

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2658  
**COMPANY NAME** : Ajinomoto (Malaysia) Berhad  
**FINANCIAL YEAR** : March 31, 2020

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the leadership and long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, Managing Director (“MD”)/Chief Executive Officer (“CEO”) and Management.</p> <p>The Board has reserved a formal schedule of matters for its decision making to ensure that direction and control of the Company are firmly in its hands. It has also set the strategic direction of the Company, exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>All the Directors of the Company has objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Company. The Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes necessary to keep abreast on issues and challenges arising from the changing business environment within which the Company operates.</p> <p>During the financial year ended 31 March 2020, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Main LR”):-</p>

Name of Director	Training/courses attended
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) <i>(retired w.e.f. 4 June 2020)</i>	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>
Tan Sri Dato' (Dr.) Teo Chiang Liang	<ul style="list-style-type: none"> <li>Securities Commission: Audit Oversight Board – Conversation with Audit Committee</li> </ul>
Naoko Yamamoto	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Shunsuke Sasaki <i>(appointed w.e.f. 1 July 2019)</i>	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme</li> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Koay Kah Ee	<ul style="list-style-type: none"> <li>Technical Briefing: Recent developments in Listing Requirements and Chapter 10 Case Studies</li> <li>Integrated Reporting: Communicating Value Creation</li> <li>2020 Budget Tax Seminar</li> <li>Corporate Liability Provision under the Malaysian Anti-Corruption Commission Act 2009</li> </ul>
Dominic Aw Kian-Wee	<ul style="list-style-type: none"> <li>Reputation Management: More Than Just Crisis Control</li> </ul>
Dato' Setia Ramli bin Mahmud	<ul style="list-style-type: none"> <li>Safeguarding The Business: Section 17A</li> </ul>
Kamarudin bin Rasid	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Hiroki Suzuki	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Miki Moriyama	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Azhan bin Mohamed	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
<p>The Board with the assistance of NC, reviews the training programmes for the Board annually. The Board had approved that an in-house training programme entitled 'Lean Leadership' for the Board and Senior Management be conducted on 26 March 2020. However, due to the Covid-19 outbreak, the aforesaid training programme was cancelled. In any case, due to Movement Control Order that was imposed by the Government, the aforesaid training would not be able to be conducted anyhow.</p>	

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board discusses, reviews and adopts various business plans and strategies, both short-term and long-term through active discussions with the MD/CEO and Executive Directors. The Non-Executive Directors has consistently enquired on the operations of the Company, examined the Management's plans and proposals for the Company and gave opinions on the plans and monitored their implementation by the Management.

The Board also promotes sustainability when setting the Company's business strategies. The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board ensures that all strategic and critical issues are considered in the formulation and adoption of the Company's strategies. The Board reviews and deliberates on the business plans and strategies for the Company before any decision is made. The MD/CEO, together with the Executive Directors, also briefs and updates the Board on the implementation of the business plans of the Company, during every Board meeting or more frequently as required subject to the materiality and time-sensitivity of the matter.

The Board, together with senior management, promotes good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour. The Board took cognizance of the findings of the Corporate Governance Monitor Report 2019 released by the Securities Commission Malaysia with the aim to adopt the practices recommended in the Malaysian Code on Corporate Governance with improvement opportunities in the quality of disclosures.

The Board also takes cognizance of the new amendments to Main LR in relation to anti-corruption measures to promote better governance culture and ethical behaviour within the Company. In light of this, Management has taken proactive initiatives not only to ensure compliance but to also inhibit corrupt practices or actions stemming from within the Company. Control measures that were taken are such as systematic reviewing and enforcement of the Company's policies, communication of policies through town hall briefings and the provision of training and workshops to the Company's employees. The Management was in the midst of establishing the following policies:-

- a) Policies and procedures on anti-corruption; and
- b) Enhanced the Company's Whistle-blowing Policy.

The Board encourages good corporate governance by applying sustainability practices throughout the Company. A detailed report on sustainability activities, demonstrating the Company's commitment to the global environmental, economic, social, and governance aspects of business, is presented under the Sustainability Statement contained in this Annual Report.

