

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7045
COMPANY NAME : Scomi Energy Services Bhd
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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's role is to govern and set the strategic direction of the Company, whilst the Management manages the Company and the Group in accordance with the strategic direction and delegations of the Board. The responsibility of the Board is to oversee the activities of the Management in carrying out these delegated duties.</p> <p>To enhance the Board and the Management's accountability to the Company and its shareholders, the Board has established clear functions reserved for the Board and those delegated to the Management. The Board operates under a Board Charter and Board Policy Manual, which establishes a formal schedule of matters and deliberation at the Board Meetings.</p> <p>The Group is led and controlled by an effective Board which assumes, amongst others, the following principle roles and responsibilities in discharging its stewardship role, fiduciary and leadership functions:</p> <p>(a) Reviewing and adopting a strategic plan for the Company and the Group.</p> <p>The Board constructively challenges and contributes to the development of the Company and the Group's strategic directions, and subsequently monitors the implementation of the strategic business plan by the Management to ensure sustainable growth and optimisation of returns for the Company and the Group.</p> <p>The Group has in place an annual strategy planning session, whereby the Management presents to the Board its recommended strategy and proposed strategic business plans for the upcoming financial year. At the annual strategy planning and budget Board Meeting, the Board reviews and deliberates upon both the Management's and its own perspectives, as well as</p>

probes Management to ensure Management has taken into consideration the varying opportunities and risks whilst developing the strategic business plan.

In conjunction with this, the Board also reviews and approves the proposed annual budget for the upcoming financial year and the key performance indicators (“KPIs”) for the Corporate Balanced Scorecard (“BSC”) as prepared and presented by the Management.

- (b) Overseeing and evaluating the conduct and performance of the Company and the Group’s business.

The Chief Executive Officer (“CEO”) has overall responsibility, with the support of the key management team, for the day-to-day management of the business and operations the Group as well as implementation of the Board’s policies, directives and strategic decisions.

On quarterly basis, the CEO reviews the Group’s key financial performance metrics with both the Audit and Risk Management Committee (“ARMC”) and the Board and highlights concerns and issues, if any. The actual performance of the Group is assessed on quarterly basis against the approved annual budget, the results of the corresponding quarter and the immediate preceding quarter. Where significant variances in the performance results are reported by the Management to the ARMC and the Board, it is accompanied with explanation, clarification and corrective action taken.

The ARMC and the Board were also informed by the Management of the key initiatives and significant operational issues. A summary of the performance of each business unit is also provided to the Board.

Additionally, Management’s proposals which are reserved for the Board’s approval will be discussed at the Board Meetings, where the Board has the opportunity to scrutinise the proposal and seek for clarification from the Management team. The CEO ensured that Management has taken into account all appropriate consideration before tabling the proposals to the Board. Any significant updates on the proposals would be tabled to the Directors either in the next Board Meeting or in a follow-up reports distributed.

To ensure effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board Committees, CEO and Management through a clear and formally defined written terms of reference (“TOR”) and delegated authority limits (“DAL”), which are the primary instruments that govern and manage the decision making process

