

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5398  
**COMPANY NAME** : GAMUDA BERHAD  
**FINANCIAL YEAR** : July 31, 2018

### **OUTLINE:**

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

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

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

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

**SECTION A:  
DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

**Intended Outcome**

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

**Practice 1.1**

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors (“Board”) of Gamuda Berhad (“Gamuda” or “Company”) recognises the importance of maintaining a high standard of corporate governance practices within Gamuda and its subsidiary companies (“Group”) and devotes considerable effort to identify and formalise best practices.</p> <p>The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value.</p> <p>The Board will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the best practices in so far as they are relevant to the Group, bearing in mind the nature of the Group’s businesses and the size of its business operations.</p> <p>A framework of delegated authority is in place consistent with the structure of delegation below the Board level. The Board reserves to itself certain key matters to approve, including the Group’s strategic plans, major capital expenditure, corporate governance issues, dividend policy and external financial reporting.</p> <p>The Board delegates responsibility for the day-to-day operation of the business to the Group Managing Director who recognises his responsibility for ensuring that the Company operates within a framework of prudent and effective controls.</p>

In discharging his duties with due care, skill and diligence, the Company led by the Group Managing Director are driven and guided by the Value Creation Strategy as illustrated below: -



The aforesaid Value Creation Strategy has been formalised and is disseminated to employees and continuously reinforced through their tenure with the Group.

The Group's strategy framework to achieve sustainable growth is based on our 3C's approach i.e. Capacity, Capability and Competitiveness building.

Gamuda's Group-wide Sustainability Framework has been developed by prioritising the identified material matters to streamline our strategy, measure performance and reflect the value creation to Gamuda's overall vision and mission. It is the Company's aspiration for such transparent disclosure to inspire and ensure accountability, identify and manage risks and enable the Group to seize new opportunities.

The Management's performance under the leadership of the Group Managing Director is monitored by the Board. More details affecting business units, ground operations, strategies and performances are usually presented and discussed at the Board Meetings including specific matters that are reserved for the full Board's decision, as follows: -

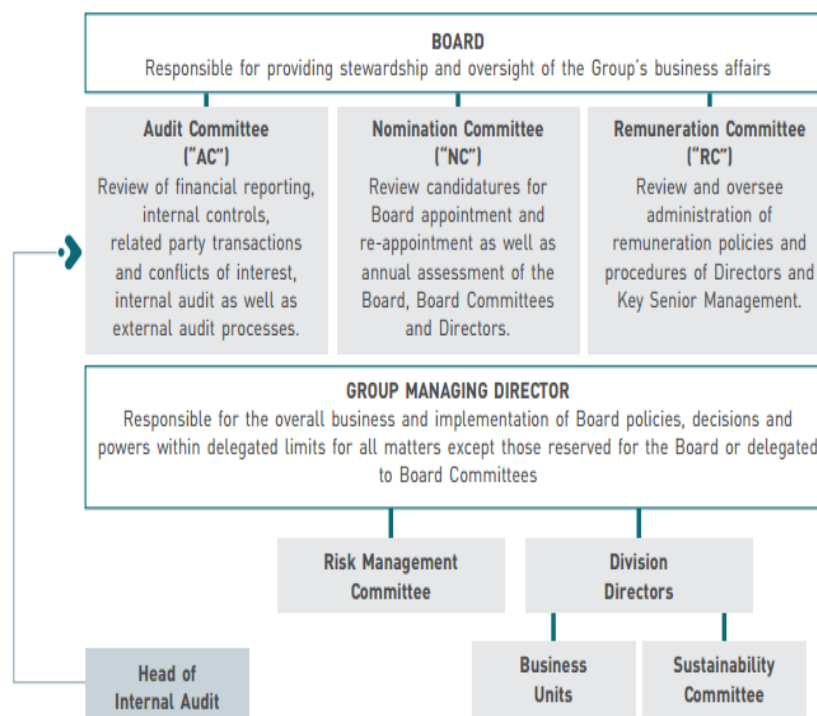
- key corporate strategies and plan involving acquisitions and disposals of material assets; and
- major investment decisions affecting the Group's direction and policies and approvals of all financial results and announcements.

The relevant members of the Management are always in attendance at Board meetings to support the Group Managing Director in presenting these updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board. The Group Managing Director and the Management are neither substantial shareholders nor controlling shareholders of the Company.

The Chairman of the Audit Committee would inform the Directors at the Board Meetings, of any salient matters raised at the Audit Committee Meetings and which requires the Board's notice or direction.

The Head of Legal and Company Secretarial is also in attendance at the Board Meetings to respond to any enquiries by the Board on legal and regulatory matters of the Group.

As depicted in the illustration below, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of references and they are actively engaged to ensure that the Group is in adherence with good corporate governance.



All these Board Committees do not have executive powers but report to the Board on all matters they have considered and recommended thereon.

The Board Committees exercise transparency and full disclosure in their proceedings when necessary, issues deliberated by the Board Committees are presented to the Board with appropriate recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Audit Committee takes on the role of assisting the Board in the discharge of its fiduciary duties, the responsibility of overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements. A full Audit Committee Report enumerating its composition and its activities and the Internal Audit Function and activities during the financial year under review are set out on page 118 of the Annual Report 2018.

The Board oversee the risk management framework of the Group through the Risk Management Committee to ensure that a prudent and effective internal control and risk management systems are in place to enable risk to be assessed and managed.

The Risk Management Committee's focus is on the Group's key risks or policy issues that could have an impact on the Group's viability and sustainability. The work of this committee forms an important part of the Group's control function and as such, this Committee works closely with the Audit Committee. In addition to the regular monthly and quarterly management reviews of project and business operations, an Independent Director and Executive Directors, together with the divisional managing directors and certain other Group functional heads meet at least once a year as the Risk Management Committee under the chairmanship of the Group Managing Director. A Risk Management Committee Report is set out on pages 115 and 116 of the Annual Report 2018.

Pursuant to its terms of reference, the Nomination Committee was established in 2002 to assist the Board in carrying out the following duties:

- a. to review, from time to time, the Policy Framework on the nomination and recommendation of candidates to be members of the Board;
- b. to review annually the Board's required mix of skills, experience and other qualities including the core competencies which non-executive directors should bring to the Board;
- c. to assess annually the effectiveness of the Board as a whole and the Audit Committee;
- d. to identify suitable training programmes for the Directors for each financial year end.

The Terms of Reference of the Nomination Committee is available for reference on Gamuda's corporate website at [www.gamuda.com.my](http://www.gamuda.com.my) or for easy access, please scan the QR code below with a smartphone:



The Nomination Committee in assessing the performances of the Board as a whole on an annual basis also consider the succession planning for the Principal Officers of the Company. Both the Group Managing Director, the Deputy Group Managing Director and the Executive Directors, have identified and appointed their successors who are trusted personnel of the Company who will act in their stead in the event that they are unable to do so.

