

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 8613  
**COMPANY NAME** : ENRA Group Berhad  
**FINANCIAL YEAR** : March 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 ENRA Group Berhad ("ENRA" or "Company") has the overall responsibility for the corporate governance, strategic leadership and direction, the conduct of the Group's businesses, risk management and internal controls, investor relations, management succession plan and business operations of the Group.</p> <p>The principal duties and responsibilities of the Board are as follows:</p> <ul style="list-style-type: none"><li>Review and approve strategic initiatives including corporate business streamlining or restructuring and strategic alliances.</li></ul> <p>The Executive Committee ("Exco"), which is made up of the three Executive Directors, oversees the formulation and implementation of the policies and plans for the Group's strategic initiatives. The Exco evaluates and recommends for Board's approval major investments, divestments and capital expenditures including acquisitions, mergers, joint ventures and new businesses. The Exco also assists the Board in managing the capital and liquidity positions of the Group and its businesses to ensure the capital is adequate to meet the Group's objectives.</p> <ul style="list-style-type: none"><li>Review and approve the annual budget and business plan for the Group.</li></ul> <p>The budget and business plan for the next financial year are presented to the Board at a meeting held before the end of the financial year after review and endorsement by the Exco. In the deliberations on these proposed business</p>

	<p>plans and budgets, the Board members will review and challenge Management's perspectives and assumptions applied in formulating the plan before approving the same to ensure the best outcomes are achieved.</p> <ul style="list-style-type: none"> <li>Oversee the conduct of the Group's businesses to evaluate whether the businesses are properly managed.</li> </ul> <p>The Board is kept informed of the development of key strategic initiatives and progress of operating units on a quarterly basis. Relevant members of the Management will be invited to Board Meetings to support the President &amp; Group Chief Executive Officer in presenting the progress reports and to provide clarification on any issues which may be raised by the Board.</p> <ul style="list-style-type: none"> <li>Identify principal risks and ensure the implementation of appropriate systems to manage these risks.</li> </ul> <p>The Board oversees the risk management framework of the Group through the Audit and Risk Management Committee ("ARMC").</p> <ul style="list-style-type: none"> <li>Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines (including securities laws, Companies Act 2016 and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")).</li> </ul> <p>The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard the investment of its shareholders and the Company's assets. The Statement on Risk Management and Internal Control in the Annual Report provides further information of the state of internal controls within the Group.</p> <ul style="list-style-type: none"> <li>Approve the nomination, selection, succession policies and remuneration packages for members of the Board and Board Committees, the Executive Directors and the annual manpower budget for the Group, including managing succession planning, appointing, training, fixing the compensation of and where appropriate, replacing senior management or key management personnel.</li> </ul> <p>The Board Nomination and Remuneration Committee ("BNRC") assists the Board in relation to matters concerning appointments and remuneration of Board members and key management personnel. The Board places emphasis on the continuous development of human capital and in ensuring a sound succession planning.</p>
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	<ul style="list-style-type: none"> <li>Review and approve investment policies and guidelines for the Company's surplus funds, asset allocation policy and policy on exposure limits on investment with banking institutions; and</li> <li>Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the approved authority limits.</li> </ul> <p>Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives and day-to-day management of the business of the Group to the President &amp; Group Chief Executive Officer who is supported by the Executive Directors and the Management team. There is a formalised Limits of Authority which defines the limits specifically reserved for the Board's approval and those delegated to the Exco, the Executive Directors and Management. In November 2017, the Board had conducted a review of the Limits of Authority and approved certain revisions to ensure it remains relevant and effective.</p> <p>The Board oversees and monitors the decisions and actions of the President &amp; Group Chief Executive Officer, the Executive Directors and the performance of the Company to gain assurance of the progress being made towards the Company achieving its corporate objectives.</p> <p>The Board also sets the tone to commit towards sustainable development activities. The Board had, at its meeting held in November 2017 approved the sustainability governance and reporting structure to ensure effective implementation of sustainability strategies.</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 Board is led by YBhg Datuk Ali bin Abdul Kadir as the Independent Non-Executive Chairman. The Chairman ensures the Board upholds and promotes high standards of integrity, probity and governance. The Chairman is responsible for the orderly conduct and effectiveness of the Board and in ensuring all Board members receive sufficient information to enable them to meaningfully participate in all matters tabled to the Board for decision.</p> <p>The duties and responsibilities of the Chairman are clearly set out in the Board Charter on the Company's website at <a href="http://www.enra.my">www.enra.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 distinct and clear division of roles and responsibilities between the Chairman and the President &amp; Group Chief Executive Officer as set out in the Board Charter which is available on the Company's website at <a href="http://www.enra.my">www.enra.my</a> to ensure a strict balance of power and authority, so that no one individual has unfettered power.</p> <p>The Chairman, Datuk Ali bin Abdul Kadir, leads and manages the Board by focusing on strategy, governance and compliance whilst the President &amp; Group Chief Executive Officer, Dato' Mazlin bin Md Junid manages the business and operations of the Company and implements the Board decisions.</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 1.4

