

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE : 5272**  
**COMPANY NAME : RANHILL UTILITIES BERHAD**  
**FINANCIAL YEAR : 2020**

### **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board continues to execute its fiduciary duties to use reasonable care, skill &amp; diligence in line with Section 211 (1) and (2) and Section 213 (1), (2) and (3) of the Companies Act 2016.</p> <p>The Board is responsible for ensuring that the Group continues to remain on track towards the realisation of its set business objectives and goals. In fulfilling this duty, the Board has developed an annual business plan, which charts the course forward for the Group.</p> <p>The Board is guided by its Board Charter, which stipulates the roles and responsibilities, the power and authority vested in the Board and other required guidance in enabling the Board to discharge its duties. This includes matters reserved for the Board's approval, and those, which the Board may delegate to the Board Committees, the President and Chief Executive ("<b>PCE</b>"), Chief Operating Officer ("<b>COO</b>"), Chief Corporate Officer ("<b>CCO</b>"), and Senior Management.</p> <p>The Board Charter is available at <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>.</p> <p>On 10 December 2020, the Board tabled and approved the Group's Budget and Business Plan for the year 2021.</p> <p>In ensuring and strengthening the Group's long-term profitability and sustainability and given the unprecedented economic uncertainty due to Covid-19 pandemic all over the world, the Board had carefully reviewed and assessed the Group cost-effectiveness whereby the mitigation plan was examined and identified to minimise loss and risk exposures.</p> <p>The Board together with Senior Management outlined key strategic issues and set broad goals and objectives for the implementation and execution of senior management. This included ensuring continued smooth operations of both the water and power operations during the MCO and throughout the pandemic year of FY2020 as both businesses are essential services.</p> <p>The appropriate measures were developed to monitor the Group's performance closely.</p>

	<p>The Board has also established various Board Committees to facilitate the execution of its duties. Each Committee has its own respective Terms of Reference (“<b>TOR</b>”) to facilitate the execution of its roles and responsibilities.</p> <p>Through the Governance and Risk Management Committee (“<b>GRMC</b>”), the Board looks to effectively address the Group’s risk exposure.</p> <p>The GRMC’s roles and responsibilities also encompass reviewing and assessing risk exposures across economic, environment, social and governance matters. This includes the viability on the investment and divestment proposals, acquisitions, mergers and funding options.</p> <p>Via its Audit Committee (“<b>AC</b>”), the Board ensures Ranhill’s audit and accounting practices are in line with recognised accounting practices such as the Malaysian Financial Reporting Standards (“<b>MFRS</b>”) and the International Financial Reporting Standards (“<b>IFRS</b>”).</p> <p>Also, the Board through its Nominating and Remuneration Committee (“<b>NRC</b>”) ensures that there is an effective succession planning for the Board and that the Company’s remuneration plan is comparative to industry benchmarks.</p> <p>The Long Term Incentive Plan (“<b>LTIP</b>”) Committee was established specifically for assisting the NRC/Board in overseeing the implementation of LTIP. The granting of the LTIP to eligible directors and employees took effect on 11 September 2020.</p> <p>The Company’s Investor Relation Policy was adopted on 7 November 2019 to guide Management to effectively disseminate material information to shareholders, prospective investors and stakeholders.</p> <p>As the highest decision making body, the Board sets the tone at the top by placing the highest priority on business sustainability and corporate governance.</p> <p>The Board has conducted a thorough assessment of its internal corporate governance framework and practices to ensure it is aligned with the MCCG 2017’s guidelines.</p> <p>A key area of corporate governance in FY2020 has been strengthening anti-corruption, business ethics, corporate integrity and risks and ensuring a high-level of compliance with regulatory’s key performance indicators.</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>Tan Sri Azman Yahya is the Chairman of the Board. He was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director on 2 February 2019.</p> <p>Within the Group's Board Charter, the Chairman has prescribed roles that look to provide robust stewardship of the Group in line with ensuring corporate governance practices, leadership and effectiveness. Among the key responsibilities are:-</p> <ul style="list-style-type: none"> <li>• Providing leadership for the Board to ensure it executes its responsibilities effectively;</li> <li>• Helming the Board towards ensuring good corporate governance within the Group;</li> <li>• Representing the Board to shareholders;</li> <li>• Maintains regular contact with the President and Chief Executive;</li> <li>• Facilitates healthy discussion and deliberation at Board meetings and ensures all Board members participate actively;</li> <li>• With the assistance of the Company Secretary, sets the Board agenda and ensures Board Members receive all required information in a timely manner prior to meetings.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.3