	<p>Across the Group, the Company put in place a robust and structured Group-wide leadership succession planning review process for key senior management positions, assessing the capacity, level of readiness and aspiration of this leadership pool during the financial year under review. To support career progression and succession management, development programmes have been introduced for first-time managers and high potential employees (HPE). This gives the employee clear directions on his or her career path, ensuring continuity, performance and results.</p> <p>Gamuda have also adopted the Korn Ferry Hay Leadership Tool to measure current leadership style and future leadership potential within the organisation. The assessment has provided the Company with a perspective to identify areas of improvement for succession planning and leadership development.</p> <p>The Remuneration Committee's main responsibility is to review and recommend to the Board the framework of Executive Directors' remuneration, in particular, the remuneration packages for the Executive Directors in all its forms, drawing from outside advice, where necessary and fees payable to the Non-Executive Directors. The Remuneration Committee aims to ensure that Directors' remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholder value. The remuneration of the Non-executive Directors takes the form primarily of fees, which is approved by the Company shareholders.</p> <p>The Board recognises Investor Relations ("IR") as a key component of its Corporate Governance obligations. To meet the high expectations of the investment community, the Board has set up a dedicated IR unit headed by the Group Managing Director, and assisted by the Senior Group General Manager, Investor Relations, to provide direct access to top management in all matters pertaining to IR. To enhance the effectiveness of the IR unit, the Board has instituted a comprehensive IR policy and programme. Details of the Investor Relations are set out on pages 40 to 41 of the Annual Report 2018.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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 of the Company, Y.Bhg. Dato' Mohammed Hussein is an Independent Non-Executive Director, which provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance.</p> <p>From the Profile of Directors on page 46 of the Annual Report, it is noted that Dato' Mohammed Hussein was previously with the Maybank Group for 31 years holding various positions before he retires in 2008.</p> <p>During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed. He also ensures that every Board resolution is put to vote and the will of majority prevails.</p> <p>Where necessary, the Chairman will conduct a separate session with the Non-Executive Directors ("NEDs") prior to the commencement of a Board meeting, to allow for discussion on any pertinent issues raised by the NEDs and/or issues from the Management, as may be shared by the Chairman with the other NEDs.</p> <p>For the financial year under review, the Chairman has conducted a separate session with the NEDs on 27 June 2018 on the extension of the Group Managing Director's contract of employment to ensure their views are not affected by the Management.</p> <p>The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</p>



<b>Explanation for departure</b> :		
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<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>	<p>There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power, as the roles of the Chairman and the Group Managing Director are distinct and separate.</p> <p>As mentioned above, the Chairman of the Company, Y.Bhg. Dato' Mohammed Hussein is an Independent Non-Executive Director, which provides effective oversight over Management and reflects the Company's commitment to uphold corporate governance.</p> <p>The Group Managing Director, Y.Bhg. Dato' Lin Yun Ling is responsible for the overall business and implementation of Board policies, decisions and powers within delegated limits for all matters except those reserved for the Board or delegated to Board Committees</p> <p>The division of responsibilities between the Chairman and the Group Managing Director is clearly established and agreed by the Board which can be summarised as follows:-</p> <p><b>Chairman (Y.Bhg. Dato' Mohammed Hussein): -</b></p> <ul style="list-style-type: none"><li>• leadership of the Board and in ensuring its effectiveness on all aspects of its role as well as governance of the Board.</li><li>• the orderly conduct of meetings and that adequate time is available for discussion of all agenda items, in particular strategic issues as well as facilitates matters between the Board and its investors.</li><li>• promotes a culture of openness and debate by facilitating the effective contribution of Independent Directors, in particular ensuring constructive relationships between Executive, Non-Executive and Independent Directors.</li><li>• ensuring that the Directors receive accurate, timely and clear information.</li></ul>

	<p><b>Group Managing Director (Y.Bhg. Dato' Lin Yun Ling): -</b></p> <ul style="list-style-type: none"> <li>• manages the day-to-day business operations of the Group and ensures that the appropriate standards of corporate governance permeate throughout the organisation.</li> <li>• A central part includes recommending key strategies/ policies and implementing those agreed/ approved by the Board, planning the future direction of the Group and allocating decision making and responsibilities accordingly.</li> <li>• acts as the Group's official spokesperson and manages communication with shareholders and employees.</li> <li>• takes a leading role in the relationship with all external agencies and in promoting Gamuda Group.</li> </ul>	
<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

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Both the Company Secretaries of Gamuda are qualified to act as Company Secretary pursuant to Section 235 of the Companies Act 2016. One has legal qualification and holds a LLB whilst the other is an Associate member of the Malaysia Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The appointment of Company Secretaries is based on the capability and proficiency determined by the Board.</p> <p>The Constitution of the Company permits the removal of Company Secretaries by the Board.</p> <p>All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.</p> <p>Among the duties and responsibilities carry out by the Company Secretaries are as follows: -</p> <ul style="list-style-type: none"><li>• The Company Secretaries ensures that the dates for Board Meeting and Board Committees Meetings are scheduled well in advance and the Board has formal schedule of matters specifically reserved for the Board's discussion and approval. The schedule also ensures that the direction of these meetings are properly control and are in the hands of the Board.</li><li>• The Company Secretaries manage the logistics of all Board and Board Committee meetings.</li><li>• All issues discussed and all decisions made during the Board Meetings as well as attendances will be properly recorded by the Company Secretaries to ensure completeness and accuracy.</li></ul>

	<ul style="list-style-type: none"> <li>• For annual general meetings which are held at the beginning of December annually, the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed.</li> </ul> <p>During the meeting, the Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <ul style="list-style-type: none"> <li>• The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance of Gamuda Group.</li> <li>• The Company Secretaries regularly keep the Board updated and informed of the requirements such as restriction in dealing with the securities of the Company and updates as issued by the various regulatory authorities including the latest developments in the legislations and regulatory framework affecting the Group as well as best practices of the Malaysian Code on Corporate Governance.</li> </ul> <p>While responding to the Board evaluation, the Board has stated that the Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p> <p>In order to upskill themselves and keep abreast with the latest developments in corporate governance realm, the Company Secretaries have attended relevant training and professional development programmes during the financial year relating to Companies Act 2016, Malaysian Code on Corporate Governance (MCCG) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Recognising the importance of sound and timely information flow to Board effectively, the Company Secretaries ensures that the dates for Board Meeting and Board Committees Meetings are scheduled well in advance by preparing an annual tentative calendar and a formal schedule of matters specifically reserved for the Board are also included in the tentative calendar. The schedule also ensures that the direction of these meetings are properly control and are in the hands of the Board</p> <p>Notices of meetings setting out the agenda in particular, financial information are promptly emailed to all Directors in a timely manner prior to meetings and in any case, at least seven days prior to a meeting. The same notification is then sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference. Upon receipt from the Management, the Company Secretaries ensure that the meeting materials are uploaded on iPads as soon as practicable for the Board's review.</p> <p>Management presentations are given by the Management to facilitate proper consideration and debate of matters brought before the Board. Progress on key initiative is reported regularly and documented together with routine matters such as financial performance and current progress of project and operation in each of the Group's business activities.</p> <p>All issues discussed and all decisions made during the Board Meetings will be properly recorded by the Company Secretaries and reviewed by the Board for completeness and accuracy. The minutes of Board Meetings are circulated to all Directors for their perusal prior to confirmation of the minutes by the Chairman of the meetings to be done at the commencement of the following Board Meetings. Senior Management staff usually attends Board Meetings for purposes of briefing the Board on various matters submitted for their consideration.</p>

