

# STATEMENT ON CORPORATE GOVERNANCE

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THE BOARD OF UEM EDGENTA BERHAD (“UEM EDGENTA” OR “THE COMPANY”) IS FULLY COMMITTED TO MAINTAIN THE HIGHEST STANDARDS IN CORPORATE GOVERNANCE PRACTICES, PROFESSIONALISM AND INTEGRITY IN DRIVING THE COMPANY TO SAFEGUARD AND ENHANCE SHAREHOLDERS’ VALUE AND PERFORMANCE OF THE COMPANY AND ITS SUBSIDIARIES (“THE GROUP”).

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In reinforcing the importance of corporate governance, the Board is dedicated in ensuring that good corporate governance is practised and complied with throughout the Group within the framework as expounded by the principles and recommendations promoted by the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”).

As required under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), this Statement on Corporate Governance reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year under review as set out in the MCCG 2012 issued by the Securities Commission.

The Board will continue to take measures to improve compliance with principles and recommended best practices in the ensuing years.

## **1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT**

### **1.1 Clear Functions of the Board and Management**

The ultimate and overall responsibility for corporate governance, strategic direction, financial and organisational matters of the Group lies with the Board. In discharging its roles and responsibilities, the Board is guided by the Board Charter and the Discretionary Authority Limits (“DAL”) which outlines the duties and responsibilities of the Board, as well as matters that the Board may delegate to the Board Committees, the Managing Director/Chief Executive Officer and Management. The Board Charter and DAL are reviewed from time to time to ensure it remains relevant to the Company’s objectives.

The Board meets regularly to perform its principal responsibilities, which are amongst others, as follows:-

- Establishing, reviewing and adopting the strategic plans and direction for the Group.
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed.

- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.
- Developing and implementing an investor relations programme or Corporate Disclosure Policy for the Group.
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Managing Director/Chief Executive Officer is primarily responsible for overseeing the day-to-day business and implementing the policies and strategies adopted by the Board. He is accountable for leading the Management team, implementing the policies/decisions approved by the Board, building a dynamic corporate culture with the requisite skills and competency and acting as the Group's chief spokesperson. He is also responsible for developing and recommending to the Board annual operating plans and budgets that support the Group's long-term vision, strategy and vision, formulating and monitoring the implementation of major corporate policies.

### Succession Planning

The Company has a Talent Management Framework wherein candidates with potential are identified, evaluated, reviewed and developed for succession planning. The talent is assigned to the right talent category in the 9-Box Talent Grid and is developed based on development needs.

All senior management positions are reviewed by the Board via the Nomination and Remuneration Committee to assess their capabilities and thereafter if suitable, recommended to the Board for approval. This is to ensure that all candidates appointed to senior management positions are of sufficient calibre.

## 1.2 Clear Roles and Responsibilities

The Board's main function is in reviewing and adopting strategic plans and also overseeing the conduct of business. However, in discharging its fiduciary duties and responsibilities, the Board has delegated specific tasks to the Board Committees, all of which operates within defined terms of reference. The Chairman of the various committees will report to the Board the deliberations and outcome of the Committee Meetings and are incorporated in the minutes of the Board meeting. Although the Board has granted authority to the Board Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the entire Board.

The Board Committees carry out their tasks based on their roles and responsibilities as outlined below:-

### Audit and Risk Committee

The Audit and Risk Committee assists the Board in its oversight of the Company's financial reporting, and in fulfilling its fiduciary responsibilities relating to internal controls. This includes risk management, maintenance of financial and accounting records and setting policies as well as financial reporting practices of the Group. It also reviews related party transactions and conflict of interest situations that may arise within the Group.

The duties and responsibilities of the Audit and Risk Committee are set out in its Terms of Reference which is available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

The Audit and Risk Committee Report including its membership, composition and summary of work carried out by the Audit and Risk Committee during financial year 2016 is presented on pages 168 to 172 of this Annual Report.

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### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee assists the Board in the nomination of new Directors and remuneration package of Executive Directors, the Chief Executive and other Senior Management.

The duties and responsibilities of the Nomination and Remuneration Committee are set out in its Terms of Reference which is available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

The members of the Nomination and Remuneration Committee and summary of work carried out by Nomination and Remuneration Committee are set out in Section 2.1 below.

### **1.3 Formalise Ethical Standards through Code of Ethics**

#### **Code of Conduct**

The Company's Code of Conduct, which incorporates a Code of Ethics, requires all officers and employees to observe high standards of business and personal ethics in carrying out duties and responsibilities. As employers and representatives of UEM Edgenta, or any of its subsidiaries, they must practise honesty and integrity in fulfilling their duties and responsibilities, and comply with all applicable laws and regulations.

