

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5843  
**COMPANY NAME** : KUMPULAN PERANGSANG SELANGOR BERHAD  
**FINANCIAL YEAR** : December 31, 2017

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of the Company takes full responsibility for the performance of the Perangsang Selangor Group ("the Group"). The Board guides the Company on its short and long-term goals, providing advice and devising strategies on management and business development issues and monitoring the Management's performance in implementing them.</p> <p>a) The Board plays a pivotal role in reviewing the Company's strategic direction and approving corporate strategic initiatives plans developed by the Management. The Board deliberates annually on the Company's strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives ("CKIs") and Key Performance Indicators ("KPIs") for the Company and Chief Executive Officer ("CEO") respectively. In October 2017, the Board conducted a mid-year review of the Company and CEO CKIs/KPIs including financial performance, where the performance targets set by the Board were compared against the actual performance for the year to date. This will ensure that the CKIs/KPIs correspond with the Company's annual strategic initiatives and business plan. The Board reviews and deliberates on the Management's views/assumptions in ensuring the best decisions are reached after considering all relevant aspects.</p> <p>Besides that, separate and informal sessions between the Board and Senior Management including Head of Subsidiaries, known as the Board Retreat Session ("BRS"), are held to discuss in-depth and exchange views as well as opinions in formulating strategic initiatives plans and to chart the direction of the Group, including the reporting of its progress as well as other issues/challenges faced by the Company. During the financial under review, there were three (3) BRS held on 28-29 April 2017, 13-14 October 2017 and 15-17 December 2017.</p>

The progress of strategic initiatives plan, its execution and challenges were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor the implementation of the approved strategic initiatives plan by Management.

- b) In ensuring that the strategic initiatives plan support long term value creation of the Company, the Board had on 16 January 2018 approved the establishment of Corporate Sustainability Champion (“CSC”) at Management level. The CSC will be responsible to implement, manage and coordinate the sustainable development strategy of the Company and its implementation based on annual objectives and Board approved action programme.
- c) The Board has been entrusted to take responsibility for the corporate governance practices of the Group. A testament to Board’s commitment on Corporate Governance, Perangsang Selangor had ranked as top 69 among 100 PLCs in the ASEAN Corporate Governance Scorecard assessment, a joint initiative by the Minority Shareholder Watchdog Group (“MSWG”) and the ASEAN Development Bank, benchmarked against international best practices. The Board will continue its effort in evaluating its governance disclosure in response to the evolving best practices and the changing requirements.
- d) In ensuring that the strategic initiatives plan can be implemented smoothly, it is very critical for the Board to ensure that there is an effective and orderly succession planning in place throughout the Group. As such, the Board through the Nomination Committee (“NC”) is responsible and has been entrusted to review the succession planning of the Board and CEO position (C Level). Talent Management and Succession Planning policies set by the Group will be used as a guiding principle.

Among the key duties of the NC on the succession planning of the Group are to identify high potential and selected talents for C Level position, to approve specific development intervention of selected talent, to ensure follow through on development agenda of each talent and to review progress, new assignments, hiring external expertise in order to recalibrate development activities to address capability needs for optimum results.

During the financial year under review, the NC had on 12 January 2017 reviewed the Talent Management and Succession Planning for CEO level position of the Company and the Board is satisfied that the NC has efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its Terms of Reference (“TOR”).

	<p>With regards to talent management for C-1 position (Senior Management) and below, the succession planning was tabled and deliberated at the NC meeting held on 9 January 2018. Following that, the Board approved the NC's recommendation on the propose talents for C, C-1 and below positions with a ratio of 1:2.</p> <p>Overall, the Board collectively concurred that succession planning for the CEO and Senior Management as well as for the Company's future leaders has been in place.</p> <p>e) In respect of internal control and risk management, the Board is responsible for ensuring that a sound reporting framework of internal controls and regulatory compliance is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurred that it has discharged its roles through the Board Risk Management Committee ("BRMC") and Audit Committee ("AC") whereby quarterly meetings were held in reviewing the effectiveness of the Company's internal control system.</p> <p>f) To facilitate greater understanding of the Group's business and growth amongst the investment community, the Board has identified an Investor Relations ("IR") Agency for imminent engagement to develop and implement a systematic and compelling IR programme with the aim of creating value and generating capital appreciation opportunities. Currently, the Company do engage with the stakeholders via the following:</p> <ul style="list-style-type: none"> <li>• Press conference after Annual General Meeting ("AGM"/Extraordinary Meeting ("EGM"));</li> <li>• Issued press release for its quarterly results;</li> <li>• Media briefing on business directions as well as activities of the Perangsang Selangor Group;</li> <li>• Media Interview; and</li> <li>• Publication in Company's website</li> </ul> <p>g) In carrying out its governance oversight, the Board also emphasised the importance of embracing the integrity and ethical values across the organisation. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards.</p>
<p><b>Explanation for departure</b> :</p>	

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

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

## Intended Outcome

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

## Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>➤ The Chairman, YM Raja Dato' Haji Idris Raja Kamarudin ("YM Raja Dato' Idris") is leading the Board in its collective oversight of Management, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman:</p> <ul style="list-style-type: none"><li>• Provides leadership for the Board and responsible for the developments needs of the Board so that the Board can perform its responsibilities effectively;</li><li>• Sets the board agenda in consultation with the CEO and Company Secretary and ensuring that board members receive complete and accurate information in a timely manner. Prior to each board meeting, the Chairman, CEO, Chief Operating Officer, Chief Investment Officer, Chief Financial Officer and Company Secretaries would have a session known as Pre-Board Meeting where the CEO will brief the Chairman on the papers to be presented by the Management;</li><li>• Leads the board meetings and discussions and ensure adherence to the meeting procedures;</li><li>• Encourages active participation and healthy discussion to ensure that dissenting views to be freely expressed among the board members;</li><li>• During deliberations at Board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the board members and the Management.</li><li>• Promotes a Boardroom environment that allows for expression of views in the spirit of effective debate and contribution from the board members to facilitate informed decision-making by the Board.</li><li>• Manages interface between Board and Management and provides support and guidance to Senior Management Officers in its short and long-term goals and provides advice and devising strategies on business development issues;</li><li>• Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li><li>• Leads the Board in establishing and monitoring good corporate governance practices in the Company.</li></ul>