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The position of Chairman is held by Tan Sri Azman Yahya while the position of President and Chief Executive (“<b>PCE</b>”) is held by Tan Sri Hamdan Mohamad.</p> <p>Both individuals have distinct roles which are clearly described in the Group’s Board Charter. The Chairman’s role is described in Practice 1.2 of this CG Report.</p> <p>The PCE drives the strategic day-to-day management of the Group. Together with the Senior Management, he is responsible for translating strategic objectives, policies and goals set by the Board into tangible business targets or KPIs and for the realisation of these through actionable business plans.</p> <p>Other responsibilities include:</p> <ul style="list-style-type: none"><li>• To develop and ensure the execution of day-to-day operational strategies together with the Management team.</li><li>• Accountable to the Board for the overall Group performance and the observance of Management’s limits.</li><li>• To act within all specific authorities delegated by the Board.</li></ul> <p>While the Board has given the PCE and the Senior Management team a certain degree of flexibility and autonomy in the execution of business plans, the PCE is still accountable to the Board and reports to the Board on Group performance periodically.</p>	
<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>The Group employs the service of a qualified Chartered Company Secretary - Lau Bey Ling (MAICSA No: 7001523/PC No. 201908004064) who has over 20 years of experience providing secretarial services, including public listed companies.</p> <p>In addition, the Group employs an External Secretary - Leong Shiak Wan (MAICSA No: 7012855/PC No. 202008002757) to provide additional corporate secretarial support.</p> <p>Directors have unrestricted access to the advice and services of both Group Secretaries.</p> <p>Together, the expertise and experience of both individuals allow for effective facilitation of Board and Board Committee meetings as well as the performance of other necessary duties to support the Board pertaining to the Group's constitution and ensuring Board policies and procedures are in accordance with set rules and regulations.</p> <p>The Company Secretaries' functions include (but not limited to):</p> <ul style="list-style-type: none"><li>• Advising the Directors of their duties and responsibilities;</li><li>• Advising the Directors of obligations to disclose their interest in securities, disclosure of any conflict of interest and related party transaction;</li><li>• Advising the Directors of prohibition on dealing in securities during the closed period and restriction on disclosure of price sensitive information;</li><li>• Prepare agendas of meetings for Board and Board Committees;</li><li>• Attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly;</li><li>• Advising the Board on its obligatory requirements to disclose material information;</li><li>• Ensuring the appointment of new directors, re-appointment and resignation of Directors are in accordance with the relevant legislations; and</li><li>• Ensuring execution of assessment for Directors, Board and Board Committees.</li></ul>

	The Company Secretary has been present at all Board and Board Committees' meetings. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.	
<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>Ranhill develops a corporate calendar comprising meeting dates for the Board, Board Committees, the annual general meeting ("<b>AGM</b>") and other major appointments.</p> <p>The calendar also provides the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.</p> <p>Email notifications are sent to all Board members and senior management at least one week prior to commencement of the closed period, which is 30 days before the appointed board meeting date.</p> <p>The Board use Diligent Board, an electronic meeting management system or Board portal as an effective means to disseminate meeting materials to Board of Directors.</p> <p>Diligent Board offers the following administrative advantages to Directors and Company Secretary in relation to board meeting documentation:</p> <ul style="list-style-type: none"><li>• Meeting materials can be accessed anytime and anywhere;</li><li>• Keeps confidential board meeting documentation and sensitive corporate data safe and secure;</li><li>• Keeps past board meeting documentation which can be easily retrieved; and</li><li>• Paperless systems that is more environmentally friendly</li></ul> <p>Notice of Board meetings, board papers and other meeting materials are circulated to the Board at least five (5) business days in advance. This allows board members time to review the information and prepare accordingly for meetings.</p> <p>There were few occasions where the Group was unable to meet the five-day timeline in FY2020 caused by COVID-19 impacts and other external factors.</p> <p>Overall, the Group has complied mostly with the five-day circulation timeline in FY2020.</p>



	<p>In FY2020, due to the pandemic, a majority of communication including communication to the Board and Senior Management was conducted via digital / virtual communication channels.</p> <p>The conduct of meeting via electronic means has been complied with the provisions and requirements in the Company's Constitution.</p> <p>For physical meetings, the Standard Operating Procedures ("SOP") Measures relating to the conduct of meetings during Covid-19 was observed by all attendees.</p> <p>The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. Meetings of the Board and the Board Committees are carefully minuted and circulated to all Board members.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is 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 has established a Board Charter since 26 May 2016 which outlines the respective duties and authority of the Chairman, the individual directors, the President and Chief Executive (“PCE”) and the respective Board Committees. The Charter also clear stipulates matters that are reserved for the Board’s deliberation and decision.</p> <p>In FY2020, the Board Charter was revised to include changes to the terms of reference (“TOR”) of the NRC and GRMC respectively.</p> <p>The amended Board Charter is available on Ranhill’s corporate website at <a href="http://www.ranhill.com.my">www.ranhill.com.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

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 established a formalised Code of Conduct &amp; Business Ethics ("<b>CCBE</b>") on 25th April 2016. The Group's CCBE serves to guide expected good corporate conduct, behaviour and practices for all employees and Directors within Ranhill.</p> <p>The code is published at: <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>.</p> <p>The CCBE governs all related areas for good governance and best practices such as matters of corruption, bribery transparency, abuse of power, accountability, conflicts of interest ("<b>COI</b>"), breach of privacy / confidentiality, insider trading, fair dealing and anti-competition, improper use of company assets, compliance with laws, rules and regulations and so on.</p> <p>All new employees are inducted to the CCBE during their orientation process. Communication on the CCBE is cascaded regularly across company communication channels as a reminder to employees.</p> <p>Supporting the CCBE is the Fraud and Whistleblowing policy which sets the standard for expected behaviour and practices for all within the Group.</p> <p>Going further, in FY2019, Ranhill's Rules of Life which draws from the Group's Health, Safety and Environment ("<b>HSE</b>") policy was introduced. Subsequently, the HSE Manual was approved by the Board and adopted by the Group on 26 February 2019.</p> <p>On a separate note, the GRMC reviewed the Group's preparation on Corporate Liability Provisions under Section 17A of the Malaysian Anti-Corruption Commission ("<b>MACC</b>") Act 2009 which was highlighted by the Companies Commission of Malaysia. The Group's Corporate Liability Programme comes under the purview of Ranhill's Group Legal and Compliance ("<b>GLC</b>") department.</p>