The Board also assesses Management performance to determine whether the Company's business is being properly managed. The

	<p>Audit Committee reviews the Company’s quarterly unaudited financial results and the Company’s business performance in conjunction with the Chief Finance Officer’s (“CFO”) detailed presentation on the financial and business performance of the Company at the Audit Committee Meeting where the CFO will answer questions raised by other Board members accordingly.</p> <p>The Company has established a sound framework for internal controls and risk management which is detailed under Practice 9.1, 9.2, 10.1 and 10.2 of this Report. On the formal reporting level, the Board vide the Audit Committee, reviews the Internal Audit Report quarterly and discusses the relevant improvements required to address internal audit issues. Notwithstanding that, the MD/CEO also presents the Risk Management Report to the Audit Committee every quarter to ensure the risks faced by the Company are adequately addressed and monitored.</p> <p>The MD/CEO has also presented the Company’s annual budget to the Board for review and approval. The annual budget for the financial year ending 31 March 2021 had been tabled and approved by the Board on 26 February 2020. In addition, the Management had also updated the Board periodically on the construction site progress of the new plant located at Techpark@Enstek, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan. The selection of contractors, cost estimation and budgeting, construction phase planning had been appropriately reviewed and tabled to the Board.</p> <p>The Board recognises that succession planning is an ongoing process designed to ensure that the Company identifies and develops a talent pool of employees through mentoring, training and job rotation for senior management positions that have become vacant. The Board is also supported by the Nomination Committee to review Board and senior management succession plans to ensure there is an orderly succession of Board and senior management members with the appropriate calibre.</p> <p>The Board also ensures that the Company has in place procedures to enable effective communication with stakeholders.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For the financial year ended 31 March 2020, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as the Chairman of the Board had during the year –</p> <ul style="list-style-type: none"> <li>• provided leadership for the Board so that the Board can discharge its duties and responsibilities effectively;</li> <li>• through the Chief Finance Officer and Company Secretaries, set the Board agenda and ensured that Board members receive complete and accurate information in a timely manner;</li> <li>• led Board meetings and discussions;</li> <li>• encouraged active participation and allowed dissenting views to be freely expressed;</li> <li>• managed the interface between Board and Management;</li> <li>• ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and</li> <li>• led the Board in establishing and monitoring good corporate governance practices in the Company.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The positions of the Chairman and Managing Director (“MD”)/Chief Executive Officer (“CEO”) are held by two different individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness. The Chairman leads the Board in its collective oversight of Management, while the MD/CEO has the overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions. The distinct and separate roles of the Chairman and MD/CEO are clearly defined in the Board Charter to ensure that no one individual has unfettered powers of decision-making.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 registered with the Companies Commission of Malaysia and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("<b>MAICSA</b>"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a team of competent company secretarial personnel.</p> <p>The Company Secretaries support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and in managing the corporate governance framework of the Company. The Company Secretaries also advise the Directors on their fiduciary and statutory duties, as well as corporate disclosures and compliances with the Companies Act 2016, the Company's Constitution, the Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") Main Market Listing Requirements ("<b>Main LR</b>"), the Malaysian Code on Corporate Governance, adopted policies, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliances. The Company Secretaries also support the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference, Board Charter and best practices, and in managing the corporate governance framework of the Company.</p> <p>The Company Secretaries also update the Board on changes in the regulatory requirements to ensure correct procedures are followed and the Company remains compliant with the relevant rules and regulatory requirements.</p> <p>The Company Secretaries are also acting as the official liaison party for the Company to prepare, and submit statutory returns to the Companies Commission of Malaysia ("<b>CCM</b>"). They will ensure that any change in the Company's statutory information will be notified to the CCM in the relevant prescribed forms in a timely manner.</p>