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>Ms Cheong Lisa, the Company Secretary of ENRA, is an associate member of the Malaysian Institute of Chartered Secretaries ("MAICSA") and is qualified to act as a secretary under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretary is responsible for monitoring compliance with the Board procedures and advises the Board and Board Committees on governance matters.</p> <p>The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented and subsequently communicated to the relevant Management for appropriate actions. The Board is updated by the Company Secretary on the follow-up actions by the Management of its decisions and recommendations.</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>Agenda and relevant reports are furnished to Directors and Board Committees members 7 days or as soon as reasonably practicable prior to the meetings. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties.</p> <p>Board members are provided with iPads which enable timely and secure digital access to meeting materials from the server.</p> <p>The minutes of meetings record the key discussion points of the meeting and the decisions made by the Board and Board Committees including instances where Directors abstained from deliberation and voting. The minutes are circulated to Directors for comments after the meeting and re-circulated with the meeting pack for confirmation at the following meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 2.1**

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

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

Application :	Applied	
Explanation : on application of the practice	<p>The Company's Board Charter serves as a primary reference for existing and future Board members in the performance of their fiduciary duties and clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors and Management. It also sets out the issues and decisions reserved for the Board.</p> <p>The Board Charter is published on the Company's website and the Board will review the Board Charter to ensure relevance with the Company's current objectives.</p> <p>The details of the Board Charter are available for reference at the Company's website at <u><a href="http://www.enra.my">www.enra.my</a></u>.</p>	
Explanation : for departure		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

### Intended Outcome

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 Company has adopted the following codes of conduct which are available at the Company's website at <a href="http://www.enra.my">www.enra.my</a>.</p> <p>(a) Code of Business Conduct which is applicable to employees within the Group and it governs the desired standard of behavior and ethical conduct expected from each individual to whom the Code applies.</p> <p>(b) Directors' Code of Ethics, which outlines the conduct required of the Board members individually in order for them to discharge their duties in a professional, honest and ethical manner.</p> <p>(c) Vendor Code of Conduct which sets out the standards of business practices and conduct and is applicable to all vendors, suppliers, contractors, subcontractors and other third parties providing goods and services to the Group.</p> <p>The Audit and Risk Management Committee reviews the half-yearly report on the status of compliance of the Group's Code of Business Conduct to ensure any non-compliance is properly investigated.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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

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

## Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a Whistleblowing Policy which sets out the principles and grievance procedures for employees and/or the public to raise concerns of possible improprieties perpetrated within the Group.</p> <p>In November 2017, the Board had approved certain revisions to the Whistleblowing Policy upon the recommendation of the Audit and Risk Management Committee. The revisions made were mainly to clarify the reporting channels and guidance for employees of the Group and members of the public, where relevant, to disclose any wrongdoing or improper conduct as well as to streamline procedures and provisions with the other policies and codes of conduct of the Group.</p> <p>The Whistleblowing policy is available on the Company's website at <a href="http://www.enra.my">www.enra.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In respect of the financial year under review, the Board consists of majority independent Directors up until end of February 2018 where five out of nine Directors were independent which exceeded the requirement for one-third of the Board members to be independent as set out under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. In the event of any vacancy in the Board resulting in non-compliance with the one-third requirement as mentioned above, the Company shall fill the said vacancy within 3 months.</p> <p>Mr Teo Chee Kok, an Independent Non-Executive Director ("INED"), had on 28 February 2018 tendered his resignation from the Board to devote more attention to his other commitments. This resulted in the Board composition comprising 50% Independent Directors which still meets the recommendation under Practice 4.1 as ENRA Group Berhad is not yet categorised as a Large Company.</p> <p>All four of the INEDs remained independent in character and judgement and provided critical and constructive challenges to the Management when deliberating proposals and Board matters.</p> <p>During the financial year, the BNRC and the Board had assessed the independence of the INEDs as part of the annual Board evaluation process. The Board was satisfied with the level of independence demonstrated by all the INEDs and their ability to act in the best interests of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 4.2**

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 directors serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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>	:	For all intents and purposes, none of the Independent Directors for the time being of the Company has served for more than four years.



### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company embraces the principles of diversity, inclusion and equality and these values have been formalised in a Diversity Policy approved by the Board in April 2018 which applies for the Board and the organisation at large. The Board recognises that the promotion of a diverse Board and workforce makes prudent business sense and makes for better corporate governance.</p> <p>Appointment of Directors to the Board and employment within the Group is based on merit against objective criteria without discriminating on grounds of gender, race, age, religion, ethnicity or cultural background.</p> <p>The Company's Constitution provides that all Directors are to retire from office at least once in every three years or at least one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election at each Annual General Meeting. Based on a schedule of retirement by rotation, the BNRC is responsible to recommend to the Board those Directors who are eligible to stand for re-election. The BNRC will take into account the results of the performance evaluation of the Directors.</p> <p>In June 2017, the Board concurred with the BNRC's recommendation on the names of Directors subject to re-election at the 25th Annual General Meeting of the Company held on 13 September 2017 whereby Tan Sri Dato' Seri Shamsul Azhar bin Abbas, Datuk Anuar bin Ahmad and Dato' Mazlin bin Md Junid retired by rotation from the Board pursuant to Article 76 of the Constitution (Articles of Association) whilst Dato' Wee Yiau Hin retired pursuant to Article 83 of the Constitution (Articles of Association). All four Directors were re-elected thereat.</p> <p>The Board had in June 2018, endorsed the recommendation of the BNRC in respect of the Directors who are due to retire by rotation at the forthcoming 26th Annual General Meeting of the Company, namely, Datuk Ali bin Abdul Kadir, Mr Loh Chen Yook and Mr Kok Kong Chin, be eligible to stand for re-election. All three Directors had expressed their intention to seek for re-election at the said 26th Annual General Meeting.</p>

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

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In so far as boardroom diversity is concerned, the Board does not have a specific target for women directors. Evaluation of suitability of candidates is solely based on the candidates' character, competency, qualification, experience, time commitment and integrity in meeting the needs of the Company. The Board will take into consideration the requirement on gender diversity when vacancies on the Board arise.</p> <p>Nonetheless, there were efforts to promote boardroom diversity as the Board Nomination and Remuneration Committee had considered the profile of several female candidates with accounting qualifications during its meeting held in April 2018.</p> <p>The Board's commitment to diversity, including gender, permeates throughout all levels of the organisation and not just to appointment to the Board.</p> <p>The ENRA Group Diversity Policy established by the Board acknowledges the advantages of gender diversity as well as diversity of ethnicity, age, competency, cultural background and experiences, amongst others. ENRA fosters inclusiveness at the workplace and support flexible work arrangement, which are some of the Company's value propositions to attract female employees to the Group.</p> <p>As at 31 March 2018, ENRA's workforce comprises 40% female with 18% holding managerial roles.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The nomination of candidates for Board appointments had thus far, been facilitated through recommendations from Directors, Management and/or major shareholders.</p> <p>There was no new appointment of Board members during the financial year ended 31 March 2018.</p> <p>The BNRC is responsible to assess the suitability of the nominees or candidates against set criteria such as the required skills set, experience, integrity, any potential conflict of interests and ability to bring valuable perspectives and diversity to the Board, amongst others, to meet the gaps identified in respect of the exercise for the new appointment before recommending to the Board for approval.</p> <p>As part of the process, the BNRC, has the option to utilise independent sources to search for candidates and will meet with shortlisted candidates where necessary.</p>
<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 Company has a Board Nomination and Remuneration Committee ("BNRC") comprising exclusively of Independent Non-Executive Directors. The Chairman of the BNRC is Datuk Anuar bin Ahmad.</p> <p>The Terms of Reference of the BNRC is made available on the Company's website at <a href="http://www.enra.my">www.enra.my</a>.</p> <p>During the financial year ended 31 March 2018, the BNRC held two meetings which were attended by all the members. Activities undertaken by the BNRC in relation to nomination matters were as follows:</p> <ul style="list-style-type: none"> <li>(a) Conducted the annual evaluation of the performance of the Board, Board Committees and individual Directors including the independence assessments of the Directors.</li> <li>(b) Considered the mix of skills, composition and effectiveness of the Board.</li> <li>(c) Reviewed the training needs of the Directors.</li> <li>(d) Recommended the change in Board Committees composition in line with corporate governance best practice.</li> <li>(e) Considered the succession planning updates of the Group.</li> <li>(f) Considered and recommended the re-election of Directors retiring at the Annual General Meeting of the Company.</li> <li>(g) Reviewed a proposed Board Diversity Policy.</li> </ul> <p>(The above disclosure also serves to comply with paragraph 6(A), Appendix 9C of the MMLR)</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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>The Board through the Board Nomination and Remuneration Committee ("BNRC") conducts an evaluation of the performance of the Board and Board Committees as well as individual Directors annually.</p> <p>During the financial year under review, the BNRC had conducted an assessment on Board performance which was internally facilitated. The criteria covered are summarised as follows:</p> <ul style="list-style-type: none"><li>(a) Evaluation on the effectiveness of the Board as a whole which encompassed Board structure, Board operations, Board roles and responsibilities, relationship with Management, leadership aspects and the Board Chairman.</li><li>(b) In respect of the performance of the Board Committees, the evaluation included the composition of each committee, the competency and blend of skills-set of the committee members as well as the effectiveness of the committees' processes and in the discharge of its respective duties. The ARMC members also completed a self-assessment questionnaire to evaluate more specifically its effectiveness in its core functions and to identify areas for development.</li><li>(c) Evaluation on individual Directors which included the contributions from the Director, quality of input, understanding of role, skills and competencies, fit and properness as well as integrity in dealing with potential conflict of interest. All Directors were also required to provide an Annual Declaration of Compliance confirming they had observed and complied with the policies of the Company and regulatory requirements during the financial year or if there were instances of non-compliance, to disclose the details thereof.</li><li>(d) Assessment on the independence and objectivity of the Independent Directors including their tenure of service.</li></ul> <p>An anonymised summary of the findings prepared by the Company Secretary was presented to the BNRC and was used as a basis for the assessment discussion. The evaluation results revealed that overall,</p>