	<p>in the Group. The TOR and DAL are continuously reviewed and updated to ensure their relevance to the Group’s operations and for compliance with legislations and standards.</p> <p>(c) Identifying principal risks of the Company and the Group and ensuring the implementation of appropriate internal controls and mitigation measures to manage the risks.</p> <p>Whilst the Board has overall responsibility for the Group’s risk management framework and internal controls system, the Board has delegated the implementation of the risk management framework and internal controls systems to the Management and tasked the ARMC with the oversight responsibility to review the adequacy and effectiveness of the risk management framework and internal controls system.</p> <p>The risk management framework and internal controls system are subjected to the Board’s regular review with a view towards appraising the adequacy, effectiveness, integrity and efficiency of such system within the Group and also to ensure that these systems are viable and robust.</p> <p>However, the Board recognises that such systems are designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>The Management reports to the ARMC on a quarterly basis on all risk areas faced by the Group and the audit findings identified from the internal audit activities conducted by the Group Internal Audit Department (“GIA”). The ARMC then deliberates the action taken by the Management to address those high risks areas and audit findings.</p> <p>The Chairman of the ARMC will also report to the Board on the principal risks and internal controls related matters and recommendations deliberated by the ARMC at the immediate subsequent Board Meeting.</p> <p>Details of the Enterprise Risk Management Framework and internal controls system of the Group are set out in the Statement of Risk Management and Internal Control in the Annual Report.</p> <p>(d) Overseeing management performance and ensure a sound succession planning for key positions within the Company.</p> <p>The Board, through the Nomination and Remuneration Committee (“NRC”), develops and agrees on the CEO’s BSC with the CEO based on strategic objectives, measures and KPIs which</p>
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	<p>are aligned to the Group’s corporate goal and strategic business plan set by the Board.</p> <p>The NRC is tasked by the Board to evaluate the performance of the CEO against the approved KPIs or initiatives as set out in the BSC of the CEO upon finalisation of the Company’s Audited Financial Statements. Subsequently, NRC provides the Board with its recommendation of the CEO’s performance evaluation, for the Board’s decision.</p> <p>(e) Providing input and overseeing the development and implementation of investor relations and shareholder communications policy for the Company and the Group.</p> <p>Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communication Policy, where it outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group’s commitment to the continuous disclosure obligations imposed by law, and describes the procedures implemented to ensure compliance.</p> <p>The Board through the Management oversees the Group’s corporate disclosure practices and ensure implementation and adherence to the Global Communication Policy. The Board has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company was led by Tan Sri Nik Mohamed bin Nik Yaacob, the Independent Non-Executive Chairman of the Company, who had resigned on 19 July 2018. It is the intention of the Board to appoint an Independent Non-Executive Director as Chairman of the Board.</p> <p>The roles and responsibilities of the Chairman, amongst others, are as follows:-</p> <ul style="list-style-type: none"> • Lead the Board and ensure its effectiveness in discharging its responsibilities; • Ensure efficient conduct of the Board's function and meetings; • Facilitate the effective contribution of all Directors at Board Meetings; • Promote constructive and respectful relations between Directors, and between the Board and Management; • Ensure proper and timely flow of information to the Board; and • Ensure effective communication between the Board and the Management with shareholders, stakeholders and the public generally. <p>The roles and responsibilities of the Chairman have been clearly defined in Paragraph 3.3 of the Board Charter, which is available on the Company's website at http://www.scomienergy.com.my/core/board_charter.asp.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman and the CEO are held by two (2) separate individuals and are distinct and separate with each having a clear scope of duties and responsibilities to ensure there is a balance of power and authority. The division of the responsibilities of the Chairman and the CEO has been clearly defined in the Board Charter of the Company.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the CEO has overall responsibility, with the support of the key management team, for the day-to-day management of the business and operations of the Group as well as the implementation of the Board's policies, directives, strategies and decisions.</p> <p>The respective duties and responsibilities of the Chairman and the CEO are detailed in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>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. The Company Secretary is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Board is regularly apprised and advised by the Company Secretary on statutory and regulatory updates and requirements as well as pertinent governance matters. The Company Secretary ensures proper supply of relevant information as well as accuracy and adequacy of meeting materials, recording of meeting minutes and resolutions of the Board and Board Committees. The Company Secretary also serves as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>The Company Secretary constantly keep herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. During the financial year, the Company Secretary attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. All Directors are provided with reports and other relevant information on timely manner, covering various aspects of the Group's operations and performance.</p> <p>As best practices, notices of Board Meetings are issued at least seven (7) days prior to the meeting, unless there are matters requiring urgent attention. Board papers are circulated to the Directors prior to the meeting to allow sufficient time for the Directors to review, consider and deliberate on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.</p> <p>The Management is responsible for furnishing the Board with all information that may assist the Board in discharging its responsibilities and to facilitate informed decision making. Senior Management of the Group, external auditors and advisors are also invited to attend Board Meetings on specific agenda which require clarification. The Board will also be briefed on latest updates on the Group's business activities.</p> <p>The Company Secretary attends all Board Meetings and ensure all proceedings of the meetings including issues raised, deliberations and decisions of the Board are properly minuted. The minutes of meetings are circulated within a reasonable period upon conclusion of the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 Board has formally adopted a Board Charter which establishes a formal schedule of matters and outlines the types of information required for the Board’s attention and deliberation at the Board meetings.</p> <p>The Board Charter, among others, the following matters:</p> <ul style="list-style-type: none"> (i) Board membership and composition; (ii) Role of the Board; (iii) Role of the Non-Executive Chairman; (iv) Role of the Chairman and the CEO; (v) Role of the Board Committees; (vi) Role of the Company Secretary; (vii) Board Meetings procedures; (viii) Directors’ assessments; (ix) Directors’ Disclosure; (x) Directors’ Remuneration; and (xi) Investor relations and shareholders communication. <p>A copy of the Board Charter is available at the Company’s website at http://www.scomienergy.com.my/core/board_charter.asp.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Code of Conduct for the Group which provides a framework to ensure that the Group conduct itself is in compliance with laws and ethical values. The Board and all employees of the Company and the Group are committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Company and the Group, including the interaction with its customers, suppliers, shareholders, employees and business partners, and within the community and environment in which the Company and the Group operate.</p> <p>The Board ensures that compliance is monitored through a confirmation of compliance declaration process where all employees of the Group of Grade 15 and above are required to confirm their receipt and understanding of the Code of Conduct and further to certify their continued compliance with the Code of Conduct on an annual basis. This serves to drive organisational culture and continuing awareness amongst the employees of the need to understand, develop and maintain a value-based culture beyond mere compliance.</p> <p>It is a condition of appointment and/or employment with the Group that the Board and all employees of the Group to comply with the Code of Conduct and all applicable laws, regulations and other policies of the Group and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of appointment and/or employment.</p> <p>The appropriateness and effectiveness of the Code of Conduct of the Group are continuously monitored and appropriate agreed improvements and reporting procedures will be adopted where necessary. The Code of Conduct is available on the Company's website at http://www.scomienergy.com.my/core/code_of_conduct.asp.</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has formalised and established a Whistleblower Framework and Policy, to provide an avenue for employees to raise genuine concerns internally or report any breach or suspected breach of any law or regulation, including the Group’s policies and procedures, to the Disclosure Officer in a safe and confidential manner, thereby ensuring that employees may raise concerns without fear of reprisals.</p> <p>The Whistleblower Steering Committee has been tasked by the Board to oversee the implementation of the Whistleblower Framework and Policy, whilst duties relating to the day-to-day administration of the policy are performed by the Disclosure Officer. The Whistleblower Framework and Policy is subject to periodical assessment and review to ensure that it remains relevant to the Group’s changing business circumstances. The Group has also put in safeguards to protect the identity of the Whistleblower to encourage employees of the Group to report any breach or reasonably suspected wrongful malpractices without fear of reprisal so that the problem can be identified at an early stage and resolved quickly within the Group.</p> <p>The Whistleblower Framework and Policy is available on the Company’s website at http://www.scomienergy.com.my/core/whistleblower.asp.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently comprises six (6) members out of which three (3) are Independent Directors.</p> <p>An annual assessment of independence of Independent Directors are conducted on annual basis. Based on the evaluation results, the Board was satisfied that the Independent Directors met the criteria for independence as provided under the Main Market Listing Requirements and the Company’s policy on assessment of independence of Directors. The Independent Directors have also provided annual declaration/confirmation on his independence to the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has adopted a Board Composition Policy that limits the tenure of its Independent Director for a cumulative term of not more than nine (9) years. The policy provides that if the Board intends to retain an Independent Director beyond nine (9) 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.