	➤ Based on the Annual Board Evaluation (“ABE”) 2017, the Chairman good leadership is acknowledged by his score rating of 4.00 out of 5.00 rating scale that is above average. This has translated that the Chairman has discharged his duties as a Chairman of the Company effectively.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ The roles of Chairman and CEO are held by two (2) different individuals.</li> <li>➤ The Chairman, YM Raja Dato' Idris is a Non-Independent Non-Executive Director ("NINED") presides over the meetings of the Board and manages the Board by focusing on strategy, governance and compliance. His role and function are clearly separated and distinct from the CEO.</li> <li>➤ The CEO, Encik Ahmad Fariz bin Hassan is responsible to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation as well as directing the business operations of the Group on a day-to-day basis. The CEO keeps the Board informed on the progress of the Company's strategic initiatives, overall operational issues, performance of the Group based on approved business plan and budget as well as CKIs/KPIs. Any major issues faced by the Group will be put forward to the Board for its consideration and approval, where required.</li> <li>➤ The separation of powers ensures that no one individual has unfettered decision-making powers, thus safeguarding the equilibrium of power in the Company.</li> <li>➤ Details of roles and responsibilities of the Chairman and CEO are stated in Clause 4.1 and 4.2 of the Board Charter, which is available at the Company's website.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>➤ The Company Secretaries namely Puan Hashimah binti Mohd Isa ("Puan Hashimah") and Puan Selfia binti Muhammad Effendi ("Puan Selfia") are persons qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("CA 2016"). Puan Hashimah is a member of the Malaysian Association of Company Secretaries ("MACS") and Puan Selfia is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</li><li>➤ The Company Secretaries play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices.</li><li>➤ The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.</li><li>➤ Apart from playing an active role as advisor to the Directors, the duties of the Company Secretaries also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board Meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Securities MMLR or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of Directors are in accordance with the relevant legislations, the ABE are properly executed, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.</li></ul>

	<ul style="list-style-type: none"> <li>➤ The Board is updated by the Company Secretaries on the follow up or implementation of its decision and recommendations by the Management under matters arising of the agenda in every quarterly meeting of the Board. Action item would stay as matters arising in the minutes of meeting until they are resolved.</li> <li>➤ For AGMs which are held in May annually, the Company Secretaries provide guidance to the Chairman and other board members in ensuring that the due process as well as proceedings are in place and properly managed. During the meeting, the Company Secretaries assist the Chairman and other board members to conduct the meeting and ensure the minutes are properly recorded, particularly with regards to questions raised by the shareholders.</li> <li>➤ Besides that, the Company Secretaries constantly keep themselves abreast of the regulatory changes and development in corporate governance through continuous training as required by MACS and MAICSA.</li> <li>➤ Based on the Board Satisfaction Survey 2017 conducted by Secretarial Department, the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ To facilitate the Directors time planning, the meeting calendar is prepared annually and circulated in advance prior to the on-set of each new year.</li> <li>➤ The Notice of the Board meetings together with the Agenda of the meeting are circulated at least seven (7) days before the meeting via email. The same notification is sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference.</li> <li>➤ In support of a paperless environment, the Company had since August 2014 started uploading meeting documents onto Directors' iPad for convenient reference. This initiative enables digital access to meeting documents instead of requiring distribution of hard copies. As a result, Directors and committee members can access meeting documents in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making.</li> <li>➤ The Company Secretaries ensure that the meeting materials are uploaded on iPads as soon as practicable prior to the meeting ensure that the Directors have sufficient preparation time to make an informed decision at each Board/Board Committees meeting.</li> <li>➤ As for the minutes of meetings, the minutes are circulated to all Directors on a timely basis for review and comments if any, thereafter for confirmation at the next board meeting. The signed board minutes are entered in minutes books kept by the Company Secretary.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ The Company’s Board Charter (“Charter”) sets out the roles and responsibilities of the Board, Board Committees, individual Director, CEO and Company Secretary. The Board is guided by the Charter which provides reference for Directors in relation to the Board’s role, powers, duties and functions as well as issues and decisions reserved for the Board.</li> <li>➤ Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter from time to time to ensure it remains consistent with the Board’s objectives and responsibilities, and all the relevant rules/regulations/standards of corporate governance.</li> <li>➤ Management is in the midst of reviewing the Charter to reflect the current changes in the CA 2016, Bursa Securities MMLR and latest Malaysian Code Corporate Governance (“MCCG”) of Securities Commission.</li> <li>➤ The Charter can be found from the Company’s Corporate website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>➤ The Board has established a Code of Conduct and Ethics for Directors ("the Code") to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:<ul style="list-style-type: none"><li>a) To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted are held or upheld by any one person; and</li><li>b) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.</li></ul></li><li>➤ In the performance of their duties, the Directors at all times observe the following Codes:<ul style="list-style-type: none"><li>a) Corporate Governance</li><li>b) Relationship with Shareholders, Employees, Creditors and Customers</li><li>c) Social Responsibilities and the Environment</li><li>d) Confidential Information</li><li>e) Conflict of Interest</li><li>f) Insider Trading</li><li>g) Gifts, Gratuities and/or Bribes</li><li>h) Dishonesty/General Conduct</li><li>i) Discovery</li><li>j) Sexual Harassment</li><li>k) General Compliance</li></ul></li><li>➤ In the event of violation of the Code, the Board observe the following reporting of the breaches/whistleblowing:<ul style="list-style-type: none"><li>a) Violation of the Code affects the integrity of the Company as well as the integrity of its Directors. Not only does it lead to an</li></ul></li></ul>

	<p>unpleasant working environment, but it can also lead to serious legal and financial implications for the Company. The Company is dependent on all Directors to report and not to condone any violations of the Code.</p> <p>b) A Director who knows of a violation of the Code that has been committed by another Director or Employee is under obligation to whistle blow or reports it to the Internal Audit Department via email: WB-Etika@kps.com.my or telephone: 03-55248787 as stipulated in the Whistleblowing Policy and Guidelines.</p> <p>➤ In addition to the above Code of Conduct for Directors, the Company has also in place Code of Conduct for the staff (“Code for Staff”) which emphasises and advances the principles of discipline good business ethics, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of Perangsang Selangor Group. The Code for Staff is part of the Perangsang Selangor Group Scheme and Conditions of Service and is binding on all employees.</p> <p>➤ The Code is available on the Company’s website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"> <li>➤ The Board had established the Whistleblowing Policy &amp; Guidelines (“Whistleblowing Policy”) on 25 August 2011. The policy was developed to enable any individuals to raise concerns regarding the Company and to achieve two (2) primary objectives as follows:               <ul style="list-style-type: none"> <li>a) To provide a safe and acceptable for staff or any other stakeholders to raise concerns so that it can be addressed in an independent and unbiased manner; and</li> <li>b) To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.</li> </ul> </li> <li>➤ The policy not only covers code of conduct but covers:               <ul style="list-style-type: none"> <li>• Conduct which is an offence or a breach of law;</li> <li>• Conduct which is a breach of the Company’s Rules and Regulations, Financial Regulations or other policies or standards which Companies applies;</li> <li>• Possible fraud and corruption;</li> <li>• Disclosure related to possible miscarriage of justice</li> <li>• Health and safety issues which is in violation of the relevant laws and standards</li> <li>• Sexual or physical abuse</li> <li>• Other unethical conduct</li> </ul> </li> <li>➤ The policy provides contact details of the Internal Audit Department via email: WB-Etika@kps.com.my or telephone: 03-55248787, as the avenue for stakeholders to raise the above concern.</li> <li>➤ The Code and Whistleblowing Policy and Guidelines can be found in the Company’s corporate website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</li> </ul>