It is thus the responsibility of all officers and employees to comply with the Code of Conduct and to report violations or suspected violations thereto.

The Code of Conduct is available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

### **Whistle Blower Policy**

The Whistle Blower Policy has been formulated with a view to provide a mechanism for officers and employees of the Company to report instances of unethical behaviour, actual or suspected fraud or dishonesty or violation of the Company's Code of Conduct or ethics policy.

All communications made in good faith that discloses or demonstrates information that may evidence malpractice or unethical activity should be addressed to the Chairman of the Board of Directors or the Chairman of Audit and Risk Committee.

The Whistle Blower Policy is available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com).

### **Conflict of Interest**

Directors and principal officers are required to declare their respective shareholdings in the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The interested Directors concerned shall abstain from deliberating and voting in relation to these transactions.

### **Trading on Insider Information**

Directors and employees of the Group who have access to price-sensitive information relating to the Company's listed securities or of other listed issuers that are not available to the public must not deal in such listed securities in line with the Capital Markets and Services Act 2007 which prohibits insider trading.

Directors and employees of the Group who do not have access to price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are strictly adhered to. Notices on the closed period for trading in the Company's listed securities are sent to directors, principal officers and relevant employees on a quarterly basis.

### Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirement including obligations relating to related party transactions. The Board, through the Audit and Risk Committee, reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.

The Audit and Risk Committee also reviews the list of Recurrent Related Party Transactions ("RRPT"), Ageing Analysis, Net Movement and Outstanding RRPT Receivables on a quarterly basis.

The RRPT entered into by the Group with its related parties in 2016 are set out on pages 357 to 369 of this Annual Report.

### 1.4 Strategies Promoting Sustainability

The Board is committed to achieving long-term sustainable growth through making continuous improvements to our products and services to enhance stakeholders' value. Our Sustainability Key Focus Areas of Economic, Environment and Social are aligned with our Vision, Mission and Values.

The Company is also guided by Corporate Responsibility Policy and Sustainability Policy.

The Corporate Responsibility Policy and Sustainability Policy are available at the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com) and the Sustainability Statement and the Group's Corporate Responsibility activities for the year under review are disclosed on pages 104 to 139 of this Annual Report.

### 1.5 Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

The Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers contain both quantitative and qualitative information and are presented in a manner which is concise and include comprehensive management reports, minutes of meetings, proposal papers and supporting documents. This will enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings, thereby enabling informed decisions to be made.

In discharging their duties, the Directors are assured of full and timely access to all relevant information. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense with consent from the Chairman or Committee Chairman, as the case may be. A copy of the report or independent advice will be made available to the Chairman and, if deemed appropriate, be circulated to all Directors for deliberation.

### 1.6 Company Secretary

The Board is supported by a suitable, qualified and competent Company Secretary who is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

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The Company Secretary is a central source of information and advises the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company. The Board members have unlimited access to the professional advice and services of the Company Secretary.

The Company Secretary assist in reviewing the Board agendas and Board papers, where applicable prior to circulation to the Board. The Company Secretary attends and ensure that all Board and Board Committees decisions are well recorded in the minutes and subsequently communicated promptly to the Management for implementation. In addition, the Company Secretary also facilitates the Board in conducting the annual Board Effective Assessment.

The Company Secretary maintains up-to-date knowledge of the regulatory requirements and is in a position to advise the Board and its Committees on compliance matters as appropriate.

### 1.7 Board Charter

The Board Charter sets out the roles and responsibilities of the Board, as well as detailing the functions of the Board and the delegated authority to the Management. The Board Charter ensures that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect of, and on behalf of the Company.

The Board reviews its charter regularly to test its continued applicability to the Company's current situation. The Board Charter is available on the Company's corporate website at [www.uemedgenta.com](http://www.uemedgenta.com).

The Board Charter was last reviewed by Board on 25 March 2016 and updated in line with the Corporate Governance practices.