the Board and Board Committees operated effectively. Based on feedback obtained from open-ended evaluation questions, certain areas for improvement were identified. The BNRC's recommendation of an action plan for enhancing the Board's effectiveness in the coming year was tabled and approved by the Board. Areas of focus in the said action plan included amongst others, succession planning and development, specific review of the composition and remuneration of Board Committees as well as comprehensive review of the Group's existing Limits of Authority to ensure its relevance and alignment to current business needs and operations.

The BNRC also assessed the composition of the Board and was satisfied that the mix of skills, knowledge and experience and board size were appropriate to govern the Group effectively at its present stage of development and growth.

As part of the Board evaluation process, the training needs of the Directors also assessed to enable them to discharge their duties effectively. Directors were encouraged to indicate their training needs and areas of interests.

During the financial year under review, all Directors attended at least one training session, either organised internally by the Company or externally, as set out below:

Name of Director	Training/Workshop/Forums/Courses
Datuk Ali bin Abdul Kadir	<ul style="list-style-type: none"> <li>• Islamic Banking</li> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards.</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• Business Foresight Forum 2017.</li> <li>• Sustainability Reporting.</li> <li>• New Investment Frontiers Talk: Blockchain, Cryptocurrencies &amp; ICO.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on:               <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board</li> </ul> </li> </ul>

		<p>Committees and Management.</p> <ul style="list-style-type: none"> <li>• World Capital Markets Symposium 2018.</li> <li>• Malaysian Code on Corporate Governance Compliance Expectations.</li> </ul>	
	Tan Sri Dato' Kamaluddin bin Abdullah	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards.</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on: <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</li> </ul> </li> </ul>	
	Dato' Mazlin bin Md Junid	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on: <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</li> </ul> </li> </ul>	
	Kok Kong Chin	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on</li> </ul>	

		<p>Corporate Governance 2012.</p> <ul style="list-style-type: none"> <li>• FY2018 ENRA Group Directors &amp; Management Conference on: <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</li> </ul> </li> <li>• Malaysian Code on Corporate Governance: Dealing with issues and expectation on Audit Committee, Risk Management and Stakeholder Management- Principle B &amp; C</li> <li>• Invest Malaysia 2017</li> </ul>
	Tan Sri Dato' Seri Shamsul Azhar bin Abbas	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on: <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</li> </ul> </li> </ul>
	Datuk Anuar bin Ahmad	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on: <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and</li> </ul> </li> </ul>

		liabilities. (ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules). (iii) Malaysian Code on Corporate Governance & the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.	
	Dato' Wee Yiau Hin	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on:             <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</li> </ul> </li> <li>• Malaysian Code on Corporate Governance: Dealing with issues and expectation on Board leadership and effectiveness – Principle A.</li> <li>• FIDE Cored Programme Module A and Module B.</li> </ul>	
	Loh Chen Yook	<ul style="list-style-type: none"> <li>• Briefing on impact of mandatory adoption of Malaysian Financial Reporting Standards</li> <li>• The Malaysian Code on Corporate Governance 2017 vs Malaysian Code on Corporate Governance 2012.</li> <li>• FY2018 ENRA Group Directors &amp; Management Conference on:             <ul style="list-style-type: none"> <li>(i) Companies Act, 2016 - Highlights of Directors' and Officers' duties and liabilities.</li> <li>(ii) Managing your tax affairs in the current economic environment (including updates on Transfer Pricing Rules).</li> <li>(iii) Malaysian Code on Corporate</li> </ul> </li> </ul>	