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC established by the Board, is entrusted with the responsibility of recommending new appointments to the Board and Board Committees of the Company. The duties of the Nomination Committee is detailed in its terms of reference.</p> <p>In making its recommendations to the Board, the NRC considers and assesses the suitability of a new appointment based on the following criteria:</p> <ul style="list-style-type: none"> • skills, knowledge, expertise and experience; • professionalism; • integrity; • in the case of candidates for the position of Independent Non-Executive Directors, their ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors; and • in consideration of Board Composition Policy. <p>Currently, the Board members is made up of members with a mix of skill sets, background and experiences in the areas of business, economics, finance, legal, business administration and strategy that contributes effectively in leading and directing the management and affairs of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the challenges in achieving the right balance of gender diversity on the Board.	
		<p>Currently, the Board composition comprises one (1) woman director, Dato' Jamelah binti Jamaluddin, who is an Independent Non-Executive Director. She was appointed to the Board on 3 January 2017.</p> <p>Appointment of additional women to the Board will be made when suitable candidates who can add value to the Board are identified.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is tasked by the Board to ensure, amongst others, effective process for selection of new Directors which will result in the required mix of skills, experiences and responsibilities present on the Board. The nomination and appointment of new Directors takes place within the parameters set out in the TOR of the NRC and the Board Composition Policy.</p> <p>When it is determined that a new Director is necessary to complement existing Directors, the Board first determines the target knowledge, skills and personal characteristics sought. Such criteria ensure that all candidates are fairly and equitably considered and evaluated irrespective of, amongst others, sex, race, sexual orientation, age, disability, and religion or ethnic origin in compliance with the Company's Code of Conduct.</p> <p>In searching for and making a recommendation in relation to the appointment of Director, NRC may uses the wide network of people known to its members to identify possible candidates or it may brief a search consultant on the target knowledge, skills and personal characteristics sought then obtain a shortlisted candidates. The Chairman of the NRC then interviews such shortlisted candidates.</p> <p>The Chairman of the NRC shall make a recommendation to the NRC, which in turn shall make a recommendation to the Board. In making these recommendations, the NRC shall ensure an effective process for the selection of new Directors to the Board.</p> <p>Based on the recommendations of the NRC, the Board shall have power at any time and from time to time, to appoint any person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Board subject to the maximum number fixed in the Articles of Association of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC was chaired by Tan Sri Nik Mohamed bin Nik Yaacob, the Independent Non-Executive Chairman of the Company up until 19 July 2018. It is the intention of the Board to appoint an Independent Director as Chairman of the NRC in the near future. The Board has decided that it is not necessary for the NRC to be chaired by the Senior Independent Director as the NRC comprises all Independent Directors, including Senior Independent Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, which includes annual assessment of the Board's required mix of skills, experience, and competencies of the Directors, annual assessment of the effectiveness of the Board as a whole and the contribution of each individual Director. The evaluation process is undertaken by the NRC and supported by the Company Secretary.</p> <p>During the financial year under review, the NRC carried out the following activities during the financial year:</p> <ul style="list-style-type: none">assessed the annual performance of each individual Director;assessed the continued independence of each Independent Director; <p>Based on evaluation results, the NRC concluded that each Independent Director has fulfilled the independence criteria set out in the Main Market Listing Requirements and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgement to decisions taken by the Board.</p> <ul style="list-style-type: none">assessed the effectiveness of the Board, the ARMC and other Committees of the Board, covering areas such as Board structure and operation, management relationship with the Board, Board's roles and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, experiences, integrity and competencies.reviewed the skills, experience and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;reviewed the skills, experience and competencies of the Non-Executive Directors;