## 2. STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 Nomination and Remuneration Committee ("NRC")

The NRC comprises four (4) Non-Executive Directors, a majority whom are Independent. The NRC consist of the following members:-

Name of members	Designation
<b>Amir Hamzah Azizan</b> (Appointed on 29 August 2016)	Independent Non-Executive Director (Chairman)
<b>Dato' Izzaddin Idris</b>	Non-Independent Non-Executive Director
<b>Dr. Saman @ Saimy Ismail</b>	Independent Non-Executive Director
<b>Zailah Tun Dr Ismail Al-Haj</b> (Appointed on 27 February 2017)	Independent Non-Executive Director
<b>Datuk Ir. Abdullah Sani Abd Karim</b> (Retired on 12 May 2016)	Senior Independent Non-Executive Director (Chairman)

Among the salient activities undertaken by the NRC during the financial year under review were as follows:-

- Assessed and recommended to the Board the candidacy of directors, appointment of directors to Board committees, and reviewed Board's succession plans and training programmes for the Board.
- Reviewed the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.

- Assessed the Directors annually, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his/her time commitment to effectively discharge his/her role as a director, character, experience and integrity. All assessments and evaluations carried out by the NRC in the discharge of all its functions were properly documented.
- Reviewed the mix of Directors to ensure high standard of Board performance and succession for both Executive and Non-Executive Directors in the event of any deficiency.
- Reviewed the character, experience, integrity, competence and time commitment to effectively discharge the roles of Managing Director/Chief Executive Officer and Chief Financial Officer.
- Examined the structure, size and composition of the Board with a view to determine the number of Directors on the Board in relation to its

effectiveness and ensure that at every annual general meeting, one-third (1/3) of the Directors for the time being shall retire from office.

- Recommended the re-election/re-appointment of Directors under the retirement by rotation provisions of the Articles of Association of the Company and the Companies Act, 2016.
- Reviewed senior management's succession plans and to ensure there are programmes in place to provide for the orderly succession of senior management.
- Reviewed the remuneration policies and procedures to attract and retain directors.
- Reviewed and recommended to the Board the remuneration of Executive Directors and Non-Executive Directors in all its forms and to review the Group's remuneration policies and procedures which should be disclosed in the Annual Report.

For the year under review, the NRC held four (4) meetings and the details of attendance are as follows:-

Name of members	No. of Meetings Attended	Percentage of Attendance (%)
<b>Amir Hamzah Azizan</b> Chairman (Appointed on 29 August 2016)	2/2*	100
<b>Dato' Izzaddin Idris</b> Member	4/4	100
<b>Dr. Saman @ Saimy Ismail</b> Member	4/4	100
<b>Datuk Ir. Abdullah Sani Abd Karim</b> Chairman (Retired on 12 May 2016)	2/2**	100

\* Reflects the number of meetings held and attended since appointment.

\*\* Reflects the number of meetings held and attended up to date of retirement.

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### 2.2 Develop, Maintain and Review the Criteria for Recruitment Process and Annual Assessment of Directors

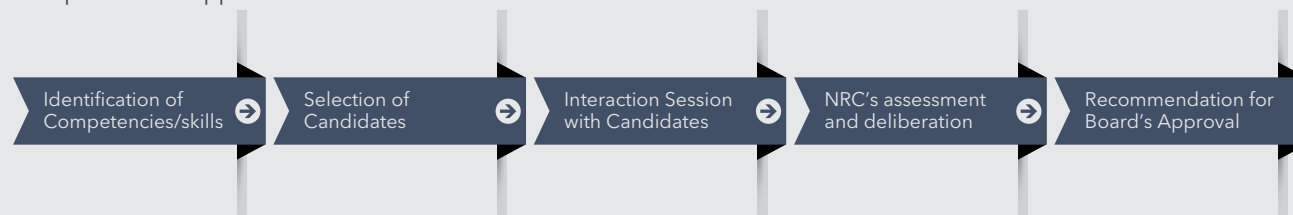
#### Appointment of Directors

The Board has put in place adequate and effective selection process and procedures for the recruitment or appointment of new Directors and members of the Board Committees.

In assessing and making recommendations to the Board on the candidacy of Directors or appointment of Directors to Board Committees, the NRC considers the candidates' competencies, commitment, contribution and performance, skills, knowledge, expertise and experience, professionalism, background, integrity and leadership qualities. In the case of candidates for the position of Independent Non-Executive Directors and the existing Independent Non-Executive Directors, the NRC also evaluates the candidates' ability to discharge such responsibilities/functions as expected from an Independent Non-Executive Director.

For the appointment of new Directors, the Company adopts the nomination process which involves identification of candidates, assessment of candidates based on the criteria, covering both qualification and experience set by the Board, meeting with the candidates, and deliberation and recommendation of suitable candidates by the NRC to the Board for approval.

The process of appointment of new Directors are as follows:-



The Company has also adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

Diversity lies at the heart of our values and is a distinctive element of our brand. The Board considers diversity as a priority and specifically looks not only at gender diversity, but also geographical diversity, diversity of skills and experience amount our strands.