	<p>The Company Secretaries are responsible in arranging meetings of Directors and shareholders. This involves the preparation of agenda, issuance of proper notices of meetings, and taking and producing minutes to record the business transacted at the meetings and the decisions taken.</p> <p>For the financial year ended 31 March 2020, the Company Secretaries attended the Fifty-Eighth Annual General Meeting (“58<sup>th</sup> AGM”) and at least one (1) of the Company Secretaries attended all Board and Board committee meetings. All deliberations at the 58<sup>th</sup> AGM and all Board and Board committee meetings were well minuted for the Board’s reference and for action plans to be communicated to the Management to work on and to report back to the Board.</p> <p>During the 58<sup>th</sup> AGM, the Company Secretaries coordinated with Management and Share Registrar / Poll Administrator to manage the processes of the meeting and ensure orderly proceedings, including the conduct of the poll taken on all resolutions tabled at the 58<sup>th</sup> AGM.</p> <p>The Board is also updated by the Company Secretaries on the Directors’ Resolutions in Writing passed, Directors’ dealings pursuant to Chapter 14 of the Main LR, announcements made to Bursa Securities and circulars or correspondences from Bursa Securities, at every scheduled Board meeting during the financial year.</p> <p>The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment, through continuous training and industry updates. They have also attended many relevant continuous professional development programmes as required by MAICSA for practicing Chartered Secretaries.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function, duties and responsibilities.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Meeting materials are circulated to Directors at least five (5) business days in advance of Board/Board Committee meetings. The Minutes of Board/Board Committee meetings are circulated to the respective Chairman of the meetings in a timely manner for review before they are confirmed and adopted by members of the Board/Board Committee at their respective meetings.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter, which is published on the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>, which was last updated by the Board on 24 May 2018. The Board Charter clearly sets out the Board's strategic intent and identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors, Senior Independent Director and senior management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and Terms of Reference of the Board, Board Committees and senior management. This is to ensure that all Directors and senior management acting on behalf of the Company are aware of their duties and responsibilities.</p> <p>The Board Charter was updated to ensure 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, and on behalf of the Company.</p> <p>The Board Charter and Terms of Reference of the Board Committees will be reviewed as and when necessary to ensure they remain consistent with the Board's objectives and responsibilities, and reflect the latest compliance requirements as a result of changes in the regulatory framework, and remain relevant at all times.</p> <p>The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairman, at Board meetings.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed in maintaining a corporate culture that engenders ethical conduct. The Board has formalised ethical standards by adopting a Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Company's Code of Conduct covers ethical behaviour in all aspects of the Company's business operations, which includes areas concerning provision of safe, high-quality products and services, social contribution activities, conservation of the environment, respect for human rights and ensuring of workplace safety, responsibilities to shareholders, fair and transparent transactions and protection and management of Company assets and information.</p> <p>The said Code of Conduct is published on the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>.</p> <p>Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a whistleblowing policy to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of the law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The whistleblowing policy of the Company provides guidance on the appropriate communication and feedback channels to facilitate whistleblowing.</p> <p>The said whistleblowing policy is published on the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Throughout the financial year ended 31 March 2020 to-date, the Board comprised six (6) Executive Directors and five (5) Independent Non-Executive Directors.  Although slightly less than half of the Board comprises Independent Directors, the Board is of the view that having five (5) Independent Non-Executive Directors on the Board provides adequate check and balance of power and authority and is able to support independent deliberation of the Board and sufficiently enable it to discharge its duties objectively. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.
		The Board may consider appointing more Independent Directors to the Board when the need arises in the future.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	: Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	<p>During the financial year ended 31 March 2020, in line with the Malaysian Code on Corporate Governance (“MCCG”), the Board sought shareholders’ approval for the retention of its Directors who have served more than a cumulative term of nine (9) years as Independent Directors in accordance with the recommendations of the MCCG. General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato’ (Dr.) Teo Chiang Liang, the Independent Directors of the Company who had each served the Board for a cumulative term of more than twelve (12) years, were retained as Independent Directors through a two-tier voting process at the 58<sup>th</sup> Annual General Meeting of the Company held on 26 August 2019. Mr. Koay Kah Ee, Mr. Dominic Aw Kian-Wee and Dato’ Setia Ramli bin Mahmud, who each served or would serve the Board for a cumulative term of more than nine (9) years, were retained as Independent Directors through the usual one-tier voting process during the said Meeting.</p> <p>The Nomination Committee and the Board have assessed the independence of General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato’ (Dr.) Teo Chiang Liang, Mr. Koay Kah Ee, Mr. Dominic Aw Kian-Wee and Dato’ Setia Ramli bin Mahmud, and have recommended that they be retained as Independent Directors of the Company as they continue to bring independent and objective judgement to Board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Directors of the Company:-</p> <ul style="list-style-type: none"><li>• fulfilled the criteria under the definition of Independent Director pursuant to Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;</li><li>• not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;</li></ul>

