| *Ms Loong Mei Yin | 144 | - | - | 12 | 156 | - | - | - | 156 |
| Ms Leow Peen Fong | 123 | - | - | 15.5 | 138.5 | 133.8 | - | - | 272.3 |
| Total | 1,246.1 | - | - | 193.5 | 1,439.6 | 267.1 | - | - | 1,706.7 |

| | | |
|--|---|--|
| | Given that Section 230(1) of the Companies Act (“CA”) 2016 stipulates that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting, the Board will seek shareholders’ approval at the upcoming 5th Annual General Meeting (“AGM”) on Directors’ remuneration. | |
| 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 | : | <p>While the Board is cognisant on the importance of transparency, due to the intense competition and scarcity for C-level talent, more so for those who have the required mix of skills and experience that is uniquely suited to Ranhill's business operations, the Group believes that individual disclosure on a named basis for the remuneration of the top five senior management personnel is not in the best interest of the Group.</p> <p>These Key Senior Management (KSM) positions are CCO, CFO, and four CEO of subsidiaries. The Company believes that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the KSM's remuneration.</p> <p>The profiles of the Key Senior Management are set out on the Key Senior Managements' Profiles section of the Ranhill Annual Report 2018.</p> <p>Compensation is based on accepted industry benchmarks for the relevant positions based on expertise and experience. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual KPIs and Group's achievement of specific goals.</p> |
| <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 | : | <p>As mentioned earlier, the Chairman of the Group's Board is Tan Sri Azman Yahya. The Board's Audit Committee Chairman is Lim Hun Soon @ David Lim an Independent Non-executive Director.</p> <p>Mr Lim holds a Bachelor of Arts in Economics from the University of Leeds and is a member of the Chartered Institute of Taxation, UK. He is also a Chartered Accountant and is a member of the Institute of Chartered Accountant in England and Wales and the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.</p> <p>Based on the above, Mr Lim is well qualified to hold the AC Chairman position and has been active in fulfilling his duties as AC Chairman during the financial year. The work done by the AC Chairman and AC Committee is given in the AC Report in the Ranhill Annual Report 2018.</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 8.2

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Group has always practiced this principle with no former audit partners having been appointed to the Board. Hence, no such person has been appointed as a member of the AC. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board, via its AC reviews the performance and conduct of the External Auditors, Messrs Ernst & Young ("EY"), with an emphasis on their ability to provide objectivity and independence in the execution of their duties as external auditors to the Company.</p> <p>In doing so, policy and procedures to assess the suitability, objectivity and independence of the external auditor were reviewed by AC and approved by the Board on 9 August 2018.</p> <p>The AC has obtained written assurance of independence from the external auditors. It has also evaluated the audit quality and resource capacity of EY as well as the fees charged for both auditing and non-auditing responsibilities.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Group's entire Audit Committee continues to be composed of independent directors as given below:</p> <ol style="list-style-type: none">1. Lim Hun Soon @ David Lim (Chairman) <i>(Independent Non-Executive Director)</i>2. Abu Talib Abdul Rahman <i>(Independent Non-Executive Director)</i>3. Leow Peen Fong <i>(Independent Non-Executive Director)(Appointed as AC members w.e.f 13 November 2018)</i> <p>Note:</p> <ol style="list-style-type: none">(1) <i>Arising from the resignation of Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani as Senior Independent/Non-Executive Director of the Company w.e.f. 18 September 2018 consequently, he also had ceased to be a member of the AC with effect from the same instant.</i>(2) <i>Ms Leow Peen Fong was appointed as member of AC w.e.f 13 November 2018 in place of Datuk Seri Dr. Nik Norzrul Thani Nik Hassan Thani.</i> <p>The review of the composition of the Audit Committee ("AC") shall be conducted annually. The AC members shall be re-appointed by the Board of Directors for a term of three (3) years as per the AC TOR, and the AC members may be eligible for re-appointment.</p> |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>All Directors including Audit Committee members continue to undergo regular training during the financial year, based on individual learning requirements as well as to stay abreast of financial or corporate developments.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>The list of training as well as learning events / programmes that AC members and all Directors have attended in 2018 is extensive. Hence, it is listed in Corporate Governance Overview ("CG Overview") Statement of the Ranhill annual report 2018.</p> <p>Based on the outcome of the AC effectiveness assessment of the BEE 2018, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</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 | : | |