The Board believes that while it is important to promote gender diversity, it decided not to set specific targets just to fill the quota for gender diversity as the selection criteria of a Director will be based on an effective blend of competencies, balance of skills, extensive experience, knowledge in areas identified by the Board and independence, to bring relevant perspective to Board discussions.





Although the Board does not have any gender diversity policies and targets or any set measures to meet any target, nonetheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender bias.

In answering the Prime Minister's call for Government Linked Companies to lead the way in supporting the Government's aspiration to champion diversity in the board composition by achieving 30% women representation on the board of listed companies by end of year 2016, Pn. Zailah Tun Dr Ismail Al-Haj, a former Public Affairs advisor to the Governor of the Malaysian Central Bank has been appointed to the Board on 1 December 2016. With the latest appointment, the Board has two (2) female Directors, which makes up to 25% women representation on the Board.

In line with the Malaysian Government's aspiration to have more women serving on board of listed companies, the Board has adopted a Policy on Top Management External Directorships, to allow the appointment of Top Management Lady Executives to serve on the board of other Government Link Companies and public listed companies.

#### **Re-appointment and Re-election of Directors**

The Company's Articles of Association provides that one-third (1/3) of the Directors shall retire from office at every Annual General Meeting ("AGM"). The Articles also provide that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. Directors who are appointed by the Board during the financial period before an AGM are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The performance of those Directors who are seeking for re-appointment or re-election at the AGM will be assessed by the NRC whereupon the recommendations will be submitted to the Board for decision on such proposed re-appointment or re-election of the Directors concerned, prior to seeking the shareholders' approval at the AGM.

The NRC is responsible for making recommendations to the Board on the appropriate size composition. In discharging its responsibilities, the NRC would take into account the following criteria in evaluating the suitability of candidates:-

- competencies, commitment, contribution and performance;
- skills, knowledge, expertise and experience;
- professionalism;
- background;
- integrity;
- leadership qualities; and
- in the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions is also evaluated.

#### **Board Effective Assessment ("BEA")**

The Board conducts an annual evaluation of its activities and performance as prescribed in MCCG 2012, the Green Book on Enhancing Board Effectiveness and Listing Requirements. Through its BEA which is designed to identify the strengths and weaknesses of the Board operations and established a common understanding of the Board's roles and responsibilities with a view to maximising Board performance, the Board via NRC evaluates the overall Board's performance against criteria that the Board determines are important to its success.

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Self and peer evaluation forms are sent to the Directors for their completion and at the same time to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. The evaluation criteria includes the Board's structure, operations and interaction and roles and responsibilities of the Board and its committees. In addition, the BEA also includes the evaluation on the Board's composition in regards to the mix of skills, character, experience, integrity, competence and time commitment.

The outcome of the BEA 2016 are as follows:-

- (i) The Directors had contributed positively to the Board as a whole by providing quality input and adding value to Board meetings. Members of the Board demonstrated strong commitment and pride in discharging their duties and responsibilities.
- (ii) The Directors and Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge their roles.
- (iii) All members of the Board agreed that the Chairman of the Board demonstrates effective and excellent leadership.
- (iv) The Board has the relevant mix of skills and experience to function effectively.
- (v) The independent Directors are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement and objective or the ability to act in the best interests of the Company.

### 2.3 Remuneration Policies and Procedures

#### Directors' Remuneration

The Directors' remuneration is reviewed from time to time and is determined at levels which enable UEM Edgenta Group to attract and retain Directors with the relevant experience and expertise needed to manage the Group effectively.

The Managing Director/Chief Executive Officer is subject to a 3-year service contract with the Company. He is not paid an attendance allowance nor Directors' fees. His remuneration is structured so as to link rewards to corporate and individual performance. Performance is measured against specified targets by reference to the Group's Annual Business Plan. The reward process also takes into account relevant market comparisons and competitive pressures in the industry.

Non-Executive Directors are paid a fixed base fee on a quarterly basis. With the recommendation from the NRC, the Board as a whole determines the remuneration for Non-Executive Director with directors concerned abstaining from deliberation or voting on decision in respect of their remuneration. The aggregate amount of Directors' fee to be paid to Non-Executive Directors is subject to the approval of the shareholders at general meeting.