		<p>Governance &amp; the CG Guide 3rd Edition - Key changes and the implications to the Board, Board Committees and Management.</p> <ul style="list-style-type: none"> <li>• Malaysian Code on Corporate Governance: Dealing with issues and expectation on Board leadership and effectiveness – Principle A.</li> <li>• MFRS 9, 15 and 16</li> </ul>	
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

### Intended Outcome

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

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

### Practice 6.1

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 Company has in place policies and procedures to determine the remuneration of Directors and Senior Management with the objective to attract and retain persons of the right experience, qualification and calibre needed to lead and manage the Group successfully.</p> <p>The BNRC is responsible for recommending to the Board, the remuneration of the Non-Executive Directors, taking into account the level of expertise, commitment and responsibilities undertaken and/or required. The Non-Executive Directors are paid annual fees for serving as members of the Board and for their participation in Board Committees as well as meeting allowances on the basis of per day of attending meeting(s) irrespective of the number of Board and/or Board Committee meetings held on that day. Please refer to the CG Overview Statement in the Company's Annual Report for details of the remuneration policy.</p> <p>In the case of the Executive Directors, their remuneration package is made up of a fixed component which includes base salary and a variable component in the form of emoluments which includes performance-based bonus that is determined with reference to the terms and conditions of employment. The Executive Directors are not entitled to receive any fees or meeting allowances for Board and Board Committee meetings they attend.</p> <p>The BNRC is also responsible for reviewing the general remuneration policy of the Group to ensure alignment of compensation to corporate performance and recommends to the Board the payment of annual salary increment and performance bonus for the Group.</p>

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

### Intended Outcome

The 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 Board Nomination and Remuneration Committee ("BNRC") assists the Board in reviewing and recommending the proposed remuneration packages for the Directors and key management personnel.</p> <p>The Terms of Reference of the BNRC delineate the roles and responsibilities of the Committee in relation to the nomination and remuneration matters. The Board is satisfied that the BNRC has effectively discharged its roles and responsibilities with respect to its nominations and remuneration functions and see no need to separate the two functions into two distinct committees. The Terms of Reference of the BNRC are published on the Company's website at <a href="http://www.enra.my">www.enra.my</a>.</p> <p>During the financial year ended 31 March 2018, the BNRC had undertaken the following activities in relation to remuneration matters:</p> <ul style="list-style-type: none"><li>(a) Reviewed the remuneration policy for Non-Executive Directors and recommended the revised provisions for Board Committees.</li><li>(b) Considered and recommended the remuneration of the Non-Executive Directors for shareholders' approval at the Annual General Meeting of the Company.</li><li>(c) Reviewed and recommended the performance bonus and annual salary increment for the employees.</li><li>(d) Reviewed the performance of key management personnel.</li><li>(e) Reviewed the scorecard achievements and recommended the performance rewards for the Executive Directors.</li><li>(f) Endorsed the key performance indicators in respect of the Executive Directors' scorecards for the next financial year.</li></ul>