	This enables the Board to make informed decisions on corporate and business issues under consideration. When Directors are unable to attend a meeting, they are advised to make their views known, if any, to the Chairman of Board prior to the meeting.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board articulates its roles and responsibilities in its Directors' Handbook, and describes those areas reserved for the Board's determination. The Board had adopted the Directors' Handbook in 2002.</p> <p>The Directors' Handbook specifies how the Group is governed so as to promote Gamuda and the Group and protect the interests of its shareholders, including Board roles and responsibilities, membership and operations, and decision-making structures.</p> <p>The Board believes that the Directors' Handbook, which sets out the roles, duties and responsibilities of the Company Directors and the broader issues of directors' ethics, amongst others, collectively with the various policies, procedures and practices that have been in place for a long time, the Constitution of the Company and statutory and regulatory requirements, have effectively encapsulated the essence of the suggested contents of a Board charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board has adopted a Directors' Code of Conduct on 28 September 2016. In addition to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia, the Directors' Code of Conduct is the Board's commitment towards establishing a corporate culture which prescribes ethical conduct that permeates throughout the Company and ensuring the implementation of appropriate internal systems to support, promote and ensure its compliance.</p> <p>The Directors' Code of Conduct is available for reference on Gamuda's corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="852 1317 1107 1570" data-label="Image"></div> <p>The Board is committed to ensuring that all its business activities operate with the highest standards of business ethics and integrity as summarised in the Company's written code on business practices, which are applicable Group-wide including Group operations overseas.</p> <p>The Directors' Code of Conduct encapsulated the following measures to reinforce the practices articulated therein and guide the behaviours of the Company Directors: -</p>

- protect and ensure the proper use of the Company's assets;
- ensure compliance with laws, rules and regulations;
- handle actual or potential conflict of interest;
- encourage reporting of unlawful or unethical behaviour;
- prevent corrupt practices which include the offering and acceptance of gifts and form of benefits.

Among the measures implemented by the Company to reinforce the practices contained in the Directors' Code of Conducts are as follows: -

- Gift and/or Benefits Policy whereby all gifts and benefits received by the Company employees from suppliers/contractors are required to be declared and handed over to the Human Resource Department for donation to charitable organisation;
- Sexual Harassment Policy in tandem with the Company's belief that all employees should be treated with dignity and respect and that a safe, healthy and supportive work environment should be preserved for all the employees of the Company;
- Social Media Policy & Guideline which governs proper usage of all forms of social media in the Company; and
- Information Security Policy ("ISP") Enterprise Wide to preserve Confidentiality, Integrity, Availability and Governance of Gamuda's information assets and to serve the following purposes: -
  - a. Employees understand and adhere to the policy statements.
  - b. Acquaint employees with information security risks and the expected way to address these risks.
  - c. Provide guidance to third parties with whom Gamuda exchanges and share information.
  - d. Clarify employees' responsibilities and duties with respect to the protection of information resources.
  - e. Enable managers and other employees to make appropriate decisions in relation to information security.
  - f. Reduce threats and vulnerability caused by improper control.

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a Whistleblowing reporting procedure which encourages transparency and accountability within the Group.</p> <p>The Whistleblowing Policy of the Company was adopted in August 2011 following the introduction of the Whistleblower Protection Act 2010 to enhance the coverage and protection to whistleblowers, which encompasses report of suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group. The aim of this policy is to encourage the reporting of such matters, in good faith, with the confidence that employees making such reports will, to the extent possible, be protected from reprisal. Such misconducts may be reported in writing directly to the Head of Internal Audit.</p> <p>Reports are submitted to the head of Internal Audit via a Whistleblowing procedure that protects the integrity of the Group, and the security of the whistleblower.</p> <p>The Whistleblowing Policy is available on Gamuda Employee Services (“GES”) portal for ease of access for reporting by employees and associates of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome


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>: During the financial year under review, the Board comprises one (1) Group Managing Director, one (1) Deputy Group Managing Director, three (3) Executive Directors and a significant presence of four (4) Non-Executive Directors of whom three (3) are Independent Directors. Hence, the Board's composition has fully complied with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for independent non-executive directors to make up at least one third (1/3<sup>rd</sup>) of the Board membership and for a director who is qualified under Paragraph 15.09 (1) (c) of Bursa Securities' Listing Requirements to sit on the Audit Committee.</p> <p>Based on the review of the Board composition conducted through the Nomination Committee Meeting, the Board's composition was revamped effective 28 September 2018 in line with Practice Note 4.1 of the Malaysian Code on Corporate Governance ("MCCG").</p> <p>After the revamped in the Board's composition, the Board now comprises a majority of Independent Directors, which conform with Practice 4.1 of the MCCG, as illustrated below:-</p> <div data-bbox="608 1402 1369 1731" data-label="Diagram"> <p>The diagram illustrates the Board composition. At the top, a box contains the text "Independent/Non-Executive/ Executive Directors". Below this, three columns are shown, separated by vertical dashed lines. The first column on the left has two person icons and the number "2" below them, with the label "Executives" underneath. The middle column has one person icon and the number "1" below it, with the label "Non-Executive" underneath. The third column on the right has four person icons and the number "4" below them, with the label "Independent" underneath.</p> </div> <p>Following revamped to the Board composition, the Board size has also been reduced from nine members to seven members to enable effective and independent oversight by the Board. The organic movement of its Board members arose since Gamuda, being classified as a Large Company is conscious of the need to maintain a Board that is significantly independent.</p>

	<p>The Board is satisfied that the new Board composition with majority Independent Directors does fairly represent the investment of the majority and minority shareholders in the Company. The new Board brings with it a broad range of business, financial, technical and public service background.</p> <p>The biographical particulars of the Directors are set out in the Profile of Board of Directors on pages 46 to 54 of the Annual Report 2018.</p> <p>An updated list Board members of the Company and their respective roles and functions are also maintained on the corporate website of the Company at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="831 759 1090 1005" style="text-align: center;">  </div>
<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> :	