The breakdown of the remuneration of the Directors of the Company as well as subsidiary companies of the Company where they are a Board member for the financial year ended 31 December 2016, by category are shown below:-

(RM'000)	Company			Group		
	Executive	Non-Executive	Total	Executive	Non-Executive	Total
Fees	-	914	914	-	1,484	1,484
Salaries and other emoluments	885	-	885	885	-	885
Bonus	485	-	485	485	-	485
Employees Provident Fund	208	-	208	208	-	208
Allowances	60	-	60	60	-	60
Benefits-in-kind	32	38	70	32	38	70
<b>Total</b>	<b>1,670</b>	<b>952</b>	<b>2,622</b>	<b>1,670</b>	<b>1,522</b>	<b>3,192</b>

The number of Directors of the Company whose total remuneration during the year fall within the following bands are as follows:-

Range of Directors' Remuneration	Executive	Non-Executive	Total
Below RM50,000	-	1	1
RM50,001 - RM100,000	-	1	1
RM100,001 - RM150,000	-	3	3
RM150,001 - RM200,000	-	1	1
RM200,001 - RM250,000	-	1	1
RM250,001 - RM300,000	-	1	1
RM400,001 - RM450,000	-	1	1
RM1,650,001 - RM1,700,000	1	-	1

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

The details of the remuneration of each Director are not disclosed as the Board is of the view that the disclosure of the remuneration bands of the Directors of the Company is sufficient to meet the objective of the MCCG 2012.

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### 2.4 Directors' benefits

The current benefits payable and accorded to the Directors are:-

Item	Description	Directors' benefits
(a)	Allowance will be paid to Directors for the following, subject to the approval of the Chairman of UEM Edgenta or the Managing Director/Chief Executive Officer of UEM Edgenta:-  (i) Attending meetings with Government representatives on behalf of the Company; or  (ii) Handling operational issues such as visiting sites to advise the operating companies.	RM1,000 per day
(b)	Meeting allowance for ad-hoc or temporary Board Committees established for specific purposes.	(i) Chairman of committee - RM2,000 per meeting  (ii) Member of committee - RM1,000 per meeting
(c)	Car allowance for Chairman of UEM Edgenta	RM3,400 per month
(d)	Medical benefits for Board members  <i>Where a Director sits on several boards, he will only be entitled to claim medical benefits from one (1) company only.</i>	(i) Medical coverage of RM7,000.00 per annum, inclusive of outpatient, clinical, specialist and dental; and  (ii) Hospitalisation of RM100,000.00 per annum including room and board at RM500.00 per day
(e)	Training and Development of Directors	A training budget is allocated for Directors to attend relevant training programmes and seminars to enhance their knowledge and skills in discharging their duties.
(f)	Directors' & Officers' Liability Insurance	The Company through UEM Group Berhad's group-wide Directors' and Officers' Liability Insurance maintains coverage throughout the financial year to indemnify directors and officers against any liability incurred by them in the discharge of their duties while holding office as directors and officers of the Company.

The Company would be seeking shareholders' approval at the forthcoming AGM for the payment of Directors' benefits for items 2.4 (a) to (c) of the above table.

### 3. REINFORCE INDEPENDENCE

#### 3.1 Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring there is proper check and balance on the Board as they will be able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into account interests of the Group and the minority shareholders. In view thereof, an annual assessment is carried out via the BEA to review the independence of the Independent Directors.

The BEA for the Board and its Committees of the Company is carried out annually to maintain cohesiveness of the Board of the Company and at the same time, serves to improve the Board's effectiveness.

The BEA also covers the assessment of the independence of the Independent Directors, which takes into account how the Independent Directors have demonstrated effectiveness as an Independent Director, as per regulatory requirements and the ability of the Independent Directors to think and act independently and not to be duly influenced by the Management.

Upon completion of the BEA by the Board and Board Committees members, the results are collated and a detailed report will be presented to the NRC for assessments, evaluations and subsequently to make appropriate recommendation to the Board. All assessments and evaluations carried out by the NRC in the discharge of all its functions are properly documented.

With the recent annual assessment of the independence for the year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

#### 3.2 Tenure of Independent Directors

The Board via the Board Charter has adopted the criteria that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. However, subject to the approval of the Board, such Director may continue to serve on the Board provided he is re-designated as a Non-Independent Director.

The Board may nevertheless seek the shareholders' approval in the event it retains a person as an Independent Director who has served in that capacity for more than nine (9) years and provide strong justification to the shareholders at a general meeting.

#### 3.3 Shareholders Approval for the Retention of Independent Directors

None of the Independent Directors have served for a cumulative period of more than nine (9) years during the year under review.

#### 3.4 Separation of Positions of the Chairman and Chief Executive Officer

The Company aims to ensure a balance of power and authority between the Chairman and the Managing Director/Chief Executive Officer. Their positions are separated and clearly defined.