	<p>Ranhill’s Group Corporate Assurance Division (“<b>GCAD</b>”) has established the Integrity Working Committee (“<b>IWC</b>”) to drive the Company in strengthening its compliance with the Adequate Procedures Guidelines.</p> <p>GCAD continues to address the following going forward:</p> <p>(a) Continue to enhance corporate assurance in consultation with Human Resources, IWC and the Management Assurance, Risk Compliance Committee (“<b>MARCC</b>”) and report key progress to GRMC.</p> <p>(b) Hold continuous briefing exercises on Section 17A of the MACC Act 2009 and our Policies and Procedures (“<b>P&amp;P</b>”) relating to anti-corruption to all employees and Directors of Ranhill Group with compulsory attendance.</p> <p>(c) Strengthening of Ranhill’s CCBE consistent with Section 17A.</p> <p>(d) Engaging external assurance service provider to assess our achievement on Adequate Procedures Guidelines.</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>Ranhill has a formal Whistleblowing Policy and Procedures in place since April 2016. The whistleblowing policy was updated in July 2019 to strengthen its processes and controls and to provide greater confidence to whistleblowers to use the mechanism, if required.</p> <p>Ranhill’s whistleblowing policy comes under the oversight of Ranhill’s Fraud and Whistleblowing Committee (“<b>F&amp;WBC</b>”). The F&amp;WBC’s role is to assist the Board in managing any fraud or financial irregularity matters within the Group.</p> <p>The F&amp;WBC comprises Ranhill’s Senior Independent Non-Executive Director (“<b>SINED</b>”), Chief Corporate Officer, Head of Group Human Resources and Head of GLC.</p> <p>Under the Whistleblowing Policy and Procedures, any party who makes a report of improper conduct in good faith will not face any form of punitive measures such as retaliation, dismissal, victimisation, demotion, suspension, intimidation and discrimination.</p> <p>Employees or even external parties may whistleblow with their identities remaining confidential to <a href="mailto:whistle@we-care.my">whistle@we-care.my</a>. Ranhill continues to promote awareness among employees on the existence and role of the Whistleblowing Policy.</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>The Board composition remains at eight (8) directors in FY2020 of whom two are Executive Directors, one is a Non-Independent Non-Executive Director, and the remaining five are Independent Non-Executive Directors.</p> <ol style="list-style-type: none"><li>1. Tan Sri Azman Yahya (Chairman) <i>(Independent Non-Executive Director)</i></li><li>2. Tan Sri Hamdan Mohamad <i>(Executive Director / President and Chief Executive)</i></li><li>3. Dato Sri Lim Haw Kuang <i>(Executive Director)</i></li><li>4. Datuk Abdullah Karim <i>(Senior Independent Non-Executive Director)</i></li><li>5. Lim Hun Soon @ David Lim <i>(Independent Non-Executive Director)</i></li><li>6. Loong Mei Yin <i>(Non-Independent Non-Executive Director)</i></li><li>7. Leow Peen Fong <i>(Independent Non-Executive Director)</i></li><li>8. Abu Talib Abdul Rahman <i>(Independent Non-Executive Director)</i></li></ol> <p>The present Board comprises high calibre and proven captains of industry who bring a wealth of experience and an exceptional track record of excellent achievement within their respective individual capabilities.</p> <p>Furthermore, the Board practices an open and transparent discussion environment during meetings to ensure independent judgment is allowed to flourish in ensuring the best interest of the Group and shareholders is safeguarded.</p> <p>Going further, the independence of our INEDs are assessed during the Board Assessment Evaluation (“<b>BAE</b>”) via self and peer assessments and forms of declaration that the individual INED is free from any business or other relationship which could materially interfere with the exercise of their objective and independent judgements, decisions and reviews.</p> <p>The Board is satisfied that the INEDs have demonstrated the required level of independence in acting impartially and in the best interests of Ranhill.</p>

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

## Intended Outcome

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

### Practice 4.2

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

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

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



### Intended Outcome

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

### Practice 4.3 - Step Up

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

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

## Intended Outcome

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

### Practice 4.4

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

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

	<p>The Board is of the view that this is the optimal size for its present requirements to ensure enable effective oversight, delegation of responsibilities and productive discussions in the best interest of the Group and shareholders.</p> <p>The same applies for Senior Management. However, this process comes under the Group's Human Resources policy (rather than the NRC) which is administered by the Group Human Resources Division.</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> :		