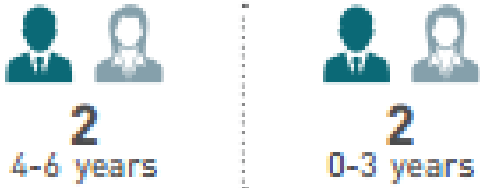
## Intended Outcome

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 - No independent director(s) serving beyond 9 years
<b>Explanation on application of the practice</b>	<p>: The Board is mindful of the recommendation of the MCGG on limiting the tenure of independent directors to nine (9) years of service irrespective of whether it's a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals.</p> <p>The length of tenure of each of its Independent Director is illustrated below and none of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years: -</p> <div data-bbox="571 1182 1390 1503" style="text-align: center; border: 1px solid black; padding: 10px;"> <p><b>Length of tenure of Independent Directors</b></p>  </div> <p>In addition, the Board assesses the independence of its Independent Directors through a Self-Assessment of Independence of Independent Directors on an annual basis under the annual Board evaluation process. The assessment of independence is based on the criteria prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Corporate Governance Guide issued by Bursa Malaysia Berhad.</p> <p>During the financial year under review, none of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions.</p>

	The Board is satisfied with the level of independence demonstrated by all Independent Directors.	
<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>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied																																																																																																																							
<b>Explanation on application of the practice</b> :	<p>The Board is a firm believer in promoting diversity in its membership, including gender, ethnicity and age and strives to maintain the right balance for effective functioning of the Board.</p> <p>The Company Directors are professionals in the fields of construction &amp; engineering, finance, accounting, legal and toll infrastructure and experienced senior public administrators. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments with a strong reputation for technical and professional competence.</p> <p>The revamped board composition in terms of each of the Director's industry and/or background experience, age and ethnic composition is illustrated as follows: -</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="5">Industry/ Background Experience</th> <th colspan="2">Age Composition</th> <th colspan="2">Ethnic Composition</th> <th colspan="2">Gender</th> </tr> <tr> <th>Construction and Engineering</th> <th>Public Services</th> <th>Banking</th> <th>Accounting/ Finance</th> <th>Legal</th> <th>50 to 59 years</th> <th>60 to 69 years</th> <th>Bumiputera</th> <th>Non- bumiputera</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td><b>Directors</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dato' Mohammed Hussein</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Dato' Lin Yun Ling</td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Dato' Ir Ha Tiing Tai</td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> <tr> <td>Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al Maghfur-lah</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Tan Seri Dato' Setia Haji Ambrin Bin Buang</td> <td></td> <td>✓</td> <td></td> <td></td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Tunku Afwida binti Tunku A.Malek</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Nazli binti Mohd Khir Johari</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table> <p>The profile of the Board members are set out on pages 46 to 54 of this Annual Report.</p> <p>In evaluating candidates for appointment to the Board, the Nomination Committee and the Board will always evaluate and match the criteria of the candidate based on experience, skills, competencies, knowledge, potential contribution and boardroom diversity (including gender, ethnicity and age).</p>		Industry/ Background Experience					Age Composition		Ethnic Composition		Gender		Construction and Engineering	Public Services	Banking	Accounting/ Finance	Legal	50 to 59 years	60 to 69 years	Bumiputera	Non- bumiputera	Male	Female	<b>Directors</b>												Dato' Mohammed Hussein			✓				✓	✓		✓		Dato' Lin Yun Ling	✓						✓		✓		✓	Dato' Ir Ha Tiing Tai	✓						✓		✓		✓	Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al Maghfur-lah					✓	✓		✓			✓	Tan Seri Dato' Setia Haji Ambrin Bin Buang		✓					✓	✓		✓		Tunku Afwida binti Tunku A.Malek			✓	✓		✓		✓			✓	Nazli binti Mohd Khir Johari	✓			✓			✓	✓			✓
	Industry/ Background Experience					Age Composition		Ethnic Composition		Gender																																																																																																														
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Tan Seri Dato' Setia Haji Ambrin Bin Buang		✓					✓	✓		✓																																																																																																														
Tunku Afwida binti Tunku A.Malek			✓	✓		✓		✓			✓																																																																																																													
Nazli binti Mohd Khir Johari	✓			✓			✓	✓			✓																																																																																																													

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

## Intended Outcome

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

## Practice 4.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Recognising the benefits of diversity in its broad spectrum, the Board has adopted a Diversity and Inclusion Policy on 28 September 2016. The said policy is available for reference on Gamuda's corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="831 904 1086 1155" data-label="Image"></div> <p>The Board has consistently maintained the 30% women directors on its Board as it believes that women directors will add value to Board discussions by bringing new perspectives, approaches and ideas to help the Group succeed.</p> <p>Under the revamped Board composition mentioned under Practices 4.1 and 4.4 of this CG Report, women representation on the Board is now 43%, which has exceeded the 30% requirement. These women Directors are professionals in the fields of construction &amp; engineering, banking, &amp; finance and legal.</p> <p>Besides women representation on Board, the Company's policy on gender equity is further exemplified through our Women@Work programme. This programme aims to encourage and support the participation of women in our workforce, which is in line with the national initiative of achieving 30% women representation on public-listed Boards by 2020 ("The 30% Club Malaysia Chapter").</p>



Women in the workforce  
**30%**

Women on the Board  
**43%**



The Company recognises that young working mothers face additional commitment of having to care for their children. Thus, a women-centric benefits package is offered to our working mothers which include 90-day maternity leave, childcare leave, childcare subsidy, day care centre, stork parking, nursing room as well as pre and postnatal expenses support.

These efforts have resulted in a fairly good gender mix within the Group, with female employees currently making up 30% of the total, as illustrated below: -

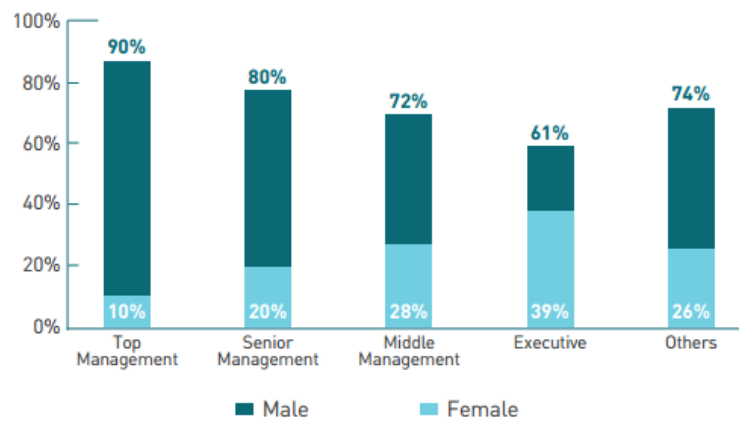


Figure 24: Gender diversity by employee category in FY2018

The Company has also launched GWEN in April 2018 which stands for Gamuda Women’s Empowerment Network, this year to advance careers of women by providing a support network. GWEN aims to empower our women through a broader scope covering three pillars: Career Development, Engagement and Wellbeing. The first initiative under GWEN which aims to fine-tunes the Company’s existing mentorship programme by having a panel of external mentors in leadership positions from different sectors.