The roles and responsibilities of the Chairman and the Managing Director/Chief Executive Officer are clearly defined and reviewed if there are significant changes to the Company's strategy, operations, performance or management. Each has clear scope of duties and responsibilities that ensures a more equitable distribution of accountabilities. This distinction also reinforces the check and balance proposition.

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The Chairman of the Board, who is an Independent Non-Executive Director, together with the other Board members, are responsible for setting the policy framework within which the Management is to work. His main responsibility is to lead and manage the work of the Board in order to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He serves as the main liaison person between the Board and the Management. Together with the other Non-Executive and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He also chairs the meetings of the Board and the shareholders.

The Managing Director/Chief Executive Officer is responsible for the day to day management of the business with power, discretions, and delegations authorised in the DAL.

### 3.5 Composition of the Board

The Board currently has eight (8) members, comprising an Independent Non-Executive Chairman, one (1) Executive Director, three (3) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. One third (1/3) of the Board comprises of Independent Non-Executive Directors, in compliance with Paragraph 15.02(1) of the Listing Requirements.

The profile of each Directors is set out on pages 90 to 97 of this Annual Report.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment

To ensure effective management of the Group, the Board normally meets quarterly to review financial, operational and business performances. Additional meetings are also convened on an ad-hoc basis with formal agenda for the Board to deliberate on urgent issues that require immediate decision-making. The agenda together with the relevant board papers for each Board meeting are forwarded to the Directors in advance of the Board meeting for their study and to evaluate the matters to be discussed.

A total of twelve (12) Board meetings were held during the financial year ended 31 December 2016. The details of the Directors' attendance are as follows:-

Directors	No. of Meetings Attended	Percentage of Attendance (%)
<b>Amir Hamzah Azizan</b> Independent Non-Executive Director Chairman (Appointed on 1 July 2016)	7/7*	100
<b>Azmir Merican</b> Managing Director/Chief Executive Officer	12/12	100
<b>Dato' Izzaddin Idris</b> Non-Independent Non-Executive Director	11/12	92
<b>Robert Tan Bun Poo</b> Independent Non-Executive Director	12/12	100

Directors	No. of Meetings Attended	Percentage of Attendance (%)
<b>Dr. Saman @ Saimy Ismail</b> Independent Non-Executive Director	12/12	100
<b>Elakumari Kantilal</b> Non-Independent Non-Executive Director	11/12	92
<b>Shahazwan Harris</b> Non-Independent Non-Executive Director (Appointed on 1 July 2016)	7/7*	100
<b>Zailah Tun Dr Ismail Al-Haj</b> Independent Non-Executive Director (Appointed on 1 December 2016)	1/1*	100
<b>Dato' Seri Ismail Shahudin</b> Non-Independent Non-Executive Director Chairman (Demised on 30 July 2016)	1/7^	14
<b>Datuk Ir. Abdullah Sani Abd Karim</b> Senior Independent Non-Executive Director (Retired on 12 May 2016)	4/4**	100

\* Reflects the number of meetings held and attended since appointment.

\*\* Reflects the number of meetings held and attended up to date of retirement.

^ Absence from meeting was due to ill health.

#### 4.2 Training and Development of Directors

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging their responsibilities.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties and responsibilities.

During the year, the Directors have attended various seminars and training programmes to gain insights into the latest regulatory and industry developments in relation to the Group's businesses. Seminars and training programmes attended by the Directors during the year ended 31 December 2016 were as follows:-

Directors	Description
<b>Amir Hamzah Azizan</b> (Appointed on 1 July 2016)	<ul style="list-style-type: none"> <li>• Advance Analytics in HR by McKinsey</li> <li>• Scanning the Horizon: Oil &amp; Gas Outlook to 2020 by Bain</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• UEM Group's The Exchange 2016</li> <li>• 12<sup>th</sup> Khazanah Global Lecture</li> </ul>