	<ul style="list-style-type: none"> • assessed the adequacy of the size and composition of the Board; • reviewed the proposed remuneration for the Non-Executive Directors of the Company; • reviewed the retirement and re-election of the Directors pursuant to the Articles of Association of the Company; • evaluated and recommended to the Board the CEO's BSC for the financial year under review; • reviewed and recommended to the Board the CEO's BSC for the new financial year; • reviewed and recommended to the Board the renewal of employment contract and remuneration package for the CEO; • reviewed and recommended to the Board the mechanism for assessment of the CEO's BSC; and • reviewed the developments relating to legal proceedings taken by the authorities against one of the Directors.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Policy Framework and Procedures, which cover the Directors and Senior Management, such that the Group may attract, retain and motivate high quality Directors and Senior Management.</p> <p>Besides the remuneration practices and trends by other similar players in the market, the level of Directors' remuneration is also attributed to a few key factors, amongst them, qualification, experience and responsibilities of the Directors to the Board and Board Committees.</p> <p>The Remuneration Policy Framework and Procedures is annexed as Appendix II of the Board Policy Manual which is available on the Company's website at www.scomigroup.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a NRC which comprises wholly of Non-Executive Directors. The NRC is tasked by the Board, amongst others, to:</p> <ul style="list-style-type: none"> • establish, review and report to the Board on a formal and transparent policy on Executive Directors' remuneration; and • review and recommend to the Board the remuneration of the Executive Directors in all its forms with the aim of attracting, retaining and motivating individuals of the highest quality needed to run the Company successfully. <p>The NRC is also responsible for the review of the overall remuneration policy for the Directors and the CEO whereupon recommendations are submitted to the Board for approval. The NRC advocates a fair and transparent Remuneration Policy Framework and Procedures such that the Group may attract, retain and motivate high quality Directors.</p> <p>The Terms of Reference of the NRC is annexed in the Board Charter which is available on the Company's website at http://www.scomienergy.com.my/core/board_charter.asp.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application :	Applied																																																																																
Explanation on application of the practice :	<p>The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group for the financial year ended 31 March 2018 is disclosed on a named basis in the Company's Annual Report 2018. The details are as follows:</p> <p><u>The Group and the Company</u></p> <table border="1"> <thead> <tr> <th rowspan="3">Directors</th> <th colspan="2">Fee</th> <th colspan="2">Other Allowances</th> <th colspan="2">Total</th> </tr> <tr> <th>Company</th> <th>Group</th> <th>Company</th> <th>Group</th> <th>Company</th> <th>Group</th> </tr> <tr> <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> </thead> <tbody> <tr> <td>Tan Sri Nik Mohamed bin Nik Yaacob⁽¹⁾</td> <td>60</td> <td>60</td> <td>12</td> <td>12</td> <td>72</td> <td>72</td> </tr> <tr> <td>Dato' Sri Meer Sadik bin Habib Mohamed</td> <td>58</td> <td>58</td> <td>14</td> <td>14</td> <td>72</td> <td>72</td> </tr> <tr> <td>Dato' Jamelah binti Jamaluddin</td> <td>48</td> <td>48</td> <td>12</td> <td>12</td> <td>60</td> <td>60</td> </tr> <tr> <td>Mr Ravinder Singh Grewal A/L Sarbjit S</td> <td>60</td> <td>60</td> <td>18</td> <td>18</td> <td>78</td> <td>78</td> </tr> <tr> <td>Mr Lee Chun Fai</td> <td>58</td> <td>58</td> <td>11</td> <td>11</td> <td>69</td> <td>69</td> </tr> <tr> <td>Mr Stephen Fredrick Bracker</td> <td>48</td> <td>48</td> <td>8</td> <td>8</td> <td>56</td> <td>56</td> </tr> <tr> <td>Encik Shah Hakim @ Shahzanim bin Zain</td> <td>-</td> <td>748</td> <td>-</td> <td>14</td> <td>-</td> <td>762</td> </tr> <tr> <td>Grand Total</td> <td>332</td> <td>1,080</td> <td>75</td> <td>89</td> <td>407</td> <td>1,169</td> </tr> </tbody> </table> <p>Notes: ⁽¹⁾ Resigned as an Independent Non-Executive Director on 19 July 2018.</p>						Directors	Fee		Other Allowances		Total		Company	Group	Company	Group	Company	Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Tan Sri Nik Mohamed bin Nik Yaacob ⁽¹⁾	60	60	12	12	72	72	Dato' Sri Meer Sadik bin Habib Mohamed	58	58	14	14	72	72	Dato' Jamelah binti Jamaluddin	48	48	12	12	60	60	Mr Ravinder Singh Grewal A/L Sarbjit S	60	60	18	18	78	78	Mr Lee Chun Fai	58	58	11	11	69	69	Mr Stephen Fredrick Bracker	48	48	8	8	56	56	Encik Shah Hakim @ Shahzanim bin Zain	-	748	-	14	-	762	Grand Total	332	1,080	75	89	407	1,169