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

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b> :	Applied																						
<b>Explanation on application of the practice</b> :	<p>➤ The Board, led by a NINED Chairman, consists of ten (10) Non-Executive Directors, seven (7) of whom are Independent Non-Executive Directors (“INEDs”) which is in line with Paragraph 15.02 of Bursa Securities MMLR, as follows:</p> <table border="1"><thead><tr><th>NAME OF DIRECTORS</th><th>DESIGNATION</th></tr></thead><tbody><tr><td>1) YM Raja Dato’ Haji Idris Raja Kamarudin</td><td>Chairman, NINED</td></tr><tr><td>2) Encik Suhaimi bin Kamaralzaman</td><td>NINED</td></tr><tr><td>3) YM Raja Shahreen bin Raja Othman</td><td>NINED</td></tr><tr><td>4) YB Dato’ Kamarul Baharin bin Abbas</td><td>INED</td></tr><tr><td>5) YB Sivarasa a/l Rasiah</td><td>INED</td></tr><tr><td>6) YBhg Dato’ Mohamed Ross bin Mohd Din</td><td>INED</td></tr><tr><td>7) YBhg Dato’ Idris bin Md Tahir</td><td>INED</td></tr><tr><td>8) YBhg Dato’ Ikmal Hijaz bin Hashim</td><td>INED</td></tr><tr><td>9) Puan Rita Benoy Bushon</td><td>INED</td></tr><tr><td>10) Puan Norliza binti Kamaruddin</td><td>INED</td></tr></tbody></table> <p>➤ The high proportion of INEDs provides for effective check and balance in functioning of the Board. The assessment of independence of the INEDs are conducted on an annual basis to assist the Directors independence as and when any new interest or relationship develops.</p> <p>➤ During the financial year under review, the NC and Board have assessed, reviewed and determined that the independence of all the above INEDs (except for Dato’ Ikmal Hijaz bin Hashim who was appointed on 1 January 2018 and Puan Rita Benoy Bushon as well as Puan Norliza binti Kamaruddin who were both appointed on 6 April 2018) remain objective and independent based on the following justifications/aspects contributed by them as members of the Board and Board Committees against the criteria for assessment of independence of Directors developed by the NC as follows:</p>	NAME OF DIRECTORS	DESIGNATION	1) YM Raja Dato’ Haji Idris Raja Kamarudin	Chairman, NINED	2) Encik Suhaimi bin Kamaralzaman	NINED	3) YM Raja Shahreen bin Raja Othman	NINED	4) YB Dato’ Kamarul Baharin bin Abbas	INED	5) YB Sivarasa a/l Rasiah	INED	6) YBhg Dato’ Mohamed Ross bin Mohd Din	INED	7) YBhg Dato’ Idris bin Md Tahir	INED	8) YBhg Dato’ Ikmal Hijaz bin Hashim	INED	9) Puan Rita Benoy Bushon	INED	10) Puan Norliza binti Kamaruddin	INED
NAME OF DIRECTORS	DESIGNATION																						
1) YM Raja Dato’ Haji Idris Raja Kamarudin	Chairman, NINED																						
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9) Puan Rita Benoy Bushon	INED																						
10) Puan Norliza binti Kamaruddin	INED																						

	<p>a) Have fulfilled the criteria under the definition of Independent Director pursuant to the Bursa Securities MMLR;</p> <p>b) Have consistently assisted and advised Management in an effective and constructive manner, as and when necessary and kept a distance from the Management in overseeing and monitoring execution of strategy;</p> <p>c) Have performed their duties as Directors without being subject to influence of Management;</p> <p>d) Have actively participated in Board deliberation, objective in decision making, provided an independent voice on the Board and contributed in preventing Board domination by any single party;</p> <p>e) Is not a family member of any executive Director, officer and major shareholder of the Company; and</p> <p>f) Have not engaged in any business transaction or other relationship with the Company under such circumstances as prescribed by the Exchange which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.</p> <p>➤ In addition, the INEDs have declared themselves to be independent from Management and free of any relationship which could materially interfere with the exercise of their independent judgment and objective participation and decision-making process of the Board. Such declarations by the INEDs were made via written confirmation to the NC during the ABE 2017.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b> :	Not applicable - Step Up 4.3 adopted		
<b>Explanation on application of the practice</b>	None of the INEDs has served the Board for nine (9) years as summarised below:		
	<b>NAME OF DIRECTORS</b>	<b>DESIGNATION</b>	<b>TENURE AS AT 31 DECEMBER 2017</b>
	1) YB Dato' Kamarul Baharin bin Abbas	INED	7 years 6 months
	2) YB Sivarasa a/l Rasiah	INED	7 years 6 months
	3) YBhg Dato' Mohamed Ross bin Mohd Din	INED	6 years 7 months
	4) YBhg Dato' Idris bin Md Tahir	INED	4 years 4 months
	5) YBhg Dato' Ikmal Hijaz bin Hashim	INED	N/A – Appointed to the Board on 1 January 2018
	6) Puan Rita Benoy Bushon	INED	N/A – Appointed to the Board on 6 April 2018
	7) Puan Norliza binti Kamaruddin	INED	N/A – Appointed to the Board on 6 April 2018
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established a policy which limits the tenure of its independent director to nine (9) years.

## Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied																																																																																																														
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"> <li>➤ In identifying suitable candidates for appointment to the Board, the Board is committed that while it is important to promote boardroom diversity, the normal selection criteria of a Director based on effective blend of competency, skill, vast experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capability. In identifying suitable candidates for appointment to the Board, NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</li> <li>➤ Currently, the Board composition and all Board appointments are made on merit, in the context of skill and experience regardless of age, gender, ethnicity and nationality.</li> <li>➤ Table below summarise the percentage in terms of gender, ethnicity, age and nationality of the Board:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2">Gender</th> <th colspan="4">Ethnicity</th> <th colspan="2">Age group</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>50-59</th> <th>60 and above</th> <th>Malaysian</th> <th>Non-Malaysian</th> </tr> </thead> <tbody> <tr> <td>8</td> <td>2</td> <td>8</td> <td>0</td> <td>2</td> <td>0</td> <td>4</td> <td>6</td> <td>9</td> <td>1</td> </tr> <tr> <td>80%</td> <td>20%</td> <td>80%</td> <td>0%</td> <td>20%</td> <td>0%</td> <td>40%</td> <td>60%</td> <td>90%</td> <td>10%</td> </tr> <tr style="background-color: yellow;"> <td colspan="10"><b>Total number of Directors: 10</b></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>➤ Besides that, a Board Skill, Experience and Industry Background matrix have also been developed and used as reference for the Board's refreshment and succession planning to complement one another as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th colspan="2">SKILL SETS</th> <th>PERCENTAGE</th> </tr> </thead> <tbody> <tr><td>1</td><td>ACCOUNTING</td><td>81%</td></tr> <tr><td>2</td><td>STRATEGIC PLANNING &amp; BUSINESS STRATEGY</td><td>76%</td></tr> <tr><td>3</td><td>FINANCIAL REPORTING</td><td>76%</td></tr> <tr><td>4</td><td>CORPORATE FINANCE</td><td>76%</td></tr> <tr><td>5</td><td>SALES AND MARKETING</td><td>67%</td></tr> <tr><td>6</td><td>BANKING</td><td>67%</td></tr> <tr><td>7</td><td>RISK MANAGEMENT &amp; INTERNAL CONTROL</td><td>62%</td></tr> <tr><td>8</td><td>CORPORATE GOVERNANCE</td><td>62%</td></tr> <tr><td>9</td><td>AUDIT</td><td>62%</td></tr> <tr><td>10</td><td>INTERNATIONAL BUSINESS/RELATIONS</td><td>62%</td></tr> <tr><td>11</td><td>COMMUNICATION</td><td>57%</td></tr> <tr><td>12</td><td>CHANGE MANAGEMENT</td><td>57%</td></tr> <tr><td>13</td><td>HUMAN CAPITAL</td><td>52%</td></tr> <tr><td>14</td><td>INFORMATION AND TECHNOLOGY</td><td>52%</td></tr> <tr><td>15</td><td>TREASURY MANAGEMENT</td><td>52%</td></tr> <tr><td>16</td><td>PROJECT MANAGEMENT</td><td>52%</td></tr> <tr><td>17</td><td>LEGAL AND COMPLIANCE</td><td>48%</td></tr> <tr><td>18</td><td>TAXATION</td><td>43%</td></tr> <tr><td>19</td><td>OTHERS - INSURANCE</td><td>14%</td></tr> </tbody> </table>	Gender		Ethnicity				Age group		Nationality		Male	Female	Malay	Chinese	Indian	Others	50-59	60 and above	Malaysian	Non-Malaysian	8	2	8	0	2	0	4	6	9	1	80%	20%	80%	0%	20%	0%	40%	60%	90%	10%	<b>Total number of Directors: 10</b>										SKILL SETS		PERCENTAGE	1	ACCOUNTING	81%	2	STRATEGIC PLANNING & BUSINESS STRATEGY	76%	3	FINANCIAL REPORTING	76%	4	CORPORATE FINANCE	76%	5	SALES AND MARKETING	67%	6	BANKING	67%	7	RISK MANAGEMENT & INTERNAL CONTROL	62%	8	CORPORATE GOVERNANCE	62%	9	AUDIT	62%	10	INTERNATIONAL BUSINESS/RELATIONS	62%	11	COMMUNICATION	57%	12	CHANGE MANAGEMENT	57%	13	HUMAN CAPITAL	52%	14	INFORMATION AND TECHNOLOGY	52%	15	TREASURY MANAGEMENT	52%	16	PROJECT MANAGEMENT	52%	17	LEGAL AND COMPLIANCE	48%	18	TAXATION	43%	19	OTHERS - INSURANCE	14%
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Based on the mapping exercise, it was observed that the Directors include professionals in four (4) key spectrum of skills in the fields of Accounting, Strategic Planning and Business Strategy, Financial Reporting and Corporate Finance which provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of accountable and competent Board.

In addition, it was also noted that least familiar skills/areas for majority of the Board members are in relation to the following areas:

- Legal & Compliance: 48%
- Taxation: 43%
- Others: Insurance: 14%

EXPERIENCE	PERCENTAGE
1 PUBLIC LISTED COMPANY/PUBLIC	90%
2 PRIVATE COMPANIES	81%
3 GOVERNMENT/GOVT AGENCIES/ REGULATORY BODIES	62%
4 PROFESSIONAL SERVICES/BODIES	52%
5 INTERNATIONAL POSTING	29%

In term of experience as shown above, majority of the Perangsang Selangor’s Directors have experienced in Public Listed Company (“PLC”), Government/Agency/Regulatory bodies, Private Enterprise and Professional services/bodies. While two (2) Directors have high level of knowledge and experience in international posting, namely YM Raja Dato’ Haji Idris and YM Raja Shahreen bin Raja Othman.

INDUSTRY BACKGROUND	PERCENTAGE
SERVICES	71%
INVESTMENT HOLDING & PROPERTY INVESTMENT	67%
TRADING	48%
INFRASTRUCTURE & UTILITIES	48%
WATER & SEWERAGE	38%
MANUFACTURING	33%
OIL & GAS	29%
TELECOMMUNICATIONS	29%
TRANSPORTATION & LOGISTICS	29%
ELECTRICITY & POWER GENERATION	14%
BANKING	14%
PLANTATION	14%
HOSPITALITY	14%
HEALTHCARE	14%
LICENSING	9%

With regards to industry background of the board members as shown above, the Board is well represented by a mixed of industry background among others in Services, Investment Holding and Property Investment, Trading, Infrastructure & Utilities, Water & Sewerage, Manufacturing, Oil & Gas, Telecommunication and Transportation & Logistic.

Notwithstanding the above and in line with the Company’s current core business, changes in business model (King Koil) and strategic direction, the existing Board composition may need to be reviewed from time to time as the required

	<p>composition remains a key ingredient in influencing how the Board functions and dynamics between its members.</p> <p>➤ As for appointment of CEO, the NC is responsible for the evaluation of the suitability of candidates for CEO, against proper relevant criteria developed by the NC, in a formal and transparent procedure.</p>	
<p><b>Explanation :</b> <b>for</b> <b>departure</b></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><b>Measure :</b></p>		
<p><b>Timeframe :</b></p>		