**Explanation for departure** :

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

**Measure** :


**Timeframe** :

## Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board, through the Nomination Committee, will review the suitability of an individual to be appointed on the Board taking into account the skills, expertise, background, experience and boardroom diversity (including gender, ethnicity and age). The decision as to who shall be nominated remains the responsibility of the full Board after considering the recommendations of the Nomination Committee.</p> <p>In undertaking this responsibility, the Nomination Committee leverages on several sources to gain access to a wide pool of potential candidates. The responsibilities of the Nomination Committee in this regard are outlined in its Terms of Reference which is available Gamuda's corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="852 1357 1107 1603" data-label="Image"></div> <p>The Nomination Committee shall evaluate the candidates on the aspect of their:-</p> <ul style="list-style-type: none"><li>- skills, knowledge, expertise and experiences;</li><li>- professionalism;</li><li>- integrity; and</li><li>- for position of independent non-executive director, the candidates' abilities to discharge such responsibilities/ functions independently as expected from the independent non-executive director;</li></ul>

	In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board Members and Management. The Nomination Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.	
<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>	:	<p>The Nomination Committee of the Company was established by the Board on 1 February 2002 comprising <b>entirely</b> Independent Directors, namely: -</p> <p><b>Chairman:</b> Y.Bhg. Dato' Mohammed Hussein (Independent Non-Executive Chairman)</p> <p><b>Members:</b> YM Tunku Afwida Tunku A.Malek (Independent Non-Executive Director)</p> <p>Puan Nazli Mohd Khir Johari (Independent Non-Executive Chairman)</p> <p>Hence, the Nomination Committee is chaired by an Independent Director namely, Y.Bhg. Dato' Mohammed Hussein.</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 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>	<p>During the financial year 2018, an annual evaluation of the effectiveness of the Board as a whole and the Audit Committee were conducted. The evaluation process is led by the Nomination Committee's Chairman and supported by the Company Secretaries.</p> <p>The evaluation results are considered by the Nomination Committee, which then make recommendations to the Board and are aimed at helping the Board to discharge its duties and responsibilities. The evaluation is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.</p> <p>The 2017/2018 Evaluations of the Board's performance and the 2017/2018 Audit Committee Self-Assessment have been structured to ensure a balanced and objective review by the Directors and the Audit Committee, respectively for the above key areas.</p> <p>Following the two (2) evaluations, the Board concluded that the Board as a whole and its Board Committees had been effective in their overall discharge of function and duties. There was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same. Nevertheless, the Board agreed on enhancement areas relating to the training needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge to meet the needs of the Board.</p>

The Board has also undertaken an annual assessment of the independence of its Independent Directors. The criteria for assessing the independence of an Independent Director were developed by the Nomination Committee with the support of the Company Secretaries which include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

The aforesaid evaluations for the year 2017/2018 were conducted internally, facilitated by the Company Secretaries. The evaluations were conducted using questionnaires that were administered by the Company Secretaries which employ a self and peer rating assessment model. The Board, if it deems necessary, will engage independent consultant to facilitate the assessment process.

Retiring Directors who are seeking re-election are subject to Directors' assessment overseen by the Nomination Committee. The Board, on the recommendation of the Nomination Committee, makes a determination as to whether it will endorse a retiring Director for re-election.

Upon the recommendation of the Nomination Committee, the Board has confirmed that the following Company Directors who are retiring pursuant to Clause 95 and Clause 101 of the Constitution of the Company and standing for re-election at this year's 42<sup>nd</sup> AGM continue to perform effectively and demonstrate commitment to their roles: -

- a. Y.Bhg. Dato' Ir Ha Tiing Tai;
- b. Y.T.M. Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah;  
and
- c. Y. Bhg. Tan Sri Dato' Setia Haji Ambrin bin Buang

As a policy, the Board itself would also assess, evaluate and determine the independence of an Independent Director when he is due for retirement and/or re-appointment at the annual general meeting of the Company.

The Board has established a policy that the mandatory retirement age of Directors shall be 75 years.

The Nomination Committee met two times during the financial year ended 31 July 2018 i.e. on 25 September 2017 and 25 June 2018, with full attendance of its members.

<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 6.1

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>	:	<p>The Board has in place a Remuneration Policy for Directors and Key Senior Management which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Gamuda Group.</p> <p>In this regard, the Remuneration Committee is responsible to formulate and review the remuneration policies for the Directors and Key Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The said policy was approved by the Board for adoption on 27 June 2018 and is available for reference on Gamuda's corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div style="text-align: center;">  </div>
<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

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee was established by the Board on 1 February 2002 and comprises mainly Non-Executive Directors, namely: -</p> <p><b>Chairman:</b> Y.Bhg. Dato' Mohammed Hussein (Independent Non-Executive Chairman)</p> <p><b>Members:</b> Y.T.M. Raja Dato' Seri Eleena Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah (Non-Executive Director)</p> <p>Y.Bhg. Dato' Lin Yun Ling (Group Managing Director)</p> <p>The Remuneration Committee's main responsibility is to review and recommend to the Board the framework of Executive Directors' remuneration, in particular, the remuneration packages for the Executive Directors in all its forms, drawing from outside advice, where necessary and fees payable to the Non-Executive Directors.</p> <p>The Remuneration Committee aims to ensure that Directors' remuneration is competitive, motivates good performance and loyalty, and supports growth in shareholder value.</p>

	<p>In April 2018, the Remuneration Committee undertook the following reviews of the remuneration packages prepared by the Human Resource Department: -</p> <ol style="list-style-type: none"> <li>1. The Group Managing Director's, Deputy Group Managing Director's and Executive Directors' remuneration.</li> <li>2. The Non-Executive Directors' (include Independent Director) remuneration.</li> <li>3. The proposed remuneration package of the new Deputy Group Managing Director who was appointed on 1 May 2018.</li> </ol> <p>The objective of the aforesaid reviews were to align the Executive Directors' remuneration packages with the remuneration of Executive Directors from peer companies in the same industries.</p> <p>The Remuneration Committee met two times during the financial year ended 31 July 2018 i.e. on 26 April 2018 and 25 June 2018, with full attendance of its members.</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

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>	:	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The performance of Directors is measured by the Directors' contribution and commitment to both the Board and the Group. The Executive Directors' and senior management's remuneration depend on the performance of the Group during the financial year, which is determined based on the individual Key Performance Indicator ("KPI") and aligned to the Division level performances. The KPIs comprise quantitative and qualitative targets. The quantitative targets included annual revenue, profit before tax, and EBITDA, and the qualitative targets included stakeholders' engagement, leveraging on technology and human capital development.</p> <p>The Group rewards its employees and the Executive Directors with options under the Employees Share Option Scheme ("ESOS"). The Non-Executive Directors do not participate in the ESOS in order to maintain appropriate checks and balances as well as their independence. The details of the awards and/or vesting of share options under the ESOS are set out in page 121 of the Annual Report 2018.</p> <p>The Remuneration Committee, whilst establishing the appropriate levels of the Directors' remuneration package for the financial year 2018, has considered the information in the salary survey of comparator listed companies provided from external sources and information from sources within the Company, taking into account external market data, conditions within the business and performance of the Group.</p>

The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016. The remuneration philosophy of Non-Executive Directors is to establish a remuneration structure that commensurate with the contribution and level of responsibilities undertaken by a particular Non-Executive Director.