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Directors	Description
<b>Azmir Merican</b>	<ul style="list-style-type: none"> <li>• UEM Group Lecture Series #1 by Dato' Sri Nazir Razak</li> <li>• The Linkage 20 Conversations @ Harvard</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• UEM Group's The Exchange 2016</li> <li>• McKinsey Innovation Forum: The Future of Work</li> </ul>
<b>Dato' Izzaddin Idris</b>	<ul style="list-style-type: none"> <li>• World Economic Forum</li> <li>• 8<sup>th</sup> Iskandar Malaysia CEO Forum</li> <li>• UEM Group Lecture Series #1 by Dato' Sri Nazir Razak</li> <li>• Strategic Leadership (Speaker)</li> <li>• Transformational Leadership (Speaker)</li> <li>• World Economic Forum ASEAN 2016</li> <li>• UEM Group Lecture Series #2 by Dato' Sri Shazalli Ramly</li> <li>• INTAN-RSOG Leadership Summit 2016</li> <li>• UEM Group's The Exchange 2016</li> <li>• UEM Group Lecture Series #3 by Datuk Haji Mohamed Faroz Mohamed Jakel</li> <li>• Bloomberg Nation Builders in Singapore (Speaker)</li> <li>• IRDA and REAM: Best Practices Conference</li> </ul>
<b>Robert Tan Bun Poo</b>	<ul style="list-style-type: none"> <li>• AmBank: Briefing on Competition Law</li> <li>• FIDE Forum: Insurance Takaful and Reinsurance Business</li> <li>• SIDC: Risk and Vulnerability of Global Markets - Reinforcing Resilience in Emerging Markets</li> <li>• Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/Chief Executive Officers</li> <li>• MIA-MICG: Roundtable Discussion on Proposed Draft of the Malaysian Code on Corporate Governance 2016</li> <li>• Amcorp Properties Berhad: Briefing on Companies Bill 2015</li> <li>• FIDE Forum: FinTech - Business Opportunity or Disruptors?</li> <li>• MIA/SC: Forum on Key Audit Matters in Audit Report</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• UEM Group's The Exchange 2016</li> </ul>
<b>Dr. Saman @ Saimy Ismail</b>	<ul style="list-style-type: none"> <li>• Asian World Summit: 8<sup>th</sup> Annual Corporate Governance Summit</li> <li>• UEM Group Lecture Series #1 by Dato' Sri Nazir Razak</li> <li>• UEM Group Lecture Series #2 by Dato' Sri Shazalli Ramly</li> <li>• Australian Institute of Company Directors &amp; MINDA: International Foundations of Directorship 2016</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• UEM Group's The Exchange 2016</li> </ul>
<b>Elakumari Kantilal</b>	<ul style="list-style-type: none"> <li>• Credit Lyonnais Securities Asia (CLSA): Chris Wood's Greed &amp; Fear Lunch Presentation</li> <li>• University of Chicago Booth School of Business, Chicago: Strategic Business Leadership</li> <li>• Asian World Summit: 8<sup>th</sup> Annual Corporate Governance Summit</li> <li>• MSWG: Stewardship Matters - For Long Term Sustainability</li> <li>• Bursa Malaysia: A sharing session by Korea Exchange of the KONEX Market in Korea</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• Endeavor Global, Inc: The 65<sup>th</sup> Endeavour International Selection Panel in Bali, Indonesia</li> <li>• UEM Group's The Exchange 2016</li> <li>• 12<sup>th</sup> Khazanah Global Lecture</li> <li>• GE Community: Reimagine the Future of Entrepreneurs 2016</li> </ul>



Directors	Description
<b>Shahazwan Harris</b> (Appointed on 1 July 2016)	<ul style="list-style-type: none"> <li>• Khazanah Megatrends Forum 2016</li> <li>• International Greentech &amp; Eco Products Exhibition and Conference Malaysia 2016: Energy Performance Contracting Financing Seminar</li> <li>• UEM Group's The Exchange 2016</li> </ul>
<b>Zailah Tun Dr Ismail Al-Haj</b> (Appointed on 1 December 2016)	^^

Note:

^^ Pn. Zailah Tun Dr Ismail Al-Haj, who was appointed as Director of the Company on 1 December 2016 did not attend any training during the year as there was no suitable training that suited her schedule in the month of December 2016.

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Chairman's Statement and the review of operations in the Annual Report. The Board is assisted by the ARC to oversee the Group financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements are reviewed by the ARC and the external auditors and approved by the Board before being released to Bursa Securities.

### 5.2 Assessment of Suitability and Independence of External Auditors

The Board, through the ARC maintains a transparent and professional relationship with the Internal and External Auditors. The ARC has been explicitly accorded the authority to communicate directly with both the Internal and External Auditors. Currently, Messrs Ernst & Young provides independent and professional external auditing services to the Group.

The ARC conducts yearly assessment on the suitability and independence of the External Auditors. The ARC evaluates and considers the following:-

- the competency, reputation and performance of the External Auditors;
- the timeliness and quality of the External Auditor's communications with the ARC and the Company;
- the quality of services and sufficiency of resources provided by the engagement team during the audit and throughout the financial year; and
- the External Auditor's independence, objectivity and professional scepticism.