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ With regards to gender diversity, Perangsang Selangor does not practice any form of gender discrimination and does not set any specific target for female director to sit in the Board as both genders have been accorded fair and equal treatment.</li> <li>➤ Thus far, any new appointments to the Board were based on merits rather than fulfilling any gender quotas. Henceforth, all appointments will be in accordance with the needs of the desired skills set, background and experience expected of a Company Director.</li> <li>➤ Notwithstanding the above, the Board acknowledges the benefits of having a diverse Board and sees diversity at Board level as an essential element in maintaining a competitive advantage. As a follow through, the Board had on 28 April 2015 established the Board Diversity Policy which covers gender, age and ethnic policy to inculcate Boardroom Diversity in maintaining a competitive edge.</li> <li>➤ In pursuit of achievement diversity on the Board, various steps have been undertaken by the NC to ensure suitable women candidates are sought from various sources a part of its recruitment exercise. Apart from the nominations which the NC receive from Directors and Management, potential candidates were also sourced from independent body namely Malaysian Institute of Director Academy ("MINDA")</li> <li>➤ As a follow through of the above, the Board has appointed two (2) women Directors on Board on 6 April 2018 namely Puan Rita Benoy Bushon and Puan Norliza binti Kamaruddin.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The NC is responsible for the reviewing of the Board's composition and recommending to the Board appointments of any new Directors. In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholders.</li> <li>➤ Since October 2017, the NC had selected few candidates including women, sourced from MINDA for engagement session to review their suitability having regard to their qualifications and experience/skill sets. This was in view of filling the vacancies following the retirements of two (2) Directors at the 40<sup>th</sup> AGM held on 25 May 2017. Arising from this exercise, YBhg Dato' Ikmal Hijaz bin Hashim has been identified as a suitable fit for board placement and was appointed to the Board of Perangsang Selangor on 1 January 2018.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The NC consist of five (5) Non-Executive Directors of whom three (3) are INEDs and two (2) NINEDs. This composition is in line with the Paragraph 15.08A(1) of Bursa Securities MMLR.</li><li>➤ The NC is chaired by a Senior Independent Director (“SID”), namely YB Dato’ Kamarul Baharin bin Abbas in accordance with Clause 5.2.2 of the Company’s Board Charter. He was appointed as Chairman of NC on 31 May 2017 in place of Encik Mustaffa Kamil bin Ayub who has retired at the 40<sup>th</sup> AGM on 25 May 2017.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The NC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board as a whole, the Board Committees, Directors' peer evaluation and Independent Directors' assessment. The evaluations exercise was facilitated by the Company Secretaries upon making the necessary reference to the guides available and the good corporate governance compliance companies.</li><li>➤ The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities, Board operations (meeting process, administration and conduct), adding value on the strategic initiatives of the Company, Governance as well as the effectiveness of the Chairman. Whereas, the effectiveness of the Board Committees is assessed in terms of composition, responsibilities, provide useful recommendation in assisting the Board in decision making, communication to the Board, as well as the effectiveness of the Chairman of the respective Board Committees.</li><li>➤ In addition, NC has also reviewed the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference. The criteria used in the assessment of the AC are on the quality and composition, skills and competencies and meeting administration and conduct. As for assessment for individual AC members, the areas of assessment are on the interpersonal qualities, experience, participation in ongoing education, analysing thinking, understanding of risk, understanding of Company's compliances process, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.</li><li>➤ Each Board member was provided with his individual results of the ABE together with a peer average rating on each area of assessment for personal information and further development. Any board members whose score fall below the minimum acceptable</li></ul>

	<p>rating based on performance criteria set, will be provided with specific development intervention programs to address capability needs aim at improving performance. The results of these assessments also form one of the basis of the NC's recommendations to the Board for the re-election of Directors at the next AGM.</p> <p>➤ The results of the evaluations and comments from the Directors concerning the Board as a whole and general performance of the Directors were also presented to the Board upon reviewed by the NC.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	<p>:</p>

## Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ The Company has established the Directors' Remuneration Policy and Procedure as well as Senior Management Remuneration Policy.</li> <li>➤ The Remuneration Committee ("RC") had in March 2017 conducted internally a review of the Directors' remuneration to ascertain the competitiveness of the remuneration of the Board and its subsidiaries' board having regards to various factors including board remuneration framework of comparable PLCs with focus on the components of fixed fees, meeting allowance and other Directors benefits. The Board at its meeting on 29 March 2017 approved the RC's recommendation for the proposed revision to the Directors' remuneration. The same was approved at the 40<sup>th</sup> AGM of the Company in accordance with Section 230 of the CA 2016 and Paragraph 7.24 of Bursa Securities MMLR.</li> <li>➤ The said policies will be reviewed once in every three (3) years, at a minimum to ensure it remain consistent with Perangsang Selangor strategic direction and align with the current prevailing rules/regulations/laws.</li> <li>➤ The policies can be found in the Company's corporate website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The Board has established RC to review and recommend matters relating to the remuneration of Board and Senior Management.</li><li>➤ The members of the RC are appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members and comprise exclusively or majority of whom are Non-Executive-Directors. The Chairman of the RC is YBhg Dato' Mohamed Ross bin Mohd Din who is an INED and was appointed by the Board.</li><li>➤ Based on TOR, the RC is responsible on the following:<ul style="list-style-type: none"><li>a) To advise the Board on remuneration policies and practices of the Company.</li><li>b) To assure the shareholders of the Company that the remuneration of the principal Executive Directors of the Company and other Senior Management are determined by a Committee of the Board whose members have no personal interest in the outcome of the decisions of the RC and who will give due regard to the interests of shareholders.</li><li>c) To review, appraise and make recommendations to the Board on the Company's framework of Executive Directors and Senior Management of the Group's remuneration, salary increment, bonus, retirement benefit and compensation.</li><li>d) To review the remuneration packages of Executive Directors and Senior Management on a regular basis and to compare them to best market practice, to ensure they remain fair and competitive;</li></ul></li></ul>

	<p>e) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company.</p> <p>f) To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit recommend them to the Board for adoption.</p> <p>g) To review and recommend to the Board for approval the annual bonus and salary increment of the Company's employees.</p> <p>➤ During the financial year under review, the RC met two (2) times to discussed on the following:</p> <p>a) Proposed payment of Performance Bonus for year ended 31 December 2016 and 2017 Performance Increment of Perangsang Selangor;</p> <p>b) Proposed payment of Performance Bonus for year ended 31 December 2016 and 2017 Performance Increment for the CEO of Perangsang Selangor;</p> <p>c) Proposed Revision of Directors' Remuneration for Perangsang Selangor and Subsidiaries; and</p> <p>d) Proposed Payment of EXCO Allowance for the EXCO Members of Perangsang Selangor's Subsidiaries.</p> <p>➤ Based on the result of RC evaluation under the ABE 2017, the RC had scored 3.75 rating out of 5.0 rating. The Board is satisfied that the RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, reviews of the remuneration policies for the Board, Board Committees, the CEO and key management personnel and performance bonus and increment of the CEO and staff.</p> <p>➤ The TOR of the RC can be found in the Company's corporate website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