Detailed information on named basis of the Directors' remuneration are disclosed under Note 6 of the Financial Statements section on page 198 of the Annual Report 2018 and is also illustrated below:

2018	Salaries, bonus and EPF RM'000	Fees RM'000	Other emoluments* RM'000	Total RM'000
<b>Directors</b>				
<b>Executive:</b>				
Y Bhg Dato' Lin Yun Ling	5,268	-	237	5,505
Y Bhg Dato' Ir. Ha Tiing Tai	2,978	-	254	3,232
Y Bhg Dato' Goon Heng Wah	2,418	-	138	2,556
Y Bhg Dato' Haji Azmi bin Mat Nor	1,700	-	129	1,829
Mr Saw Wah Theng	1,481	-	162	1,643
Y Bhg Dato' Ubull a/L Din Om	799	-	271	1,070
Y Bhg Dato' Ir. Chow Chee Wah	1,010	-	137	1,147
Ir. Chan Kong Wah	993	-	133	1,126
Mr Soo Kok Wong	632	-	102	734
	17,279	-	1,563	18,842
<b>Non-executive:</b>				
Y Bhg Dato' Mohammed bin Haji Che Hussein	-	215	141	356
YTM Raja Dato' Seri Eleena binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-lah	-	105	14	119
YM Tunku Afwida binti Tunku A.Malek	-	135	26	161
Puan Nazli binti Mohd Khir Johari	-	135	22	157
	-	590	203	793

The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

**Explanation for departure** :

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

**Measure** :

**Timeframe** :



## Intended Outcome

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>	:	Applied
<b>Explanation on application of the practice</b>	:	Gamuda has adopted the Step Up to Practice 7.2 and the detailed information on the Company's top five Group Senior Management on a named basis are disclosed under Practice 7.3 below.
<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 8.1

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>	<p>The Audit Committee comprise entirely of Independent Directors.</p> <p>On 28 September 2018, the composition of the Audit Committee was also reviewed and revised by the Board through the Nomination Committee to be in line with Practice 8.1 of the MCCG which requires that the Audit Committee Chairman and the Board Chairman to be held by different Independent Director of the Company. The composition of the Audit Committee is now as follows:-</p> <ol style="list-style-type: none"><li>1. Y.M. Tunku Afwida Tunku A. Malek Chairperson</li><li>2. Y.Bhg. Dato' Mohammed Hussein Member</li><li>3. Puan Nazli Mohd Khir Johari Member</li></ol> <p>After the re-designation, the Chairman of the Audit Committee is now distinct from the Chairman of the Board.</p> <p>Y.M. Tunku Afwida holds a Bachelor of Science (Honours) degree in Economics and Accountancy from City University London, UK; qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a member of the Malaysian Institute of Accountants. The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit Committee. Her full profile can be viewed on page 51 of the Annual Report 2018.</p>

	<p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in the Terms of Reference of the Audit Committee, which is available on Gamuda’s corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div data-bbox="831 421 1088 678" style="text-align: center;">  <p>SCAN HERE</p> </div>	
<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

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As a measure to safeguard the independence and objectivity of the audit process, the Board through the Audit Committee has adopted an External Auditor Policy on 28 September 2017 which delegates the responsibility to assess the suitability, objectivity and independence of the external auditor to the Audit Committee.</p> <p>Under the External Auditor Policy, a former key audit partner is required to observe a cooling-off period of at least two years before he can be appointed as a member of the Audit Committee.</p> <p>The External Auditor Policy is available on Gamuda's corporate website at <a href="http://www.gamuda.com.my">www.gamuda.com.my</a> or for easy access, please scan the QR code below with a smartphone:</p> <div style="text-align: center;"></div>
<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>	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>The effectiveness, performance and independence of the external auditor i.e. Messrs Ernst &amp; Young ("EY") is reviewed annually by the Audit Committee. The lead audit partner is required to rotate after a maximum of five years. If it becomes necessary to replace the external auditor for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditor has been delegated to the Audit Committee by the Board pursuant to the External Auditor Policy which was approved by the Board for adoption on 28 September 2017.</p> <p>EY had provided the required confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement during the financial year ended 31 July 2018 in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws").</p> <p>The Audit Committee has on 25 June 2018 and 24 September 2018, reviewed the suitability and independence of EY and is satisfied that EY has met the relevant criteria prescribed under Paragraph 15.21 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. Thus, the Audit Committee has recommended that the Board endorses EY's re-appointment for the ensuing financial year and recommend that shareholders approves EY's re-appointment at the 42<sup>nd</sup> AGM.</p>

	<p>During the financial year, EY has attended two (2) out of the four (4) Audit Committee Meetings of the Company held to discuss their audit plan, audit findings and the financial statements. EY will highlight to the Board through the Audit Committee matters that require the Audit Committee's or the Board's attention together with the recommended corrective actions thereof. The Management of the Company is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.</p> <p>The Audit Committee also meets EY without the presence of the Executive Directors and Management as this allows for free and honest exchange of views and opinions on matters related to external auditors' audit and their findings. For this purpose, the Audit Committee and the external auditors met twice (September 2017 and June 2018) during the financial year under review.</p> <p>The Audit Committee has considered the provision of non-audit services by EY during the financial year under review and concluded that the provision of these services did not compromise their independence and objectivity as the amount of the fees paid for these services were not significant when compared to the total fees paid to the external auditors of RM1,324,000 (2017: RM1,250,000). The non-audit fees incurred for services rendered to the Group by the external auditors and its affiliates for the financial year ended 31 July 2018 was RM198,000 (2017: RM375,000).</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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The entire Audit Committee members are Independent Directors, namely: -  1. Y.M. Tunku Afwida Tunku A. Malek Chairperson / Independent Non-Executive Director  2. Y.Bhg. Dato' Mohammed Hussein Member / Independent Non-Executive Chairman  3. Puan Nazli Mohd Khir Johari Member / Independent Non-Executive Director



## Intended Outcome

There is an effective and independent Audit Committee.

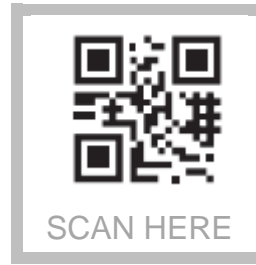
The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### 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>	:	<p>As reiterated in Practice 8.4, the Audit Committee comprises entirely of Independent Directors.</p> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties.</p> <p>All members of the Audit Committee are financially literate, whilst the Chairperson of the Audit Committee is a member of Malaysian Institute of Accounts, and thus, fulfilling paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>All members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>During the reporting year, the Audit Committee members has attended numerous training courses, the details of their training are as set out on page 110 of the Annual Report 2018 which can be easily access by scanning the QR code below with a smartphone:</p>



During the Audit Committee Meetings, the members were briefed by the external auditor, Messrs. Ernst & Young on the following key areas: -

- Financial Reporting developments;
- Adoption of Malaysian Financial Reporting Standards;
- Malaysian Code on Corporate Governance; and
- Other changes in regulatory environment.