## Intended Outcome

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

### Practice 4.5

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

Application	:	Applied																
Explanation on application of the practice	:	The Group has two women Board of Directors. They are Ms Loong Mei Yin and Ms Leow Peen Fong.																
		By Bursa Malaysia's definition, Ranhill is not categorised under the "Large Companies". However, Ranhill continues to be supportive of Bursa Malaysia's target to have public listed companies achieve a 30% or higher composition of women on the board of Directors by 2020. Ranhill aspire in meeting 30% women directors on its Board and the Group continues to source for suitable candidates.																
		Ranhill has continued to emphasise gender diversity in the hiring, promotion and training of staff by advocating an equal opportunity and equal environment in the workplace with HR establishing policies to that effect.																
		With respect to Top Management and Senior Management, about 13% of positions are filled by women. Across the Group, women make up 17% of the workforce.																
		<table><tr><td rowspan="2">Ranhill Group Gender Diversity</td><td>Male</td><td>Female</td><td>Total</td></tr><tr><td>2,570 (83%)</td><td>516 (17%)</td><td>3,086</td></tr></table> <table><tr><th>Women in Management</th><th>No</th></tr><tr><td>Top Management (Vice President and above)</td><td>3</td></tr><tr><td>Senior Management (Assistant General Manager, General Manager, Senior General Manager)</td><td>2</td></tr><tr><td>Middle Management (Assistant Manager to Senior Manager)</td><td>69</td></tr></table>			Ranhill Group Gender Diversity	Male	Female	Total	2,570 (83%)	516 (17%)	3,086	Women in Management	No	Top Management (Vice President and above)	3	Senior Management (Assistant General Manager, General Manager, Senior General Manager)	2	Middle Management (Assistant Manager to Senior Manager)
Ranhill Group Gender Diversity	Male	Female	Total															
	2,570 (83%)	516 (17%)	3,086															
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	:																	
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 manages its succession planning with the assistance of the Nominating and Remuneration Committee (“NRC”). NRC annually reviews the size, composition and diversity of the Board and the mix of existing and desired competencies across members and reports its conclusions to the Board.</p> <p>The search for candidates is performed through various means which include recommendations from incumbent Directors, Management or external parties including leveraging on the Group’s contacts in related industries, and finance, legal and accounting professions. The Group also considers the recommendations from past Board members as well as those of Directors of other public listed companies.</p> <p>Other available methods include utilising the services of executive recruiters or head-hunters, leveraging on personal relationships and networks and reviewing the women’s register of Directors.</p> <p>The search for Directors by the NRC is based on the Group’s skills matrix which enables Ranhill to identify gaps in its existing competences. Where the committee identifies existing or projected competency gaps, it recommends a succession plan to the Board that addresses those gaps. The Board does not currently consider that there are any existing or projected competency gaps.</p>
<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>Ranhill's Nominating and Remuneration Committee ("<b>NRC</b>") is chaired currently by Datuk Abdullah Karim, the Group's Senior Independent Non-Executive Director ("<b>SINED</b>")</p> <p>Datuk Abdullah Karim's selection for the position is based on his extensive experience and expertise as an established corporate leader who brings over 39 years of experience in the oil and gas industry with PETRONAS, and also taking into account his proven leadership capabilities as he holds directorships in three (3) public listed companies: Icon Offshore Berhad, Uzma Berhad and Yinson Holdings Berhad.</p> <p>His profile is given in the Board of Director's Profiles section of the 2020 Ranhill Annual Report. The specific responsibilities of the SINED are as set out in the Board Charter, which is available on <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>.</p> <p>At the present moment, given the committee's effectiveness, the Board believes there is no requirement to have separate Board Committees for the Nominating and Remuneration function respectively.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-167arge companies are encouraged to complete the columns below.</i></p>		
<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>Board effectiveness is assessed on the annual Board Assessment Evaluation (“<b>BAE</b>”) exercise. The BAE provides for both peer and self-assessment via a questionnaire.</p> <p>The NRC is responsible for the BAE which assesses individual board members based on selected criteria. The criteria include level of responsibilities, time commitment and contribution of Directors during Board and Board Committees’ meetings as well as Board Committees’ compositions, roles and responsibilities.</p> <p><b>Criteria for Board evaluation:</b></p> <ul style="list-style-type: none"><li>• Assessment of achievement against mandate.</li><li>• Evaluation of organization performance against industry norms and measurement of performance indicators.</li><li>• Dealing fairly with staff and others.</li><li>• Achievement of Board objectives, quality of decisions (value-adding).</li><li>• Ability to conduct business honestly, ethically and professionally.</li><li>• Effective committee structures.</li><li>• Collective responsibility and teamwork demonstrated.</li><li>• Compliance with Code of Corporate Governance.</li><li>• Frequency and duration of board meetings appropriate; quality of board papers; relevance and completeness of agendas.</li><li>• Information and advice received was relevant, adequate and timely.</li><li>• Effective reporting – disclosure, transparency, clarity.</li><li>• Monitoring and feedback process effective.</li><li>• Ability to innovate, change, improve and learn.</li><li>• Ability to interact with shareholders effectively.</li></ul> <p><b>Criteria for Director evaluation</b></p> <ul style="list-style-type: none"><li>• Commitment in terms of time and effort.</li><li>• Attendance at Board meetings.</li><li>• Ability to participate actively and contribute, and ask tough questions.</li><li>• Exposure to orientation, upgrading knowledge base.</li><li>• Knowledge of company, industry.</li></ul>

	<ul style="list-style-type: none"> <li>• Understanding company's mission, vision, strategic plans.</li> <li>• Bringing special expertise to the Board.</li> <li>• Level of preparation at meetings.</li> <li>• Team player. No conflict of interest.</li> </ul> <p>The results of each individual director is provided to the individual and copied to the Chairman and tabled at the NRC. The reports on Board and committee performance are provided to all directors and discussed by the Board.</p> <p>The performance of each director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the director. The directors seeking re-election will be asked to reconfirm that they consent to stand in for re-election.</p> <p>In 2020, the overall results of the BAE showed all directors having performed well in the execution of their fiduciary duties and have achieved satisfactory scores for execution of responsibilities, time commitment and contribution to the running of the Board.</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 6.1