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

## Intended Outcome

Stakeholders are able to 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>Details of the Directors' remuneration received and receivable in respect of the year ended 31 March 2018 on a named basis are set out in the tables below. The remuneration breakdown of Executive Directors includes base salary and emoluments comprising allowances on claim basis, statutory contributions and performance-based bonus whilst the remuneration breakdown of Non-Executive Directors comprises fees and meeting allowances.</p> <p><i>(The disclosure below also serves to comply with paragraph 11 of Part A, Appendix 9C of the Main Market Listing Requirements)</i></p>																																																						
	<p><b>(1) <u>Non-Executive Directors</u></b></p> <table><tr><th><b>Name</b></th><th><b>Fees (RM'000)</b></th><th><b>Meeting Allowance (RM'000)</b></th><th><b>Company Total (RM'000)</b></th><th><b>Remuneration from subsidiaries (RM'000)</b></th><th><b>Group Total (RM'000)</b></th></tr><tr><td>Datuk Ali bin Abdul Kadir</td><td>89</td><td>14</td><td>103</td><td>-</td><td>103</td></tr><tr><td>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</td><td>79</td><td>14</td><td>93</td><td>-</td><td>93</td></tr><tr><td>Datuk Anuar bin Ahmad</td><td>69</td><td>12</td><td>81</td><td>-</td><td>81</td></tr><tr><td>Dato' Wee Yiau Hin</td><td>68</td><td>14</td><td>82</td><td>-</td><td>82</td></tr><tr><td>Loh Chen Yook</td><td>60</td><td>14</td><td>74</td><td>-</td><td>74</td></tr><tr><td>Teo Chee Kok <i>(resigned on 28/2/2018)</i></td><td>62</td><td>12</td><td>74</td><td>-</td><td>74</td></tr><tr><td><b>Total (2018)</b></td><td><b>427</b></td><td><b>80</b></td><td><b>507</b></td><td><b>-</b></td><td><b>507</b></td></tr><tr><td>Total (2017)</td><td>400</td><td>112</td><td>512</td><td>-</td><td>512</td></tr></table>	<b>Name</b>	<b>Fees (RM'000)</b>	<b>Meeting Allowance (RM'000)</b>	<b>Company Total (RM'000)</b>	<b>Remuneration from subsidiaries (RM'000)</b>	<b>Group Total (RM'000)</b>	Datuk Ali bin Abdul Kadir	89	14	103	-	103	Tan Sri Dato' Seri Shamsul Azhar bin Abbas	79	14	93	-	93	Datuk Anuar bin Ahmad	69	12	81	-	81	Dato' Wee Yiau Hin	68	14	82	-	82	Loh Chen Yook	60	14	74	-	74	Teo Chee Kok <i>(resigned on 28/2/2018)</i>	62	12	74	-	74	<b>Total (2018)</b>	<b>427</b>	<b>80</b>	<b>507</b>	<b>-</b>	<b>507</b>	Total (2017)	400	112	512	-	512
<b>Name</b>	<b>Fees (RM'000)</b>	<b>Meeting Allowance (RM'000)</b>	<b>Company Total (RM'000)</b>	<b>Remuneration from subsidiaries (RM'000)</b>	<b>Group Total (RM'000)</b>																																																		
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Total (2017)	400	112	512	-	512																																																		

	<b>(2) <u>Executive Directors</u></b>					
	<b>Name of EDs</b>	<b>Salaries (RM'000)</b>	<b>Other Emoluments (RM'000)</b>	<b>Company Total (RM'000)</b>	<b>Remuneration from subsidiaries (RM'000)</b>	<b>Group Total (RM'000)</b>
	Tan Sri Dato' Kamaluddin bin Abdullah	655	290	945	-	945
	Dato' Mazlin bin Md Junid	655	311	966	-	966
	Kok Kong Chin	562	253	815	-	815
	<b>Total (2018)</b>	<b>1,872</b>	<b>854</b>	<b>2,726</b>	<b>-</b>	<b>2,726</b>
Total (2017)	1,620	927	2,547	-	2,547	
<b>Explanation :</b> <b>for</b> <b>departure</b>						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>						
<b>Measure :</b>						
<b>Timeframe :</b>						

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board understands the call for transparent disclosure of remuneration of key executives to facilitate accountability to shareholders in upholding the principle of remunerating fairly and responsibly in the overall remuneration process of the Group.</p> <p>However, the overriding concern of the Board is the risk that such disclosure may be counter-productive to the Company.</p> <p>The alternative practice in achieving the Intended Outcome is by disclosing the remuneration philosophy and guiding principles of the Group summarised as follows:</p> <ul style="list-style-type: none"><li>(i) Pay is based on job value determined through job evaluation exercise and reward system based on performance.</li><li>(ii) Remuneration package is benchmarked against relevant industry and market.</li><li>(iii) Affordability of the Company.</li><li>(iv) Internal equity.</li><li>(v) Conformance to statutory requirements.</li></ul> <p>The components of the remuneration package for Senior Management comprises fixed pay, short-term incentive (i.e. cash bonus) and benefits (i.e. medical coverage, allowances on claim basis). The short-term incentive is based on individual performance and the organisation/business unit's performance.</p> <p>The total remuneration received by key Management personnel of the Group in respect of the financial year ended 31 March 2018 is disclosed under Note 39 of the Financial Statements in the Company's Annual Report. The Company believes such disclosure still allows stakeholders a fair view of the total remuneration paid to such key executives within the context of the Group's performance.</p>

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

<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with Practice 8.1, Datuk Ali bin Abdul Kadir, who is the Chairman of the Board, had relinquished his role as Chairman of the ARMC and Tan Sri Dato' Seri Shamsul Azhar bin Abbas, who is the Senior Independent Non-Executive Director, was appointed Chairman of the ARMC in place thereof with effect from 31 January 2018.</p> <p>Datuk Ali bin Abdul Kadir remains as a member of the ARMC. Datuk Ali is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA).</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 8.2