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Explanation for departure :																																																																																	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied																																
Explanation on application of the practice	:	<p>The remuneration paid to the top five (5) key senior management for the financial year ended 31 March 2018 are as follows:</p> <table border="1"> <thead> <tr> <th>Key Senior Management Remuneration (RM)</th> <th>Number of Key Senior Management</th> </tr> </thead> <tbody> <tr> <td>300,000 to 350,000</td> <td>1</td> </tr> <tr> <td>350,001 to 400,000</td> <td></td> </tr> <tr> <td>400,001 to 450,000</td> <td></td> </tr> <tr> <td>450,001 to 500,000</td> <td></td> </tr> <tr> <td>500,001 to 550,000</td> <td></td> </tr> <tr> <td>550,001 to 600,000</td> <td>1</td> </tr> <tr> <td>600,001 to 650,000</td> <td></td> </tr> <tr> <td>650,001 to 700,000</td> <td></td> </tr> <tr> <td>700,001 to 750,000</td> <td>1</td> </tr> <tr> <td>750,001 to 800,000</td> <td></td> </tr> <tr> <td>800,001 to 850,000</td> <td>1</td> </tr> <tr> <td>850,001 to 900,000</td> <td></td> </tr> <tr> <td>900,001 to 950,000</td> <td></td> </tr> <tr> <td>950,001 to 1,000,000</td> <td></td> </tr> <tr> <td>1,000,001 and above</td> <td>1</td> </tr> </tbody> </table> <p>The remuneration value above is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, benefit-in-kind and other emoluments.</p>	Key Senior Management Remuneration (RM)	Number of Key Senior Management	300,000 to 350,000	1	350,001 to 400,000		400,001 to 450,000		450,001 to 500,000		500,001 to 550,000		550,001 to 600,000	1	600,001 to 650,000		650,001 to 700,000		700,001 to 750,000	1	750,001 to 800,000		800,001 to 850,000	1	850,001 to 900,000		900,001 to 950,000		950,001 to 1,000,000		1,000,001 and above	1
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Measure	:																																	
Timeframe	:																																	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr Ravinder Singh Grewal a/l Sarbjit Singh S is appointed as the Chairman of the ARMC since 16 February 2017. Prior to that, Mr Liew Willip was the Chairman of the ARMC.</p> <p>Meanwhile, the Chairman of the Board was Tan Sri Nik Mohamed bin Nik Yaacob since 31 May 2013 up until 19 July 2018. In his replacement, the Board intends to appoint an Independent Non-Executive Director as Chairman of the Board in the near future.</p> <p>Hence, the Chairman of the ARMC is distinct from the Chairman of the Board. Having positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of the ARMC was amended on 10 July 2018 to reflect the requirement of a former key audit partner to observe a cooling-off period of at least two (2) years before he could be considered for appointment as a member of the ARMC.</p> <p>This is to ensure that the independence of the audit process is safeguarded from potential threats and conflicts which may arise when a former key audit partner is appointed as ARMC member.</p> <p>As at todate, the Company has not appointed any former key audit partner as Director of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the ARMC, maintains an appropriate, formal and transparent relationship with the Group's internal and external auditors.</p> <p>The ARMC is guided by the Group's policies and procedures in assessing the suitability and independence of the external auditors, which also includes the provision of non-audit services by the external auditors to the Group and the Company to ensure their independence is not compromised. Those policies and procedures are to be read in conjunction with the TOR of the ARMC, which outlines the duties and responsibilities of the ARMC relating to the appointment of the external auditors.</p> <p>The ARMC had at its meeting held on 10 July 2018 undertook an annual assessment of the suitability and independence of the external auditors, KPMG PLT ("KPMG") in accordance with the Policy on the Selection of External Auditors of the Company which was adopted in 2014.</p> <p>Being satisfied with KPMG's performance, technical competency and audit independence as well as fulfilment of criteria as set out in the Policy on the Selection of External Auditors of the Company and Paragraph 15.21 of the Main Market Listing Requirements, the ARMC recommended the re-appointment of KPMG, who have consented to act, as external auditors of the Company for financial year ending 31 March 2019. The ARMC was also satisfied that the provision of the non-audit services by KPMG for the financial year ended 31 March 2018 did not in any way impair their objectivity and independence as external auditors of the Company.</p> <p>Subsequently, the Board at its meeting held on 10 July 2018 concurred with the ARMC on its recommendation for the shareholders' approval to be sought at the forthcoming Annual General Meeting ("AGM") on the re-appointment of KPMG as external auditors of the Company for the financial year ending 31 March 2019.</p> <p>The ARMC has received confirmation from the external auditors that for the audit of the financial statements of the Group and Company for the</p>