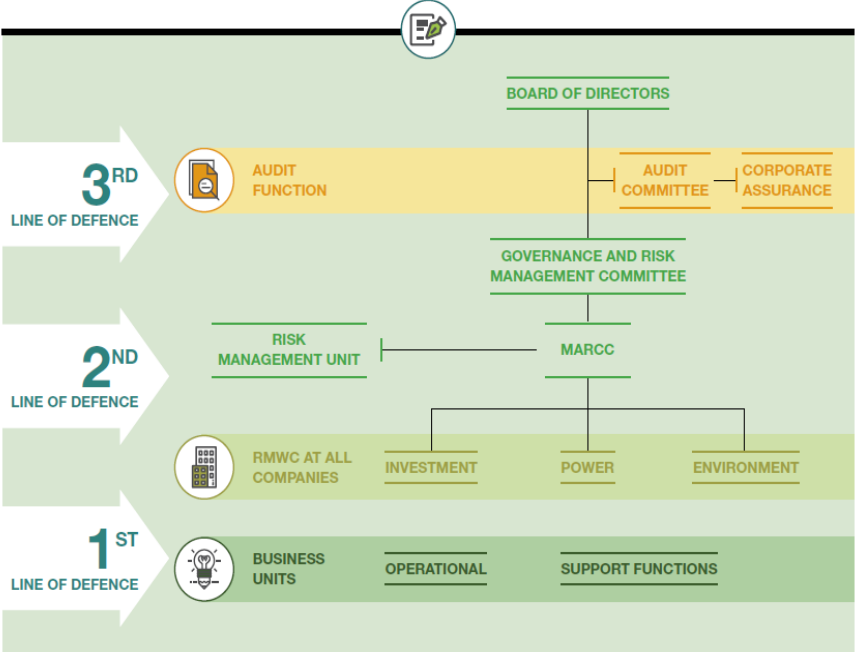
Intended Outcome

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 9.1

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

| | |
|---|---|
| Application : | Applied |
| Explanation on application of the practice : | <p>The Board of Ranhill has established a robust risk management and internal control framework. With this, the framework is based on an established and structured process that allows for effective identification, prioritisation and mitigation of risk. This includes all strategic risk such as business, operational, financial, regulatory and so on.</p> <p>The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting. The Group is also guided by its three line of defence structure:</p>  <p>Full details of the Group's risk management framework and internal controls are given in the Statement on Risk Management and Internal Controls in the Ranhill annual report 2018.</p> |
| Explanation for departure : | |

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

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

Intended Outcome

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

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

Practice 9.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>As part of the enterprise risk management framework, the Group adopts the three (3) lines of defence approach with established and clear functional responsibilities and accountabilities for the management of risk.</p> <p>This is supplemented by a comprehensive Risk Register which is frequently updated in accordance with specific risk profile and action plans for mitigating identified risks. There is also a risk impact and likelihood matrix that provides for acceptable and unacceptable risk tolerance boundaries.</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 9.3 - 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 Board has established its Governance And Risk Management Committee ("GRMC") whose composition consists of three (3) members of which all are independent Directors.</p> <p>The Board via the GRMC oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. The GRMC meets on a quarterly basis with the GRMC Chairman reporting to the full Board on matters pertaining to risk</p> <p>The GRMC reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The GRMC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investments and the Group's assets.</p> <p>Following are the members of the Committee:</p> <ul style="list-style-type: none">• Leow Peen Fong <i>(Chairman /Independent Non-Executive Director)</i> <i>(Appointed as GRMC Chairman w.e.f 1 September 2018)</i>• Dato Sri Lim Haw Kuang <i>(Member/Executive Director)</i>• Abu Talib Abdul Rahman <i>(Member/Independent Non-Executive Director)</i> <p>Note:</p> <p>(1) <i>Arising from the resignation of Tan Sri Saw Choo Boon as Senior Independent/Non-Executive Director of the Company w.e.f. 1 September 2018, consequently, he also had ceased to be a member/Chairman of the GRMC with effect from the same instant.</i></p> <p>(2) <i>Ms Leow Peen Fong was appointed as Member and Chairman of GRMC w.e.f. 1September 2018 in place of Tan Sri Saw Choo Boon.</i></p> <p>Aside from providing oversight on the company's risk management framework and policies, the GRMC is responsible for:</p> <ul style="list-style-type: none">• Overall management of significant risks covering the businesses, markets, reputation and operations.• Ensure that there clear and independent organisational |

| | |
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| | <p>reporting lines and responsibilities for the management risk.</p> <ul style="list-style-type: none">• Reviewing Group risk profile and monitoring management's action plan to manage critical and significant risks. <p>The GRMC's terms of reference is given in the Board Charter which is at www.ranhill.com.my.</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.