## Practice 7.1

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

<b>Application</b> :	Applied							
<b>Explanation on application of the practice</b> :	In line with the best corporate governance practice, the remuneration of the Board on a named basis during the financial year under review are as follows:							
		KUMPULAN PERANGSANG SELANGOR BERHAD			SUBSIDIARY COMPANIES (Paid/Payable)			
	<b>NO</b>	<b>DIRECTORS</b>	<b>FEES (RM)</b>	<b>MEETING ALLOWANCES (RM)</b>	<b>OTHER BENEFITS (RM)</b>	<b>FEES (RM)</b>	<b>MEETING ALLOWANCES (RM)</b>	<b>TOTAL</b>
	1	YM RAJA DATO' IDRIS RAJA KAMARUDIN	130,000.00	52,000.00	23,339.00	7,036.00	-	212,375.00
	2	YM RAJA SHAHREEN BIN RAJA OTHMAN	100,000.00	26,500.00	15,073.00	30,000.00	-	171,573.00
	3	ENCIK SUHAIMI BIN KAMARALZAMAN	*N/A	*N/A	12,160.00	-	-	12,160.00
	4	YB DATO' KAMARUL BAHARIN BIN ABBAS	100,000.00	37,000.00	13,383.00	49,323.00	5,700.00	205,406.00
	5	YB SIVARASA A/L RASIAH	100,000.00	43,500.00	15,237.00	9,071.10	800.00	168,608.10
	6	YBHG DATO' MOHAMED ROSS BIN MOHD DIN	100,000.00	46,500.00	14,921.00	12,000.00	800.00	174,221.00
	7	YBHG DATO' IDRIS BIN MD TAHIR	100,000.00	32,000.00	9,237.00	9,871.00	2,100.00	153,208.00
			<b>630,000.00</b>	<b>237,500.00</b>	<b>103,350.00</b>	<b>117,301.10</b>	<b>9,400.00</b>	<b>1,097,551.10</b>
	NOTE:							
	* Encik Suhaimi bin Kamaralzaman being the President of Kumpulan Darul Ehsan Berhad ("KDEB") is not eligible to receive the director's fees and meeting allowance in line with the Company's Remuneration Policy for Working Directors of which the said amount is payable to KDEB.							
<b>Explanation for departure</b> :								
	<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>							
<b>Measure</b> :								
<b>Timeframe</b> :								

## Intended Outcome

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

## Practice 7.2

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

<b>Application</b>	: Departure												
<b>Explanation for departure</b>	<p>The remuneration of top five (5) Senior Management personnel of the Group for the financial year ended 31 December 2017 are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;">Top Five (5) Senior Management</th> <th style="text-align: center;">Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>From RM250,001 – RM300,000</td> <td style="text-align: center;">*1</td> </tr> <tr> <td>From RM350,001 – RM400,000</td> <td style="text-align: center;">**1</td> </tr> <tr> <td>From RM700,001 – RM750,000</td> <td style="text-align: center;">2</td> </tr> <tr> <td>From RM1,050,001 – RM1,100,000</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center;">5</td> </tr> </tbody> </table> <p>Notes:            * Date joint – 1 April 2017            ** Date joint – 15 February 2017</p>	Top Five (5) Senior Management	Number of Senior Management	From RM250,001 – RM300,000	*1	From RM350,001 – RM400,000	**1	From RM700,001 – RM750,000	2	From RM1,050,001 – RM1,100,000	1	Total	5
Top Five (5) Senior Management	Number of Senior Management												
From RM250,001 – RM300,000	*1												
From RM350,001 – RM400,000	**1												
From RM700,001 – RM750,000	2												
From RM1,050,001 – RM1,100,000	1												
Total	5												
	<ul style="list-style-type: none"> <li>➤ The remuneration of the top five (5) Senior Management disclosed above is on an aggregate basis including salary, bonus and other benefits. At this juncture, the Board believes that disclosure of Senior Management remuneration on a named basis and by various components is neither to the Group's advantage nor in its business interests given the sensitive nature of such information and the fierce competition for talents in the market.</li> <li>➤ Notwithstanding the above, the Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company and Group, with due consideration of attracting, retaining and motivating Senior Management to spearhead the running of the Group's business operation. This would allow stakeholder to make an appreciable link between remuneration of Senior Management and the performance of the Group.</li> </ul>												
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>													

<b>Measure</b>	: <ul style="list-style-type: none"> <li>➤ The Company will provide detailed disclosure of Senior Management’s remuneration if the requirement is made mandatory under Bursa Securities MMLR.</li> <li>➤ The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.</li> <li>➤ The Board will closely monitor and guided with developments in regulatory requirements in respect of such disclosure for future consideration.</li> </ul>
<b>Timeframe</b>	: In accordance with the prescribed period when the requirement is made mandatory under Bursa Securities MMLR.