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>	:	Departure	
<b>Explanation on application of the practice</b>	:	.	
<b>Explanation for departure</b>	:	Although there was no written policy in place during the financial year ended 31 March 2018, in practice, the Company has not to-date appointed a former key audit partner to the Board. Hence, no such person has been appointed as a member of the Audit and Risk Management Committee ("ARMC").	
	:	Nevertheless, for good measure, the Board had resolved to formalise such a policy in writing by amending the Terms of Reference of the ARMC to reflect the requirements of Practice 8.2 of the MCCG. The following provisions had been included under Clause 3 of the Terms of Reference of the ARMC pertaining to "Membership" with effect from 27 June 2018:  <i>"No former key audit partner is eligible to be appointed as a member of the Committee unless he/she has observed a cooling-off period of at least 2 years. In this regard, a former key audit partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit of the financial statements of the Group on which the auditor will express an opinion."</i>	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



### 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 Terms of Reference of the ARMC have outlined the roles and responsibilities of the ARMC in assessing the suitability and independence of the external auditor.</p> <p>The ARMC undertakes annual assessment of the performance, quality of audit and competency of the external auditors including their independence, objectivity and professionalism. The ARMC also consider feedback from Management and takes into account as well the level of openness in interaction with the lead audit engagement partner during private sessions.</p> <p>In addition, the external auditors are required to provide the Board with a written assurance confirming its independence throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>In respect of the audit of the Group's financial statements for the year ended 31 March 2018, the ARMC was satisfied with the quality of audit and competency of Messrs BDO and had recommended the re-appointment of Messrs BDO as auditors for shareholders' approval at the forthcoming Annual General Meeting of the Company to be held on 13 September 2018. The ARMC was also satisfied that in its review of the provision of non-audit services by Messrs BDO in respect of the financial year ended 31 March 2018, their objectivity and independence were not in any way impaired.</p> <p>For good governance, the ARMC had on 30 May 2018, formalised and approved the policy and procedures relating to non-audit services that may be provided by the external auditors and/or its affiliates. The policy will aid in monitoring the relationship of ENRA Group with the external auditors as well as to safeguard against potential threats to the independence of the external auditors. Pursuant to the policy, any proposed non-recurring non-audit services exceeding RM250,000 will require the prior approval of the Board Chairman and that such threshold had also been incorporated in the Limits of Authority of the Company.</p>