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 Group has established clear guidelines for the remuneration of both Executive and Non-Executive Directors. The main objective of the guidelines is to attract and retain required talent to provide necessary stewardship for Ranhill at the Board and senior management level.</p> <p>Directors' Remuneration is to be approved at the Group's AGM by shareholders annually and is to be paid out on a quarterly basis.</p> <p>The Group's NRC is responsible for evaluating and setting competitive remuneration for Directors. This is performed on an interval of 2-3 years' basis with recommendations then submitted for Board approval.</p> <p>The NRC makes recommendations for remuneration for Independent Non-Executive Directors based on the following (but not limited to) criteria: expertise and experience, time commitment, workload and responsibilities assumed as well as the overall performance of the Group for the financial year.</p> <p>In the case of Independent Non-Executive Directors, as explained above, remuneration is a matter for the Board as a whole, with individual Directors abstaining from discussion of his / her own remuneration.</p> <p>The level of remuneration for the PCE and Executive Directors is determined by the NRC after giving consideration to the compensation levels for comparable positions among other similar Malaysian listed companies as well as overall achievement of individual KPIs as well as Group performance.</p> <p>The shareholders had at the 6<sup>th</sup> AGM held on 21 April 2020 approved the increment in Directors' fees for the Non-Executive Chairman and Non-Executive Directors.</p>

	<p>The rationale of the proposal was that the current Directors' fees have not been reviewed since the listing of the Company on 16 March 2016.</p> <p>The review was also in line with ensuring competitive remuneration for Non-Executive Directors in terms of market standards towards retaining directors and also as a means to attract future director candidates to 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>Ranhill has established its Nominating and Remuneration Committee ("<b>NRC</b>") that is guided by its Terms of Reference ("<b>TOR</b>") which facilitates a formal and transparent process in setting and approving the remuneration of the Board and Board Committees, the President and Chief Executive ("<b>PCE</b>") and senior management.</p> <p>The TOR can be viewed at <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>. The NRC comprises of:</p> <ul style="list-style-type: none"> <li>• Datuk Abdullah Karim (Chairman/Senior Independent Non-Executive Director)</li> <li>• Tan Sri Azman Yahya (Member/Independent Non-Executive Director)</li> <li>• Abu Talib Abdul Rahman (Member/Independent Non-Executive Director)</li> </ul> <p>The Board is satisfied that the NRC has discharged its roles and responsibilities with effectiveness for both its nomination and remuneration functions. Hence, there is no requirement for separate Board Committees for the nomination and remuneration functions.</p> <p>Following the implementation of the Corporate Governance Code, our NRC's Terms of Reference, a copy of which is available on the Company's website, has been reviewed and expanded to include the remuneration of senior executive management.</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>Measures</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>Ranhill provides a detailed breakdown on the remuneration of all directors, which includes fees, salary, bonus, benefits in-kind and other emoluments.</p> <p>Following is the breakdown:</p> <table><tr><th></th><th colspan="5">Company</th><th colspan="5">Subsidiaries</th></tr><tr><th></th><th>Fees</th><th>Salaries &amp; Bonus</th><th>Benefits-in-kind</th><th>Others</th><th>Company Total</th><th>Fees</th><th>Salaries &amp; Bonus</th><th>Benefits-in-kind</th><th>Others</th><th>Group Total</th></tr><tr><th></th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th><th>RM'000</th></tr><tr><td></td><td colspan="10"><b>Executive Directors</b></td></tr><tr><td>Tan Sri Hamdan Mohamad</td><td>-</td><td>2,362</td><td>661</td><td>958</td><td>3,981</td><td>204</td><td>5,720</td><td>20</td><td>289</td><td>10,214</td></tr><tr><td>Dato Sri Lim Haw Kuang</td><td>-</td><td>7,473</td><td>-</td><td>371</td><td>7,844</td><td>-</td><td>-</td><td>-</td><td>-</td><td>7,844</td></tr><tr><td><b>Total</b></td><td>-</td><td>9,835</td><td>661</td><td>1,329</td><td>11,825</td><td>204</td><td>5,720</td><td>20</td><td>289</td><td>18,058</td></tr><tr><td></td><td