	<p>financial year ended 31 March 2018, they have maintained their independence in accordance with their firm’s requirements and with the terms of relevant professional and regulatory requirements and they have reviewed the non-audit services provided to the Group during the financial year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group. The external auditors also reaffirmed their independence at the completion of the audit.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC members have a wide range of necessary skills and experience as well as being financially literate to enable the ARMC to discharge its duties as per its TOR.</p> <p>Through the NRC, the Board reviews the terms of office of the ARMC and annually assesses the performance of the ARMC during the Board Annual Evaluation exercise.</p> <p>All members of the ARMC have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the ARMC members had attended numerous training courses. The list of training programmes attended by the ARMC members are disclosed in the Annual Report.</p> <p>During the ARMC meetings, the members were briefed by the external auditor on the Financial Reporting developments, adoption of Malaysian Financial Reporting Standards and other changes in the regulatory environment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility in establishment and oversight of the Group’s Risk Management Framework and Internal Controls System which is designed to manage the Group’s risks within an acceptable level. The implementation of the framework and system has been delegated to the Management whilst the ARMC was tasked by the Board with oversight responsibility to review the adequacy and effectiveness of the risk management framework and internal controls system.</p> <p>The Board regularly reviews the Risk Management Framework and Internal Controls System with a view towards appraising the adequacy, effectiveness, integrity and efficiency of such system within the Group and also to ensure that these systems are viable and robust.</p> <p>The Board also receives regular reports from the Chairman of the ARMC in relation to the principal risks and internal controls related matters deliberated by the ARMC.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by ARMC to review the adequacy and integrity of the Group’s internal control and risk management systems, including the management information system and systems for compliance with applicable laws, regulations, rules, directives and guidelines and to ensure that the Group’s risk management strategy and methodology have been implemented and consistently applied.</p> <p>An end-to-end Enterprise Risk Management Framework encompassing policy and procedures is in place to guide the Group to adopt and implement appropriate process to identify, assess, treat, monitor and report significant risks.</p> <p>The key features of the risk management framework and internal controls system, together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC comprises a majority of Independent Non-Executive Directors whereby two (2) of out three (3) members are Independent Non-Executive Directors.</p> <p>The ARMC members are as follows:</p> <ul style="list-style-type: none">• Ravinder Singh Grewal a/l Sarbjit S, Independent Non-Executive Director (Chairman);• Dato' Sri Meer Sadik bin Habib Mohamed, Independent Non-Executive Director (Member); and• Lee Chun Fai, Non-Independent Non-Executive Director (Member).