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


### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for all aspects of the Group's internal controls. The system of internal control, which is fully embedded into the operations of the Group, has been in place throughout the year, up to the date of this Annual Report. It includes financial, operating and compliance controls and risk management procedures. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Company's business objectives. In pursuing these objectives, internal control can only provide reasonable but not absolute assurance against material misstatement or loss.</p> <p>Significant risks faced by the business are identified and evaluated based on the likelihood and potential impact of each risk and where necessary, actions to mitigate the risks were also identified. The Board also takes into consideration advice from the Audit Committee and the Risk Management Committee, reports received from the external auditors and any other related matters which have come to its attention.</p> <p>The Statement on Risk Management and Internal Control of the Group which provides an overview of the state of internal control within the Group, is set out on pages 112 to 114 of the Annual Report 2018 which can be easily access by scanning the QR code below with a smartphone:</p> <div data-bbox="847 1715 1107 1968" data-label="Image"></div>

<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>	: The Statement of Risk Management and Internal Control is set out on pages 112 to 114 of the Annual Report 2018 which can be easily access by scanning the QR code below with a smartphone:  
<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>	: Not Adopted
<b>Explanation on adoption of the practice</b>	<p>However, the Board has established a Risk Management Committee which is chaired by the Group Managing Director and comprised the following members: -</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"><div style="text-align: center;"><p><b>01</b> YBhg Dato' Lin Yun Ling Chairman/Group Managing Director</p></div><div style="text-align: center;"><p><b>05</b> Mr Saw Wah Theng Member/ Group Executive Director</p></div><div style="text-align: center;"><p><b>02</b> YBhg Dato' Ir Ha Tiing Tai Member/Deputy Group Managing Director</p></div><div style="text-align: center;"><p><b>06</b> YM Tunku Afwida binti Tunku A.Matek Member/Independent Non-Executive Director</p></div><div style="text-align: center;"><p><b>03</b> YBhg Dato' Haji Azmi bin Mat Nor Member/Executive Director, Head of Infrastructure Concessions</p></div><div style="text-align: center;"><p><b>07</b> YBhg Dato' Chow Chee Wah Member/Chairman, Property Development</p></div><div style="text-align: center;"><p><b>04</b> YBhg Dato' Goon Heng Wah Member/ Group Executive Director</p></div><div style="text-align: center;"><p><b>08</b> YBhg Dato' Ubull Din Om Member/Managing Director, Engineering and Construction</p></div></div> <p>The Chairperson of the Audit Committee is a member of the Risk Management Committee.</p> <p>The Risk Management Committee ("RMC") Report of the Company which provides an overview of the RMC's terms of reference, risk management framework and risk identification, evaluation and ranking is set out on pages 115 to 116 of the Annual Report 2018.</p>

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function of the Company is performed by an in-house Internal Audit Department (“IAD”), which reports directly to the Audit Committee and maintain its impartiality, proficiency, and due professional care Audit Committee and is independent of the activities it audits.</p> <p>The role and functions of the IAD including the audit scope and audit coverage are detailed in the Statement of Internal Audit set out on page 119 of the Annual Report which is easily access by scanning the QR code below with a smartphone:</p> <div style="text-align: center;">  </div>
<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

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Department (“IAD”) personnel shall have impartial, unbiased attitude and avoid conflicts of interest in carrying out their duties. If independence or objectivity is impaired in fact or appearance, the details of the impairment shall be disclosed to the Audit Committee.</p> <p>The Head of IAD, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with the Group.</p> <p>IAD is guided by the internal policies and procedures as well as the Professional Practices Framework and the Internal Control Framework of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) in assessing and reporting on the adequacy and effectiveness of the internal control, governance and risk management processes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

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

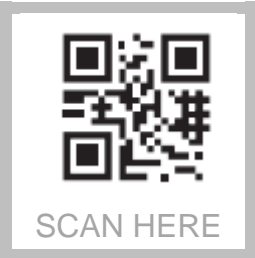
### Practice 11.1

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

<b>Application</b>	: Applied																																					
<b>Explanation on application of the practice</b>	: Gamuda have a wide range of stakeholders, whom it has identify as groups that have a significant impact on, and keen interest in our operations. Gamuda seek to develop strong relationships based on trust with each group through engagement on different platforms. The aim is to understand these stakeholders' needs and expectations for Gamuda to communicate in a transparent manner.																																					
	<table border="1"> <thead> <tr> <th>Stakeholder Group</th> <th>Engagement Methods</th> <th>Frequency</th> <th>Topics of concern and interest</th> <th>Our Responses</th> <th>Material Matters</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Employees</td> <td rowspan="3"> <ul style="list-style-type: none"> <li>Town hall meetings, workshops, focus group discussions, SHE Committee meetings, surveys, events, internal communications and newsletter</li> </ul> </td> <td rowspan="3"> <ul style="list-style-type: none"> <li>On-going</li> </ul> </td> <td>Company direction and performance</td> <td> <ul style="list-style-type: none"> <li>Town hall sessions to share company's direction and performance</li> </ul> </td> <td rowspan="3"> <ul style="list-style-type: none"> <li>Economic Performance</li> <li>Employee Management</li> <li>Health and Safety</li> </ul> </td> </tr> <tr> <td>Career development and training opportunities</td> <td> <ul style="list-style-type: none"> <li>Provision of job-related 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Stakeholder Group	Engagement Methods	Frequency	Topics of concern and interest	Our Responses	Material Matters
Local Communities	<ul style="list-style-type: none"> <li>Community development programmes</li> <li>Social media</li> <li>Info centres, info kiosks and mobile info truck for KVMRT Line 1 and Line 2</li> </ul>	On-going	Community development and support	<ul style="list-style-type: none"> <li>Provision of scholarships and sponsorships</li> <li>Upskilling individuals with autism</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder and Community Relations</li> <li>Health and Safety</li> <li>Environmental Management and Biodiversity</li> </ul>
		On-going	Quality, safety, health and environment	<ul style="list-style-type: none"> <li>Adherence to health and safety regulations</li> <li>Operational health and safety practices on site and in townships</li> <li>Improvement in product quality and environmental preservation</li> </ul>	
		On-going	Communication on our development plans and projects	<ul style="list-style-type: none"> <li>Regular project updates through corporate website, media and roadshows</li> </ul>	
Government and Regulators	<ul style="list-style-type: none"> <li>Industry workshops</li> <li>Meetings and consultations</li> <li>Reporting</li> </ul>	On-going	Regulatory compliance	<ul style="list-style-type: none"> <li>Reliable reporting and marketing communications</li> <li>Monitoring of compliance through legal checklist</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Innovation</li> <li>Governance</li> </ul>
		On-going	Improving construction sector productivity	<ul style="list-style-type: none"> <li>Workforce upskilling</li> <li>Leveraging IT solutions</li> <li>Application of new engineering and construction technologies</li> </ul>	
Suppliers	<ul style="list-style-type: none"> <li>Procurement system</li> <li>Supplier training programmes</li> </ul>	On-going	Transparency in procurement processes	<ul style="list-style-type: none"> <li>Implementation of robust supplier assessment, appointment and management system</li> </ul>	Supply Chain Management
		On-going	Knowledge sharing and capacity building	<ul style="list-style-type: none"> <li>Workforce upskilling</li> <li>Leveraging IT solutions</li> <li>Application of new engineering and construction technologies</li> </ul>	
Media	<ul style="list-style-type: none"> <li>Press conferences</li> <li>Press releases</li> <li>Networking events</li> </ul>	On-going	Company direction and performance	<ul style="list-style-type: none"> <li>Direct engagement and press statements</li> </ul>	Economic Performance
		On-going	Timely and transparent communication		
		On-going	Complaints on products and services		