The ARC meets up with the External Auditors at least twice a year in the absence of the Managing Director/Chief Executive Officer and Management.

The Company has established policies via the Terms of Reference of the ARC on governing the provision of non-audit services that can be provided by the External Auditors.

The External Auditors have confirmed to the Board their independence in providing their services for the year under review.

The Board is satisfied with the outcome of the assessment of the External Auditors on their suitability and independence, and recommending for their re-appointment at the forthcoming annual general meeting, subject to the approval of the shareholders.

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### 6. RECOGNISE AND MANAGE RISKS

#### 6.1 Sound Framework to Manage Risks

The Board has overall responsibility for the system of Risk Management and Internal Control which includes financial controls, operational and compliance controls to ensure that shareholders' investments, customers' interests and the Company's assets are safeguarded.

The Statement on Risk Management and Internal Control as set out on pages 158 to 167 of this Annual Report provides an overview of the state of internal controls within the Group.

#### 6.2 Internal Audit Function

Internal Audit Department ("IAD") is established as an independent appraisal function to assist both the ARC and the Board of Directors in discharging their duties and to provide assurance to the Management and the Board of Directors that all aspects of the operations of the Company are functioning within the acceptable limits and expectations. The IAD carries out the internal audit function of the Group. The Head of the Internal Audit reports functionally to ARC and administratively to the Managing Director/Chief Executive Officer of the Company.

### 7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Corporate Disclosure Policy

The Group has been transparent and accountable to its shareholders and investors and recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is also committed to ensure that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to the through the following channels:-

- Annual Report;
- Various disclosures and announcement to Bursa Securities including quarterly results;
- Press releases and announcements to the media;

- Dialogues and presentations at general meetings to provide overview and clear rationale with regard to the proposals tabled for approval by shareholders;
- Online investor relations on the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com); and
- All announcement made by the Company to Bursa Securities will be posted on the Company's website at [www.uemedgenta.com](http://www.uemedgenta.com)

The Company has in place, the Corporate Disclosure Policy which outlines the Company's approach towards the determination and dissemination of confidential information, the circumstances under which the confidentiality of information will be maintained and restrictions on insider trading. The Corporate Disclosure Policy also provides guidelines in order to achieve consistent disclosure practices across the Group.

#### 7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website has a dedicated section that provides investors with detailed information on the Group's business, commitments and latest developments.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Annual Report as well as those for past years is available through the Company's website and in CD-ROM format.

### 8. STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

#### 8.1 Encourage Shareholder Participation at General Meetings

The AGM is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. The Chairman as well as the Managing Director/Chief Executive Officer and the external auditors, if so required, will respond to questions from shareholders at the AGM.

## 8.2 Poll Voting

Effective from 1 July 2016, all resolutions set out in the notices of general meetings will be voted by poll. The polling processes will be explained during the general meetings and will be conducted through electronic voting. Poll results are then verified by the appointed Scrutineers.

On 2 December 2016, the Company held an Extraordinary General Meeting to seek shareholders' approval for the proposed acquisition of the entire issued and paid-up capital of Asia Integrated Facility Solutions Pte Ltd. The members present were briefed on the procedures for the conduct of poll through electronic voting. The poll results were verified by the scrutineers, Symphony Corporatehouse Sdn Bhd.

## 8.3 Effective Communication and Proactive Engagement with Shareholders

At the 53<sup>rd</sup> AGM, all the Directors save for a director who had conveyed his leave of absence were present in person to engage directly with the shareholders. The External Auditors were in attendance to respond to any shareholders' queries. The Managing Director/Chief Executive Officer also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholders Watchdog Group and several retail shareholders.

Shareholders may forward any concern/queries to Investor Relations at [ir@uemedgenta.uemnet.com](mailto:ir@uemedgenta.uemnet.com) and all relevant and appropriate issues raised will be addressed accordingly.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2016, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia.

The Board is satisfied that it has met its obligation to present a balanced and fair assessment of the Company's position and prospects in the Directors' Report on pages 174 to 177 and the Audited Financial Statements from pages 187 to 350 of this Annual Report.

## 10. COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board considers that this Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the MCCG 2012 has been applied. The Board considers and is satisfied that the Company has fulfilled its obligation under the MCCG 2012, the Listing Requirements and all applicable laws and regulations throughout the financial year ended 31 December 2016.

This Statement on Corporate Governance was approved by the Board on 27 March 2017.

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