colspan="10"><b>Non-Executive Directors</b></td></tr><tr><td>Tan Sri Azman Yahya</td><td>340</td><td>-</td><td>50</td><td>34.5</td><td>424.5</td><td>-</td><td>-</td><td>-</td><td>-</td><td>424.5</td></tr><tr><td>Datuk Abdullah Karim</td><td>230</td><td>-</td><td>-</td><td>37.5</td><td>267.5</td><td>108</td><td>-</td><td>-</td><td>7.5</td><td>383</td></tr><tr><td>Lim Hun Soon@ David Lim</td><td>190</td><td>-</td><td>-</td><td>34</td><td>224</td><td>-</td><td>-</td><td>-</td><td>-</td><td>224</td></tr><tr><td>Ms Leow Peen Fong</td><td>180</td><td>-</td><td>-</td><td>34</td><td>214</td><td>295</td><td>-</td><td>-</td><td>46</td><td>555</td></tr><tr><td>*Ms Loong Mei Yin</td><td>150</td><td>-</td><td>-</td><td>20</td><td>170</td><td>-</td><td>-</td><td>-</td><td>-</td><td>170</td></tr><tr><td>En Abu Talib Abdul Rahman</td><td>230</td><td>-</td><td>-</td><td>43.5</td><td>273.5</td><td>195</td><td>-</td><td>-</td><td>4</td><td>472.5</td></tr><tr><td><b>Total</b></td><td>1,320</td><td>9,835</td><td>711</td><td>1,532.5</td><td>13,398.5</td><td>802</td><td>5,720</td><td>20</td><td>346.5</td><td>20,287</td></tr></table> <p>*Note: The director's fees to Loong Mei Yin is paid/payable to TAE One Partners Ltd (as general partner of The Asian Entrepreneur Legacy One, L.P.)</p> <p>Given that Section 230(1) of the Companies Act 2016 stipulates for “fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting, the Board will seek shareholders’ approval at the upcoming 7<sup>th</sup> AGM on Directors’ Remuneration.</p>											Company					Subsidiaries						Fees	Salaries & Bonus	Benefits-in-kind	Others	Company Total	Fees	Salaries & Bonus	Benefits-in-kind	Others	Group Total		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		<b>Executive Directors</b>										Tan Sri Hamdan Mohamad	-	2,362	661	958	3,981	204	5,720	20	289	10,214	Dato Sri Lim Haw Kuang	-	7,473	-	371	7,844	-	-	-	-	7,844	<b>Total</b>	-	9,835	661	1,329	11,825	204	5,720	20	289	18,058		<b>Non-Executive Directors</b>										Tan Sri Azman Yahya	340	-	50	34.5	424.5	-	-	-	-	424.5	Datuk Abdullah Karim	230	-	-	37.5	267.5	108	-	-	7.5	383	Lim Hun Soon@ David Lim	190	-	-	34	224	-	-	-	-	224	Ms Leow Peen Fong	180	-	-	34	214	295	-	-	46	555	*Ms Loong Mei Yin	150	-	-	20	170	-	-	-	-	170	En Abu Talib Abdul Rahman	230	-	-	43.5	273.5	195	-	-	4	472.5	<b>Total</b>	1,320	9,835	711	1,532.5	13,398.5	802	5,720	20	346.5	20,287
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## 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>While the Board is cognisant on the importance of transparency, due to the intense competition and scarcity for C-level talent, more so for those who have the required mix of skills and experience that is uniquely suited to Ranhill's business operations, the Group believes that individual disclosure on a named basis for the remuneration of the top five senior management personnel is not in the best interest of the Group.</p> <p>Compensation is based on accepted industry benchmarks for the relevant positions based on expertise and experience. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual KPIs and Group's achievement of specific goals.</p> <p>The profiles of Key Senior Management ("<b>KSM</b>") are set out on the KSM section of the Ranhill Annual Report 2020. The Company believes that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the KSM's remuneration.</p>
<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 7.3 - 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 non-adoption of the practice</b>	:	<p>While the Board is cognisant on the importance of transparency, due to the intense competition and scarcity for C-level talent, more so for those who have the required mix of skills and experience that is uniquely suited to Ranhill's business operations, the Group believes that individual disclosure on a named basis for the remuneration of each member of senior management is not in the best interest of the Group.</p> <p>Compensation is based on accepted industry benchmarks for the relevant positions based on expertise and experience. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual KPIs and Group's achievement of specific goals.</p> <p>The Company believes that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of each member of senior management's remuneration.</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 8.1