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC is supported by an independent and adequately resourced in-house GIA in the discharge of its duties and responsibilities. The function of the GIA is guided by its Internal Audit Charter and Internal Audit Policies and Procedures Manual, which have been approved by the ARMC and the Board respectively.</p> <p>GIA reports directly to the ARMC and maintains its impartiality, proficiency and due professional care. The principal responsibility of GIA is to provide independent assurance on the adequacy and effectiveness of the internal controls system implemented by the Group and monitors the compliance with policies and procedures.</p> <p>The internal audit function includes undertaking reviews of the Group's system of internal controls, its operations and selected key activities based on risk assessment and in accordance with the annual internal audit plan approved by the ARMC.</p> <p>ARMC receives and reviews GIA's audit reports including agreed corrective actions to be undertaken by auditees GIA monitors status of the agreed corrective actions submitted by auditees which will be assessed and verified by GIA prior to reporting to the ARMC. This is to ensure that the action plans are carried out effectively. The consolidated status of the audit findings is also submitted and presented to the ARMC for deliberations on a quarterly basis.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The GIA is headed by Ms Irina binti Abdullah who has a BA in Business Studies and an MBA in Strategic Management from the University of Sheffield, United Kingdom.</p> <p>Her career spans two decades in strategic planning and business transformation, corporate assurance including risk management and internal audit, business process management, brand strategy management and corporate communications.</p> <p>There are four (4) internal auditors within GIA including the Head of Internal Audit, who possess relevant professional qualifications and years of experience in Oilfield Services and Engineering industry.</p> <p>All internal audit staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional courses, seminars, training courses and on-the-job training.</p> <p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The function of the GIA is guided by its Internal Audit Charter and Internal Audit Policies and Procedures Manual which defines the authority, duties, responsibilities and independence of all GIA members.</p> <p>The audit approach and objectives are based on the guidance of the Institute of Internal Auditors' International Professional Practices Framework and the Committee of Sponsoring Organisations of the Treadway Commission Internal Control – Integrated Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the shareholders of the Company are treated equitably and provides them with comprehensive, accurate and quality information on a timely and non-selective basis, in order to keep them abreast of all material business matters affecting the Company and the Group.</p> <p>Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communications Policy with the following intention:</p> <ul style="list-style-type: none"> • to provide guidance and structure in disseminating corporate information to, and in dealing with investors, analysts, media representatives, employees and the public; • to raise management and employees' awareness on the disclosure requirements and practices; • to ensure compliance with legal and regulatory requirements on disclosure; and • to protect the brand equity of the Group by managing the risk associated with the brand i.e. exposures to the brand that can undermine its ability to maintain its desired differentiation and competitive advantage. <p>The Global Communications Policy outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations imposed by law, and describes the procedures implemented to ensure compliance.</p> <p>The Board through the Management oversees the Group's corporate disclosure practices and ensures implementation and adherence to the policy. The Board has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.</p>