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All four ARMC members are independent Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC members who served during the financial year under review comprised members who are financially literate and possess the necessary expertise ranging from industry specific, financial and accounting matters, economics, technical knowledge and risk management. Datuk Ali bin Abdul Kadir, who is a member of the ARMC, is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW), a member of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA).</p> <p>During the performance evaluation of the ARMC, the Board Nomination and Remuneration Committee was satisfied that the ARMC had effectively discharge its duties and responsibilities.</p> <p>All ARMC members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices, rules and regulations. During the financial year under review, a session was organised to enable the external auditors to brief the ARMC on the impact of the adoption of the Malaysian Financial Reporting Standards to the Group's financial reporting process. The briefing was extended to other Board members as well.</p> <p>Further details on the trainings attended by the ARMC members are disclosed under Practice 5.1 of this CG Report.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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 has put in place an enterprise wide risk management framework and internal control structure for the Group and oversees the implementation through the ARMC. The ARMC reviews in detail the major risks that the Group faces in its business and operations and the adequacy of controls and processes that are put in place to manage those risks through the quarterly reports provided by the Executive Risk Management Committee and the Internal Audit Department.</p> <p>The Board deliberates on areas of significant risks as they are highlighted by the Chairman of the ARMC at Board Meetings.</p> <p>These procedures ensure that the Board is aware of key risks facing the Group and that the risk management and internal control system is regularly reviewed for effectiveness and adequacy.</p> <p>Details on the Company's risk management framework and state of internal controls are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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 key features of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control in the Annual Report.  The said Statement had been reviewed by the external auditors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>In deciding how best to organise itself in risk oversight and in a manner that makes sense vis-a-vis the Company's size, structure, business complexity and risk profile as well as the Board's size, composition and structure, the Board had resolved to place the role of a risk management committee with the members of the Audit Committee. Hence, in the year 2016, the Audit Committee was renamed as the Audit and Risk Management Committee ("ARMC") and its Terms of Reference had been revised to incorporate the scope relating to risk oversight accordingly.</p> <p>The members of the ARMC, which comprise all Independent Directors, possess strong business and relevant industry expertise and are knowledgeable concerning risk governance and management to provide effective oversight. Risk management reports which encompass operational and business risks form a permanent and major part of the meeting agenda in the ARMC's quarterly meetings. During the financial year under review, the ARMC had also considered specifically the risks to IT posed by cybercrime and other cyber threats. Further information on the ARMC's activities in relation to risk management is disclosed in the ARMC Report in the Annual Report.</p> <p>The Terms of Reference of the ARMC in relation to risk management can be viewed on ENRA's website at <a href="http://www.enra.my">www.enra.my</a>.</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>There is an in-house Internal Audit function. The Internal Audit function operates within the framework of the International Professional Practices Framework by the Institute of Internal Auditors as stated in its Internal Audit Charter, which had been approved by the Audit and Risk Management Committee ("ARMC"). The Internal Audit function provides the ARMC with independent opinions of processes, risk exposure and systems of internal control using the Committee of Sponsoring Organisation of the Treadway Commission Internal Control – Integrated Framework as a guide.</p> <p>The Internal Audit team which is headed by a qualified and competent person, who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing, independently reviews the key business processes, and reports to the ARMC on a quarterly basis on the adequacy and effectiveness of the Group's internal control system. The ARMC undertakes annual assessment of the performance of the Internal Audit function as well as the head of Internal Audit and recommends improvements where needed.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit team is headed by Mr. Melvinder Singh, who is a Chartered Member of the Institute of Internal Auditors Malaysia with more than 20 years of experience in internal auditing. The present resources of the Internal Audit function comprise two permanent staff i.e. one head and one executive, all of whom are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Internal Audit function carries out its audits in accordance with the International Professional Practices Framework by the Institute of Internal Auditors.</p> <p>Disclosure of the same can be found in the ARMC Report in the Company's Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of timely, accurate, transparent and clear communication of the Group's strategies, performance, products &amp; services and significant corporate developments with all stakeholders. The Company, through its internal Investor Relations Department and active participation of its Management team, maintains regular two-way communication with the investment community, media, press and its financiers to keep them updated with the latest development.</p> <p>The Board and the Management engage their stakeholders through group and one-on-one meetings, the annual/extraordinary general meetings and press conferences. Other forms of communication may include email correspondence, phone calls and letters. The Company is currently covered by two research houses that obtain updates from our Investor Relations Department through information packs that may include, if not all, quarterly corporate updates, quarterly unaudited financial results and press releases.</p> <p>The Company also ensures timely and accurate announcements of financial results and all forms of significant transactions are made to Bursa Malaysia Securities Berhad. These can also be found in ENRA's corporate website.</p> <p>Stakeholders are provided with the appropriate channels to express their concerns and queries through email contacts listed at the Company's website, <a href="http://www.enra.my">www.enra.my</a>.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board would like to allow a period of awareness of integrated reporting to be better appreciated by Management personnel before it is adopted.	
		For the time being, the Annual Report of the Company is comprehensive enough to provide stakeholders with a fairly good overview of the Company's financial and non-financial information including strategic performance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 25th Annual General Meeting (“AGM”) of ENRA was issued on 21 July 2017 together with the Annual Report 2017 to shareholders, giving more than 28 clear days’ notice of the AGM which was held on 13 September 2017.</p> <p>The Company intends to maintain the practice of giving at least 28 clear days’ notice for Annual General Meetings.</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 recognises that the presence of all Directors will provide opportunity for shareholders to effectively engage with the Directors and allow shareholders to raise questions directly to specific Director.</p> <p>The Directors are responsible to engage with shareholders in general meetings and provide details of the resolutions proposed along with any background information and recommendations that are relevant.</p> <p>The Chairman is responsible to directly answer questions raised by shareholders or refer specific question to the relevant Director.</p> <p>All Directors attended the 25<sup>th</sup> AGM of the Company held on 13 September 2017. However, in respect of the Company's two Extraordinary General Meetings both held on 9 February 2018, one of the Board members was unable to attend due to a prior commitment which he was obliged to keep. Nevertheless, all issues of concern raised by shareholders were satisfactorily addressed by the Chairman of the Board and the Directors present at the meetings.</p> <p>The Company shall make best efforts to ensure that all Directors attend future general meetings of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The use of technology to facilitate remote shareholders' participation at general meetings (electronic/virtual general meeting) requires careful planning and is not yet a feasible option for the Company until proper assessment of the appropriate systems available in the market at a reasonable cost to ensure effective conduct of such meetings.</p> <p>In respect of voting process, the Company had adopted electronic polling for the conduct of voting on all resolutions proposed since its Annual General Meeting held in 2017.</p> <p>As an alternative to this Practice, the current arrangements relating to shareholders' meeting enable shareholders to exercise their rights at the meetings in terms of voting on the resolutions tabled at the meeting either in person or by proxy. Also, the Company's previous Annual General Meetings and Extraordinary General Meetings have been held at venues within the Klang Valley area and are accessible by various modes of transport.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
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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