The above illustrations are set out on pages 69 and 70 of the Annual Report 2018 which can be easily access by scanning the QR code below with a smartphone:



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

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Gamuda Berhad is moving towards adopting the International Integrated Reporting (IR) Framework issued by the International Integrated Reporting Council in December 2013.	
		The adoption of IR has been implemented on staggered basis starting 2017, with the integration of non-financial information into Gamuda's Annual Report.	
<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 Board is currently assessing the IR Framework for implementation and will continue to improve the quality of information.	
<b>Timeframe</b>	:	2021	

## 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>	:	<p>The Board seeks to encourage shareholders attendance and active participation at its annual general meeting (“AGM”) to raise any pertinent issues at the meeting. The Chairman of the Audit, Remuneration and Nomination Committees, together with other Directors will attend the AGM to interact with the Company shareholders.</p> <p>The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with detailed explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>Given the significance of AGM, it is essential for the notice of AGM to be provided to shareholders in a timely manner to accord them with sufficient time to consider the resolutions that will be discussed and decided at the AGM.</p> <p>In this regard, more than 21 days’ notice has always been given for AGMs every year and for this year’s 42<sup>nd</sup> AGM scheduled for 6 December 2018, the Notice is issued on 9 November 2018.</p> <p>Furthermore, the notice of AGM is disseminated to shareholders in writing via hardcopy or electronic format or a combination of both. In addition, the notice of AGM will be advertised in at least one nationally circulated daily newspaper and in writing to Bursa Securities. The notice of AGM is also posted on the Company website upon release of the said notice to Bursa Securities.</p> <p>This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days’ notice period for public companies or listed issuers respectively.</p>

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

### Intended Outcome

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

### Practice 12.2

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>	:	Departure
<b>Explanation on application of the practice</b>	:	--
<b>Explanation for departure</b>	:	<p>The Board acknowledges its responsibility as steward of the Company to continuously engage with shareholders and provide meaningful responses to their questions since shareholders regards general meetings as one of the available avenues for them to communicate directly with the Board.</p> <p>Even though the AGM was scheduled well in advance to encourage full attendance of the Board i.e. before commencement of each new calendar year to facilitate booking of Directors' schedule, full attendance of the Board for the past two AGMs were not achieved due to the ad hoc work commitment of the following Directors: -</p> <ol style="list-style-type: none"><li>1. Y.Bhg. Dato' Goon Heng Wah was unable to attend the 40<sup>th</sup> AGM since he is required to attend to urgent issues arising from Klang Valley Mass Rapid Transit ("KVMRT") Project - Sungai Buloh - Kajang Line.</li><li>2. Y.Bhg. Dato' Haji Azmi Mat Nor was in London to attend the New Civil Engineer Tunnelling Awards 2017 as the Company's joint venture project, the KVMRT Project – Underground Work Package was named the Highly Commended Project under the Community Engagement Award Category.</li></ol> <p>Shareholders were informed of their absences at the respective AGMs through the Chairman.</p> <p>The Finance Director will give a presentation on the overall performance of the Company and Group to the shareholders. A "Question &amp; Answer" ("Q&amp;A") session is always allocated before the laying of the Audited Financial Statements of the Company and at the Group at the AGM.</p>

	<p>During the Q&amp;A session, there are active Directors' participation at the AGM since questions raised were answered collectively by the Board according to their areas of responsibilities, as follows: -</p> <ul style="list-style-type: none"> <li>• Operational matters are answered by the Group Managing Director and/or the Deputy Group Managing Director.</li> <li>• Financial matters are answered by the Finance Director.</li> <li>• Corporate governance matters will be handled by the Chairman.</li> </ul> <p>Before attendance of external auditors was made mandatory by the Companies Act 2016, the Company has always ensures that the partner of the Company's external auditor is present at every AGM to answer relevant questions raised by the Company shareholders on the audit process.</p>	
	<p>The Chairman of the Audit, Nomination and Remuneration Committee namely, Y.Bhg. Dato' Mohammed Hussein was always present at the AGM.</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>: To continue with advance scheduling of AGM and to remind Board members that their attendance at AGMs are compulsory unless they are required to attend meetings to safeguard the interest of the Company i.e. meetings with the Government and/or authorities.</p>	
<p><b>Timeframe</b></p>	<p>: Immediate and to inform the Board that their attendances AGM are compulsory and that valid reasons must be given for their absences.</p>	<p>2018</p>

## 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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Following the transition to full-fledged poll voting in Malaysia as mandated by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in 2016, all resolutions set out in the notice of AGM of the Company and put to the AGM were voted by poll which was conducted through electronic voting system.</p> <p>The Company utilises an electronic voting system using either handheld devices or mobile application to expedite poll voting and facilitate the tabulation process in a seamless manner. From the past two years' AGM, polling results were announced within 15 minutes after the voting was conducted.</p> <p>The Company understand that AGM is a key platform for shareholders to exercise their rights to voice any concerns that they may have on the performance of the Company. Towards this purpose, the Directors will also take this opportunity to give a presentation and brief the shareholders on the performance of the Company.</p> <p>To encourage greater shareholders participation at AGM, the Board has ensure the following: -</p> <ul style="list-style-type: none"><li>• venue or location of the AGM is able to cater to the comfort and the welfare of the shareholders;</li><li>• the venue has also remained unchanged for more than 20 years, i.e. held at Kota Permai Golf &amp; Country Club which is located in the Klang Valley and is accessible by shareholders;</li><li>• the venue has sufficient parking space and is free; and</li><li>• AGM is scheduled in the first week of December every year which is not a peak AGM season.</li></ul>



	<p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf.</p> <p>The Company continues to explore the leveraging of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at its AGM.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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