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>As mentioned earlier, the Chairman of the Group's Board is Tan Sri Azman Yahya. The Board's Audit Committee ("<b>AC</b>") Chairman is Lim Hun Soon @ David Lim an Independent Non-Executive Director.</p> <p>Mr Lim holds a Bachelor of Arts in Economics from the University of Leeds and is a member of the Chartered Institute of Taxation, UK. He is also a Chartered Accountant and is a member of the Institute of Chartered Accountant in England and Wales and the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.</p> <p>Based on the above, Mr Lim is well qualified to hold the AC Chairman position and has been active in fulfilling his duties as AC Chairman during the financial year. The work done by the AC Chairman and AC Committee is given in the AC Report in the Ranhill Annual Report 2020.</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> :	Applied	
<b>Explanation on application of the practice</b> :	<p>The Group has always practiced this principle with no former audit partners having been appointed to the Board. Hence, no such person has been appointed as a member of the Audit Committee (“<b>AC</b>”).</p> <p>Going forward, Ranhill established a formal policy stating the obligatory requirement of a two-year cooling-off period for any former key audit partners prior to appointment on the Group’s Audit Committee.</p> <p>The said policy has been incorporated in the AC’s Terms of Reference.</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 8.3

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>	:	The Board had adopted the policies and procedures to assess the suitability and independence of the External Auditors. The Board, through its AC maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the AC for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The AC assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.
<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>	:	<p>The Group's entire Audit Committee ("<b>AC</b>") continues to be composed of independent directors as given below:</p> <ol style="list-style-type: none"><li>1. Lim Hun Soon @ David Lim (Chairman) <i>(Independent Non-Executive Director)</i></li><li>2. Datuk Abdullah Karim <i>(Member/Senior Independent Non-Executive Director)</i></li><li>3. Abu Talib Abdul Rahman <i>(Member /Independent Non-Executive Director)</i></li></ol> <p>The review of the composition of the AC shall be conducted annually. The AC members shall be appointed by the Board of Directors for a term of three (3) years as per the AC Terms of Reference, and the AC members may be eligible for re-appointment.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>All Directors including Audit Committee ("<b>AC</b>") members continue to undergo regular training during the financial year, based on individual learning requirements as well as to stay abreast of financial or corporate developments.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>The list of training as well as learning events / programmes that AC members and all Directors have attended in 2020 is extensive. Hence, it is listed in the Corporate Governance Overview Statement ("<b>CG Overview</b>") of the Ranhill Annual Report 2020.</p> <p>Based on the outcome of the AC effectiveness assessment of the BAE 2020, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p>
<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 of Ranhill has established a robust risk management and internal control framework. With this, the framework is based on an established and structured process that allows for effective identification, prioritisation and mitigation of risk. This includes all strategic risk such as business, operational, financial, regulatory and so on.</p> <p>The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting as guided by the Corporate Governance Model shown in the Governance Framework section of Ranhill Corporate Governance Overview Statement.</p> <p>Full details of the Group’s risk management framework and internal controls are given in the Statement on Risk Management and Internal Controls in the Ranhill Annual Report 2020.</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> :	<p>The Board has put in place a well-defined risk management structure with clearly delineated lines of accountability, authority and responsibility, as explained in the following paragraphs:</p> <ul style="list-style-type: none"><li>• <b>Governance and Risk Management Committee ("GRMC")</b></li></ul> <p>GRMC is a committee of the Board that assists the Board in fulfilling its corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group.</p> <p>Currently, the GRMC comprises of two (2) independent non-executive directors and two (2) executive directors. The chairperson of the GRMC is an independent non-executive director. The GRMC functions within its terms of reference, and it meets at least four (4) times annually to review and deliberate all key risks identified by the Management.</p> <ul style="list-style-type: none"><li>• <b>Management Assurance Risk Compliance Committee ("MARCC")</b></li></ul> <p>The GRMC is assisted by the MARCC in carrying out its risk oversight function. The MARCC, chaired by the Chief Corporate Officer comprises of the Group's senior management, and it is responsible for implementing the risk management policy approved by the Board.</p> <p>The MARCC meets on a quarterly basis to monitor the risks faced by every Ranhill Group company. The submission of the quarterly Group risk profiles detailing the principal risks and management measures together with the quarterly compliance report are reviewed by MARCC prior to presentation to GRMC.</p> <p>During the current financial year, the MARCC Chairman reports the risk and compliance matters to the GRMC.</p>

	<ul style="list-style-type: none"> <li> <b>Risk Management Working Committees (“RMWCs”)</b>   RMWCs are established at the respective Group Company and meets at least four (4) times a year. The RMWCs, chaired by the respective CEO of the Group Company and being risk owners are responsible for the effective management of their risk profiles.   Such responsibilities include identifying potential risks and the impact thereof to the MARCC and implementing measures to mitigate those risks. Submission of the respective Group Company risk profiles, substantial risks and RMWC minutes of meeting to the Risk Management Unit (“<b>RMU</b>”) of Group Corporate Assurance Division is performed on a quarterly basis. </li> <li> <b>Group Corporate Assurance Division (“GCAD”)</b>   GCAD under its Risk Management Unit (“<b>RMU</b>”) assists the MARCC in the discharge of its functions by guiding the risk coordinators on risk related matters. </li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

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

## Practice 9.3 - Step Up

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

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	-
<b>Explanation for departure</b> :	<p>The Board's Governance and Risk Management Committee ("<b>GRMC</b>") currently comprises four (4) members, of which two (2) are independent directors.</p> <p>The Board is cognisant on its GRMC's composition and will strive to achieve a majority of independent directors, going forward.</p> <p>The existing GRMC members are as follows:</p> <ul style="list-style-type: none"><li>• Leow Peen Fong (Chairman / Independent Non-Executive Director)</li><li>• Tan Sri Hamdan Mohamad (Member/Executive Director, President and Chief Executive)</li><li>• Dato Sri Lim Haw Kuang (Member / Executive Director)</li><li>• Abu Talib Abdul Rahman (Member / Independent Non-Executive Director)</li></ul> <p>Current committee composition provides good complementary skills and experiences; and the Chair reports committee members' joint recommendations or dissents for board consideration and deliberations, thus maintaining vigorous checks and balances.</p> <p>Aside from providing oversight on the company's risk management framework and policies, the GRMC is responsible for:</p> <ul style="list-style-type: none"><li>• Overall management of significant risks covering the businesses, markets, reputation and operations.</li><li>• Ensure that there clear and independent organisational reporting lines and responsibilities for the management risk.</li><li>• Reviewing Group risk profile and monitoring management's action plan to manage critical and significant risks.</li></ul>

	<ul style="list-style-type: none"> <li>Reviewing and assessing viability and risks exposures on investment of acquisition and divestment proposals, mergers and funding options.</li> </ul> <p>The GRMC's terms of reference is given in the Board Charter which is at <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>.</p>	
<b>Measure</b>	:	Going forward, we will explore the possibility of adoption in the spirit of enhancing good corporate governance.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<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 10.1