	<p>The Group also maintains a corporate website, www.scomienergy.com.my to disseminate information and enhance its investor relations. All disclosures, material information and announcements made to Bursa Malaysia Securities Berhad (“Bursa Securities”) are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available.</p> <p>The Group recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified and retained on the website as part of the public disclosure record for a minimum period of two (2) years. The Group Communications Department has ongoing responsibility for ensuring that information in the website is up-to-date.</p> <p>In addition, the email address, name and contact number of the Company’s designated person is listed in the website to enable the public to forward queries to the Company.</p> <p>The Board has identified Dato’ Jamelah binti Jamaluddin as the Senior Independent Non-Executive Director, to address any valid and appropriate issues raised by shareholders, via the following channel:</p> <p>Mail : SCOMI ENERGY SERVICES BHD Level 17, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Malaysia</p> <p>Fax : +603 7728 5258 Email : sid.sesb@scomigroup.com</p> <p>The Company is also of the view that the AGM is an important opportunity to meet with shareholders and address their concerns. At the AGM, the CEO will provide a brief overview of the Group’s annual operating and financial performance, followed by a Questions and Answers session. Active participation from shareholders are encouraged, including clarifying and questioning the Group’s strategic direction, business operations, performance and proposed resolutions.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Practice 11.2 is not applicable as the Company is not a Large Company as defined under the Malaysian Code on Corporate Governance 2017.</p> <p>Nevertheless, all information such as business of the Company, policies on governance, environment and social responsibility and periodic official announcements including the Annual Report are made available on the Company's website.</p> <p>In addition, the efforts to enhance and improve the format and structure of the consolidated information are still ongoing.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is moving towards achieving and adopting the best practice of providing at least 28 days of notice period for AGM to the shareholders. A notice period of 25 days was given to shareholders for the upcoming AGM in 2018, which is more than the minimum 21 days of notice required under Section 316(2) of the Companies Act 2016 and Paragraph 7.15 of Main Market Listing Requirements of Bursa Securities.	
		Moving forward, the Group will strive to provide a notice period of at least 28 days to shareholders as best practice.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors including the Chair of all respective Board Committees had attended the last AGM.</p> <p>In respect of the 16th AGM to be held in August 2018, all Directors have confirmed their attendance.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGM and other general meetings by giving sufficient time to the floor during questions and answers session.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not leverage on technology to facilitate remote shareholders' participation or voting in absentia using technological means as the Company would like to allow for an advocacy period in assessing the cost and benefits of this undertaking.</p> <p>As an alternative to this Practice, the current arrangements relating to shareholders' meetings enables 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 or by corporate representative. Voting at the AGM is by poll and the Company utilises an electronic voting system to expedite the voting and facilitate the tabulation process in a seamless manner.</p> <p>Furthermore, all of the Company's previous shareholders meetings have been held in the Klang Valley area and is 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>		
Measure	:	
Timeframe	:	

**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.

Not Applicable