### **Intended Outcome**

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

### **Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The AC comprises of five (5) Non-Executive Directors of whom three (3) are INEDs and two (2) NINEDs which is in line with the Paragraph 15.09 of Bursa Securities MMLR.</li><li>➤ The Chairman of the AC is YBhg Dato' Idris bin Md Tahir ("Dato' Idris") who is not a Chairman of the Board. Dato' Idris is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The TOR of the AC was recently amended on 30 March 2018 to reflect the requirements in Practice 8.1 of the MCCG whereby "Any former key audit partner must have observed a cooling-off period of at least two (2) years before being eligible for appointment as an Audit Committee member".</li><li>➤ None of the present AC members were former key audit partners.</li><li>➤ A copy of the AC TOR is available in the Company's corporate website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a>.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The Company has in place the policies and procedures to assess the suitability, objectivity and independence of the external auditor which was approved by the Board on 29 March 2017.</li><li>➤ This annual evaluation of the external auditor provides the AC with a disciplined approach for maintaining effective oversight of the external auditor's performance. The assessment is carried out on annual basis.</li><li>➤ On 28 November 2017, the AC reviewed and discussed with the Management together with the external auditors, Ernst &amp;Young ("EY") the 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters, fees, financial reporting development, changes in regulatory environment, fraud consideration and risk of management override, sustainability reporting and MCCG.</li><li>➤ It has been the practice of the Company, in applying the principle of auditor independence, to ensure that the audit partner-in-charge of the Group is rotated at least every five (5) financial years. The current audit partner-in-charge was appointed during the financial year 2016. The AC's recommendations were presented for approval at the subsequent Board meeting.</li><li>➤ On 29 March 2018, EY in its presentation of external auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2017.</li><li>➤ On 29 March 2018, pursuant to the Company's External Auditors Assessment Policy, the AC together with the Management using its established assessment criteria, undertook an annual assessment of the performance, objectivity and independence of the external auditors based on, amongst others:<ul style="list-style-type: none"><li>• The quality of service</li><li>• Sufficiency of resources</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>• Communication</li> <li>• Independence</li> <li>• Objectivity</li> <li>• Professionalism</li> </ul> <p>➤ Following the review, the AC was satisfied with the performance and the independence of the external auditors. In its assessment, the AC was satisfied in its review that the provision of audit and non-audit services by EY to the Company for FY 2017 did not in any way impair their objectivity and independence as external auditors of the Company.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied										
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ The members of AC have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profile in the Annual Report.</li> <li>➤ The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, to enable them to sustain their active participation during deliberations. During the financial year under review, the AC members attended the following training: <table border="1" data-bbox="555 1279 1406 2024"> <thead> <tr> <th>Name of AC members</th> <th>Courses attended</th> </tr> </thead> <tbody> <tr> <td>1. YBhg Dato' Idris bin Md Tahir (Chairman)</td> <td> <ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Audit Committee Conference 2017 "Making an Impact"</li> <li>➤ Business Sustainability &amp; Related Party Transactions &amp; Recurrent Related Party Transactions</li> </ul> </td> </tr> <tr> <td>2. YM Raja Dato' Haji Idris Raja Kamarudin</td> <td> <ul style="list-style-type: none"> <li>➤ MARIM - CRO Forum 2017 "CROs of Tomorrow"</li> <li>➤ Business Sustainability &amp; Related Party Transactions &amp; Recurrent Related Party Transactions</li> </ul> </td> </tr> <tr> <td>3. YB Sivarasa a/l Rasiah</td> <td> <ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Raising the Bar on Corporate Governance Exclusive Breakfast Talk</li> </ul> </td> </tr> <tr> <td>4. YM Raja Shahreen bin Raja Othman</td> <td> <ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Selangor Smart City and Future Commerce convention</li> <li>➤ MIA Conference 2017 – Expanding Horizons: Be Future Relevant</li> <li>➤ Smart City Expo and World Congress, Barcelona</li> </ul> </td> </tr> </tbody> </table> </li> </ul>	Name of AC members	Courses attended	1. YBhg Dato' Idris bin Md Tahir (Chairman)	<ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Audit Committee Conference 2017 "Making an Impact"</li> <li>➤ Business Sustainability &amp; Related Party Transactions &amp; Recurrent Related Party Transactions</li> </ul>	2. YM Raja Dato' Haji Idris Raja Kamarudin	<ul style="list-style-type: none"> <li>➤ MARIM - CRO Forum 2017 "CROs of Tomorrow"</li> <li>➤ Business Sustainability &amp; Related Party Transactions &amp; Recurrent Related Party Transactions</li> </ul>	3. YB Sivarasa a/l Rasiah	<ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Raising the Bar on Corporate Governance Exclusive Breakfast Talk</li> </ul>	4. YM Raja Shahreen bin Raja Othman	<ul style="list-style-type: none"> <li>➤ Overview of the Companies Act 2016: Practical Insights &amp; The Challenges</li> <li>➤ Selangor Smart City and Future Commerce convention</li> <li>➤ MIA Conference 2017 – Expanding Horizons: Be Future Relevant</li> <li>➤ Smart City Expo and World Congress, Barcelona</li> </ul>
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	<p>5. YBhg Dato' Mohamed Ross bin Mohd Din</p>	<ul style="list-style-type: none"> <li>➤ New Companies Act 2016</li> <li>➤ Efficient Inefficiency – Making Boards Effective in a Changing World</li> <li>➤ Compliance Conference</li> <li>➤ Board Selection – Engagement with Potential Directors</li> <li>➤ Risk &amp; Rewards: What Boards must know about a Sustainable Financial Institution Remuneration System for Senior Management &amp; Material Risk Takers</li> <li>➤ Dialogue on Sustainable Development of Affordable Housing</li> <li>➤ Fintech - Opportunities for the Financial Services Industry in Malaysia</li> <li>➤ Boards in the Digital Economy</li> <li>➤ Invest Malaysia Conference 2017</li> <li>➤ Dialogue on VBI – Strengthening the Roles and Impact of Islamic Finance via Value Based Intermediation</li> </ul>
	<ul style="list-style-type: none"> <li>➤ The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual AC effectiveness evaluation. Based on the outcome of the AC effectiveness assessment of the ABE 2017, 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.</li> <li>➤ The summary of work of the AC as guided by its TOR are provided in the AC Report of the Company's Annual Report.</li> </ul>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ The Group has established an Enterprise Risk Management ("ERM") framework based on the ISO 31000:2009 International Standard of Risk Management - Principles and Guidelines, to proactively identify evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide.</li> <li>➤ The framework includes formalised reporting structure which comprise of establishment of the BRMC, chaired by an INED, which deliberates, recommends and reports on all ERM related matters to the Board of Directors of Perangsang Selangor. The BRMC is supported by the Risk Management Working Committee ("RMWC") which is chaired by the CEO. The committees meet on a quarterly basis.</li> <li>➤ In enhancing its corporate governance, the BRMC's TOR was established and approved by the Board. During the financial year, Risk Management Department ("RMD") had reviewed the RMWC's TOR to reflect the updated functions undertaken by the RMWC to further strengthen the RMWC risk governance functions.</li> <li>➤ The Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators ("KRIs") for the key risk areas identified.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing its adequacy and integrity. Such a system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, and guidelines.</li><li>➤ In view of the inherent limitations in any system of internal control, this system is designed to identify and manage risk, rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss.</li><li>➤ The Group has in place ongoing processes for identifying, evaluating, managing and monitoring significant risks faced by the Group during the year.</li><li>➤ Management is responsible for the identification and continuous evaluation of significant risks applicable to their respective areas of business and to formulate suitable mitigation strategies. This process is reviewed by the Board which dedicates its time at periodic intervals throughout the year for discussion on this matter.</li><li>➤ For the year under review, the Board had reviewed the adequacy and effectiveness of the Group's risk management and internal control systems through the various policies, terms of references, processes and initiatives disclosed in the Statement of Risk Management and Internal Control of the Company's Annual Report.</li><li>➤ The Group continuously includes key issues and concerns on all material associated companies for Board of Directors deliberation.</li></ul>

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

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>➤ The Board has established the BRMC which comprises of majority Independent Directors as follows:</p> <ol style="list-style-type: none"> <li>1. YBhg Dato' Mohamed Ross bin Mohd Din (Chairman) - INED</li> <li>2. YB Sivarasa a/l Rasiah - INED</li> <li>3. YB Dato' Kamarul Baharin bin Abbas - INED</li> <li>4. YM Raja Dato' Idris Raja Kamarudin - NINED</li> </ol> <p>➤ Amongst the responsibilities of the BRMC as stipulated in its TOR are as follows:</p> <ul style="list-style-type: none"> <li>• Oversight of the establishment and implementation of an ERM framework.</li> <li>• Articulating and providing direction on risk appetite, tolerance, organisational control environment and risk culture at Perangsang Selangor Group.</li> <li>• Oversee and advise the Board on the current risk exposures of Perangsang Selangor Group.</li> <li>• Reviewing and recommending risk management strategies and policies for the Board's approval.</li> <li>• Leading Perangsang Selangor Group's strategic direction in the management of material business risks.</li> <li>• Ensuring infrastructure, resources and systems are in place for RMD, i.e. ensuring that the staff responsible for implementing risk management systems perform those duties independent of the business risk taking activities of the Company.</li> </ul> <p>The BRMC had met four (4) times during the year in review.</p>

## Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>➤ The Board has established an in-house internal audit (“IA”) function which is led by the Director IA who reports directly to the AC, and administratively to the CEO.</li><li>➤ In this respect, the Director IA shall be accountable in reporting to the AC on the assessment of adequacy and effectiveness of the Group’s control processes. He has full access to the AC Chairman for consultation and clarification on audit scope and objectives as well as reporting purpose.</li><li>➤ As guided by the IA’s approved Audit Charter, IA must be independent of the activities and processes, which it appraises to ensure it is able to perform its duties in an objective manner and provide impartial advice to the AC.</li><li>➤ The IA function undertakes an independent assessment on the internal control system of the Group and provides assurance to the AC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</li><li>➤ To ensure that the responsibilities of the IA are fully discharged, the AC reviews:<ul style="list-style-type: none"><li>i) The appointment and removal of the Director IA;</li><li>ii) The adequacy of the IA’s scope, competency, experience and resources of the IA function; and</li><li>iii) The appraisal or assessment of performance of the IA function and performance of the Director IA, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group.</li></ul></li><li>➤ The IA engagements were carried out based on the audit plan 2017 as approved by the AC. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the</li></ul>

	<p>governance, risk management and control processes within the Group.</p> <p>➤ The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ All the IA personnel confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</li> <li>➤ The IA function has five (5) personnel comprising the Director IA and four (4) internal auditors. The Director IA, Encik Sukman Suzzak bin Zakaria is a chartered member of the Institute of Internal Auditors Malaysia and a fellow member of the Association of Certified Chartered Accountants. All the internal auditors have tertiary education with one (1) having a relevant professional qualification namely CPA Australia.</li> <li>➤ In accordance with the AC TOR, the AC had in January 2018 conducted an annual assessment of the performance of the IA function and the Director IA by reviewing the 2017 IA Balance Scorecard as well as completing the annual IA Evaluation Questionnaire.</li> <li>➤ The AC was also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ The Company recognises the importance of transparency and accountability in disclosures of the Group's business activities to its shareholders and investors. The Board has maintained effective communications policy and investor relations policy that enable both the Board and Management to communicate effectively with its shareholders, investors and even the public vide the following:<ul style="list-style-type: none"><li>a) The Annual Report and relevant circulars dispatched to shareholders and published in the Company's website;</li><li>b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group together with press release via Bursa LINK to Bursa Securities;</li><li>c) Engagement through investor relations.</li></ul></li><li>➤ In addition, the Company has established a website at <a href="http://www.perangsangselangor.com">www.perangsangselangor.com</a> which shareholders can access for information and seek clarification on the Group's matters. For example, under Corporate Governance Section, the stakeholders could view the TORs of the NC and AC, Board Charter, Code of Conduct for Directors as well as various policies such as ERM Policy, Whistleblowing Policy, Board Diversity Policy, Directors' Remuneration Policy, Investor Relations Policy.</li><li>➤ To facilitate effective communications with the stakeholder, the Board has rollout various IR programs as follows:<ul style="list-style-type: none"><li>a) Appointment of IR Agency, Aquilas Advisory Sdn Bhd to develop and implement a systematic and compelling IR programme. Amongst the IR programmes that have been carried out are meeting with analyst, investors, financial institutions, fund managers, press release on financial performance and corporate news and exclusive media features; and</li><li>b) Active Engagement with Stakeholders. This was carried out by reinforcing Perangsang Selangor success stories to mass media, increase favourable and positive media coverage and coordinate centralised strategic communication platform.</li></ul></li></ul>

	<p>➤ Alternatively, they may obtain the Group’s latest announcements via Bursa Securities website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Perangsang Selangor does not fall under the category of Large Companies as defined in the MCGG. As such, no integrated reporting is being prepared.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will prepare the integrated reporting if the requirement is made mandatory under Bursa Securities MMLR.	
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>➤ Perangsang Selangor dispatches the notice of its 41<sup>st</sup> AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the CA 2016 and Bursa Securities MMLR. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</li><li>➤ The notes to the Notice of the 41<sup>st</sup> AGM dated 25 April 2018 had provided detailed explanations for each resolution proposed, e.g. final dividend, re-election/retirement of Directors, Directors' remuneration comprising the Directors' fees and benefits, re-appointment of auditors, etc, to enable shareholders to make informed decisions in exercising their voting rights.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>➤ At the 40<sup>th</sup> AGM held on 25 May 2017, all the seven (7) Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company. Amongst them, three (3) Directors were the Chairmen of the AC, NC, RC and BRMC respectively.</li> <li>➤ The Chairman of the Board chaired the 40<sup>th</sup> AGM in an orderly manner and the shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Chairman also shared with the shareholders the Company’s responses to questions submitted in advance of the AGM by the MSWG and shareholders.</li> <li>➤ The external auditors of the Company also attend the AGM and are available to answer questions about the conduct of the audit, preparation and content of the auditors’ report.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>➤ The Company's AGM has been held in the city centre since its listing in 2003 and not in remote location. The selection of venue for convening general meetings was based on statistical summary report of shareholders spread by states in Malaysia and other countries provided by the Company's Share Registrar where more than 60% of past three (3) years average of 7,380 shareholders were mainly concentrated in Selangor and Kuala Lumpur. Nevertheless, should the meeting be held in a remote location, the Board will take the necessary measure to ensure that the shareholders are able to participate at general meetings by leveraging on technology to facilitate remote shareholders participation.</li><li>➤ With regards to voting in absentia, the Company will explore a suitable and reliable system to facilitate voting in absentia and remote participation by shareholder, taking into consideration the cost benefit prior to investing in a system which is fit for this purpose.</li><li>➤ Perangsang Selangor has leveraged on technology to facilitate electronic voting ("e-voting") for the conduct of poll on all resolutions proposed at its EGM held on 31 October 2016 for the first time and 40<sup>th</sup> AGM held on 25 May 2017. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.</li><li>➤ The voting at the above EGM and 40<sup>th</sup> AGM were conducted on a poll in accordance with Paragraph 8.29A of the Bursa Securities MMLR. Perangsang Selangor had appointed Poll Administrator, Symphony Share Registrars Sdn Bhd to conduct the polling process, and Symphony Corporatehouse Sdn Bhd as Scrutineers to verify the poll results.</li></ul>

	<ul style="list-style-type: none"> <li>➤ The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the EGM &amp; 40th AGM. The Poll Administrator briefed the shareholders on the e-voting process at the AGM prior to the commencement of the e-voting.</li> <li>➤ The Scrutineers, upon verification of the poll results, announced the results for each resolution, which include votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 40th AGM was also made available on Perangsang Selangor’s website.</li> </ul>
	<p><b><u>Alternative practice:</u></b></p> <ul style="list-style-type: none"> <li>➤ Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</li> </ul>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**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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