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 Group Corporate Assurance Division ("<b>GCAD</b>") performs the Group's internal audit function.</p> <p>GCAD brings an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.</p> <p>GCAD has a functional reporting line to the Audit Committee and administratively reports to the President and Chief Executive ("<b>PCE</b>").</p> <p>Internal audit reports on control effectiveness and efficiency are submitted to the Audit Committee ("<b>AC</b>") in line with the agreed audit plan.</p> <p>The AC approves the annual audit plan and receives reports produced by GCAD throughout the year. The AC had reviewed the annual assertion on Internal Auditing Standards for financial year 2020 and was satisfied that the Internal Auditors were free from any relationship or conflict of interest that could impair their objectivity and independence.</p> <p>GCAD conducts risk based internal audit reviews at both operational and corporate levels. Plans and tools for corrective action and improvements are identified with operations management to address any issues or deficiencies identified. GCAD follows up on the implementation of its recommendations and reports the outcome to the AC.</p>
<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 Board has disclosed the following in its Audit Committee (“AC”) Report for FY2020:</p> <ul style="list-style-type: none"> <li>• The AC had reviewed the annual assertion on Internal Auditing Standards for FY2020 and was satisfied that the Internal Auditors were free from any relationship or conflict of interest that could impair their objectivity and independence.</li> <li>• There are eight internal auditors in the Group Corporate Assurance Division (“GCAD”) and the majority of them are members of relevant professional bodies such as the Institute of Internal Auditors Malaysia and Malaysia Institute of Accountants.</li> <li>• The AC is assisted by GCAD in discharging its duties and responsibilities. GCAD is independent of business operations and reports functionally to the AC.</li> <li>• GCAD is headed by Mr. Shariz Puteh, who holds a bachelor’s degree in Accounting and Financial Management from the University of Essex, United Kingdom and is a Certified Financial Services Auditor (“CFSA”). He is also a Chartered Member of the Institute of Internal Auditors (“CMIIA”).</li> <li>• All internal audit activities undertaken are guided by the International Professional Practices Framework (“IPPF”) of Internal Auditing, the Corporate Governance Guide, Bursa Malaysia’s Listing Requirements, the Internal Audit Charter as well as the Internal Audit policy and procedures.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is 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 Group continues to actively and regularly engage stakeholders which comprises of investors, analysts, regulators, shareholders, the media and the general public.</p> <p>However, in FY2020, due to the pandemic, communication and engagement was effected through digital communication channels. Physical engagements were minimised in compliance with SOPs.</p> <p>All physical engagements were conducted with compliance to SOPs.</p> <p>Communication initiatives include sharing the Group’s quarterly interim performance and full year financial results which are disclosed to regulatory authorities and the media as well as on <a href="http://www.ranhill.com.my">www.ranhill.com.my</a>. The Ranhill website has a dedicated webpage on IR at <a href="http://www.ranhill.com.my/investor-relations/">http://www.ranhill.com.my/investor-relations/</a>.</p> <p>In addition, the Group issues press releases, holds media conferences, interviews or analyst briefings and participates in industry roadshows and other stakeholder engagement activities. Both Board members and Senior Management are involved in these engagements.</p> <p>Working together with corporate communications, the investor relations functions provides strategic support in the planning and organisation of stakeholder engagement and communications across the year.</p> <p>Management is guided by the Investor Relations Policy as approved by the Board on 7 November 2019.</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 11.2

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

<b>Application</b>	:	Non-Applicable	
<b>Explanation on application of the practice</b>	:	-	
<b>Explanation for departure</b>	:	<p>Ranhill has taken adopted preliminary Integrated Reporting (“&lt;IR&gt;”) disclosures, providing disclosure on its approach to value creation, including the creation of non-financial values, its respective business value chains and its value creation model, which includes resources consumed and outputs produced for both the Group and its stakeholders. Full adoption of the &lt;IR&gt; principles based framework, as outlined by the International Integrated Reporting Council will be undertaken progressively.</p> <p>Readers are encouraged to read the Sustainability report at <a href="http://www.ranhill.com.my">www.ranhill.com.my</a> to gain a more in-depth perspective of Ranhill’s circular economy approach to value creation. The report also provides information &lt;IR&gt; guiding principles and content elements such as materiality, stakeholder engagement, governance and others.</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 12.1

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>	:	The Company had complied with the 28 days' notice the issuance of the 7 <sup>th</sup> AGM notice by 28 May 2021 to convene the Company's 7 <sup>th</sup> AGM scheduled for on 28 June 2021 (" <b>7<sup>th</sup> AGM</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

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

### Practice 12.2

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<p>Due to the COVID-19 pandemic, the Group has transitioned to an online format for its AGM. Ranhill was the first listed company in Malaysia to hold its AGM via digital channel.</p> <p>All Board of directors were present either physically at the event venue or had logged in remotely to attend the virtual AGM. This included the Chairs of all Board committees.</p> <p>Ample opportunity was provided to attendees to ask questions and to seek clarifications on the proposed resolutions. Comprehensive answers were provided by the Chairman, PCE and the Chief Financial Officer (“CFO”) to attendees’ queries.</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 12.3

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>With the use of digital channels, specifically the Remote Participation and Voting (“<b>RPV</b>”) facilities during the virtual AGM, Ranhill has complied with the practice of enabling remote meeting participation and voting.</p> <p>Shareholders were provided with the Administrative Guide to facilitate them in registering and accessing to the RPV facilities.</p> <p>The RPV facilities was made available on the Tricor Investor &amp; Issuing House Services Sdn Bhd (“<b>TIIH</b>”/“<b>Tricor</b>”)’s Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>Voting was set at a specified time to enable shareholders to cast their votes via online and until the Chairman announced on the close of session. Prior to the voting session, the Chairman of the meeting, explained to the shareholders the procedures of online remote voting through the RPV facilities.</p> <p>Tricor was appointed as Poll Administrator to conduct the poll by RPV facilities and Mega Corporate Services Sdn Bhd as Scrutineers to verify the poll results. Upon verification of the poll results, the Chairman declared whether the resolutions were carried. The poll results of 6th AGM were also announced at Bursa Malaysia.</p> <p>The forthcoming 7th AGM of the Company has been scheduled to be held on 28 June 2021. In view of the current COVID-19 pandemic and in the interest of the safety and health of shareholders, Board, management, staff and other invitees, the Company’s forthcoming 7th AGM will be a fully virtual meeting via live streaming with online remote participation and voting. The shareholders will be able to fully participate and vote at the forthcoming AGM from any locations.</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>	:	

**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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