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Independent of the External Audit function is Ranhill's Group Corporate Assurance Division ("GCAD") which serves as the Group's in-house internal audit function and plays a very important part in the assessment of the effectiveness and efficiency of the risk management and internal control systems of the Group and reports to the AC on a regular basis.</p> <p>The independence of GCAD is assured in the following ways:</p> <ul style="list-style-type: none">• It is independent of the external audit function overseen by EY.• The Head of GCAD reports to the Chairman of the AC. <p>The internal audit is conducted based on the GCAD's Audit Plan. The AC approves the annual internal audit plan and receives reports produced by GCAD throughout the year.</p> <p>GCAD conducts risk based internal audit reviews at both operational and corporate levels. Plans and tools for corrective action and improvements are identified with operations management to address any issues, or deficiencies identified. GCAD follows up on the implementation of its recommendations and reports the outcome to the AC.</p> <p>GCAD conducted 29 Internal Audit (IA) engagements and 8 follow-up audits. Kindly refer to the AC Report in the Ranhill annual report 2018 for further details of the work performed by GCAD.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 10.2

The board should disclose–

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>In ensuring independence of the function, GCAD is headed by Shariz Puteh who reports directly to the Chairman of the Audit Committee. GCAD is also independent of the activities and processes, which it appraises to ensure it discharges its duties in an objective manner in supporting the AC.</p> <p>In performing its function, GCAD has no direct responsibility or authority over any of the activities it reviews. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair auditor's judgment.</p> <p>GCAD is made up of 10 personnel with four (4) of them being qualified audit professionals. The Head of GCAD is a professional member of the IIA Malaysia and he had graduated with a degree in Accounting and Financial Management. He is also a Certified Financial Services Auditor issued by the Institute of Internal Auditors.</p> <p>The IA function is carried out in accordance to the International Standards for the Professional Practices of Internal Auditing set by the Institute of Internal Auditors (IIA).</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.

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group continues to actively and regularly engage stakeholders which comprises of investors, analysts, regulators, shareholders, the media and the general public.</p> <p>Communication initiatives include sharing the Group's quarterly interim performance and full year financial results which are disclosed to regulatory authorities and the media as well as on www.ranhill.com.my. The Ranhill website has a dedicated webpage on IR at http://www.ranhill.com.my/investor-relations/.</p> <p>In addition, the Group issues press releases, holds media conferences, interviews or analyst briefings and participates in industry roadshows and other stakeholder engagement activities. Both Board members and Senior Management are involved in these engagements.</p> <p>Working together with corporate communications, the investor relations functions provides strategic support in the planning and organisation of stakeholder engagement and communications across the year.</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 | : | Non-Applicable | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Given that this Practice is for large companies, the Group has yet to adopt this practice for the moment. However, in reflecting its value creation process and principles, the Group has committed itself to sustainability reporting. The Group's approach to sustainability is detailed in its Sustainability Report which is available via www.ranhill.com.my . Readers are encouraged to read the Sustainability report together with Ranhill's CG Report to gain a more in-depth view of the Group's approach to good governance. | |
| <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.

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|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | For FY2018, the Notice to Shareholders shall be issued on 19 th March 2019 – within twenty two (22) days of our AGM which is to be held on 11 April 2019. The above is in compliance with Bursa Malaysia's Main Market Listing requirements ("MMLR") which requires the Notice to be issued within 21 days of the AGM. |
| Explanation for departure | : | Going forward into FY2019, Ranhill is committed to meeting Practice 12.1 and will look to issue their Notice to Shareholders 28 days in advance of the AGM. This is to also afford shareholders additional time to better review the proposed resolutions and make arrangements to attend in person or to send a proxy. |
| <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>At the previous annual general meeting, all directors attended in person and personally addressed questions or issues raised by shareholders. The Chairmen of the Board Committees were also present to address questions. These included the Chairmen of the Audit, Nominating and Remuneration and Governance Risk Management Committees.</p> <p>The Chairman also encouraged shareholders to take full use of the opportunity provided to ask questions and seek clarification on matters pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. This was in line with stimulating a healthy culture of debate and discussion at the annual general meeting.</p> <p>In addition to this, The President / Chief Executive and relevant Senior Management were present to facilitate questions received from shareholders. The President also had delivered a presentation on Ranhill's business performance, its financial results, strategic initiatives and developments as well as future plans.</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>Ranhill has over 14,000 shareholders consisting of institutional and retail investors. This is considered a large number of shareholders.</p> <p>The Group, given its business presence in Johor state, has held its 4th AGM (FY2017) and will hold its 5th AGM (FY2018) at a strategic and easily accessible location in Johor Bahru, which is the capital city of Johor state and is easily accessible via air or road travel.</p> <p>The notice of AGM and Proxy Form were dispatched to all shareholders at least 21 days in advance of the AGM which complies with the MMLR.</p> <p>The Group also provides electronic poll voting for shareholders as part of creating greater participation from shareholders. The process is independently assessed by an external scrutineer.</p> <p>The Company aims to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings, taking into consideration the actual number of shareholders who wish to attend remotely or vote in absentia, the accuracy and stability of such technologies, applicable laws and regulations and resources required for the benefits which can only be implemented with a system fit for this purpose.</p> <p>It is presently exploring cost-effective and practical means that will allow for voting and participation of remote shareholders, given that this will likely require substantial technology investment by Ranhill. Alternatively, Ranhill will need to source for a venue that is able to facilitate such capabilities, which must have the supporting ICT infrastructure and assets. This will also require high broadband connectivity and not all shareholders may have access to such a network.</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
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.

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