	<ul style="list-style-type: none"> <li>• no potential conflict of interest, whether business or non-business related with the Company;</li> <li>• not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director / Chief Executive Officer and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and</li> <li>• not derived any remuneration and other benefits apart from Directors' fees and hospitalisation and surgical coverage that are approved by shareholders.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of the Board and senior management composition diversity recommendation promoted by the Malaysian Code on Corporate Governance in order to offer greater depth and breadth to Board discussions and constructive debates at senior management level.</p> <p>The Directors and senior management are recruited based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the Nomination Committee and the Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly documented. This process was applied for the appointment of Mr. Shunsuke Sasaki as a Director of the Company during the financial year ended 31 March 2020.</p> <p>The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company. The gender diversity policy of the Board has been incorporated in the Company's Board Charter.</p> <p>The Board, assisted by Management, is responsible for developing strategies to meet the objectives of gender diversity, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms. These gender diversity strategies include:-</p> <ul style="list-style-type: none"><li>(a) recruiting from a diverse pool of candidates i.e., from Director's registry, open advertisement or by the use of independent search firms for all positions, including senior management;</li><li>(b) reviewing succession plans to ensure an appropriate focus on gender diversity;</li><li>(c) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity;</li><li>(d) developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and</li><li>(e) any other strategies the Board develops from time to time.</li></ul> <p>Currently, there is only one (1) female Director on the Board namely, Puan Norani binti Sulaiman after the resignation of Ms. Naoko Yamamoto and Ms. Yukiko Nishioka as the Directors of the Company on 30 June 2020 and 30 June 2019 respectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Although the Board did not utilise independent sources to identify the new Board member appointed during the financial year ended 31 March 2020, namely, Mr. Shunsuke Sasaki, who was recommended by the major shareholder and the Management, Board decision was still made objectively in the best interests of the Company taking into account his potential to contribute to the Board.	
		The Board will consider utilising independent sources to identify suitably qualified candidates when the need arises in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the financial year ended 31 March 2020, the Nomination Committee is chaired by Mr. Koay Kah Ee, the Senior Independent Director appointed by the Board. The Nomination Committee Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.</p> <p>Presently, the NC is chaired by Mr. Dominic Aw Kian-Wee while Mr. Koay Kah Ee is re-designated as a member of the NC. These changes were made effective on 4 June 2020. Puan Norani binti Sulaiman was subsequently appointed as a member of the NC on 1 July 2020.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has, through the Nomination Committee, conducted the following annual assessments in the financial year ended 31 March 2020:-</p> <p>(i) <b>Directors' self-assessment</b></p> <p>The annual assessment of the Directors is based on a comprehensive assessment system, which commences with the completion of a set of comprehensive Self-Assessment Form detailing all assessment criteria which must be completed by each Director for evaluation by the Nomination Committee. Criteria for the self-assessment include self-ratings on the Director's knowledge, support of the mission and goals of the Company, time commitment, and active participation on the Board.</p> <p>The completed evaluation forms were submitted to the Company Secretaries, who tabulated the results for tabling at the Nomination Committee and Board meetings held on 27 June 2019.</p> <p>Based on the evaluation conducted in the financial year ended 31 March 2020, the Nomination Committee and the Board were satisfied with the performance of the individual Directors.</p> <p>(ii) <b>Evaluation on the effectiveness of the Board as a whole and Board Committees</b></p> <p>The criteria for the assessment of the performance of the Board as a whole and the Board committees cover composition, processes, accountability as well as the fulfilment of duties and responsibilities.</p>

Based on the evaluations conducted in the financial year ended 31 March 2020, the Nomination Committee and the Board were satisfied with the performance of the Board as a whole as well as the Board Committees.

(iii) **Assessment of Independent Directors**

The Board through the Nomination Committee has also assessed the independence of the Independent Directors on the Board, taking into account the following:-

- fulfillment of the definition of an independent director as set out in Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
- ability to exercise independent judgement and act in the best interests of the Company
- potential conflicts of interest with regards to any contracts or transactions with the Group
- significant personal or social relationship with the Management or major shareholders (including their family members) other than those on a professional level consistent with their duties and generally expected of them
- derivation of other remuneration and benefits apart from Directors' fees and other benefits approved by shareholders

All the Independent Directors had executed their respective Declaration of Independence.

For the financial year ended 31 March 2020, the Board is satisfied that the Independent Directors have brought independence and objective judgements to the Board and have not been compromised, amongst others, by familiarity or close relationship with other Board members.

(iv) **Review of the term of office and performance of Audit Committee and each of its members**

Based on the evaluation conducted for the financial year ended 31 March 2020, the Nomination Committee and the Board were satisfied with the performance of all the Audit Committee members, and the Board has renewed the term of office of each of the Audit Committee members for another term of one (1) year.

The Board is also satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the financial year ended 31 March 2020 as set out in the table below:-

	<b>Name of Director</b>	<b>Attendance</b>
	General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) <i>(retired w.e.f. 4 June 2020)</i>	5/5
	Tan Sri Dato' (Dr.) Teo Chiang Liang	5/5
	Naoko Yamamoto <i>(resigned w.e.f. 30 June 2020)</i>	5/5
	Shunsuke Sasaki <i>(appointed w.e.f. 1 July 2019)</i>	3/3
	Koay Kah Ee	5/5
	Dominic Aw Kian-Wee	5/5
	Dato' Setia Ramli bin Mahmud	5/5
	Kamarudin bin Rasid	5/5
	Hiroki Suzuki	5/5
	Miki Moriyama	5/5
	Azhan bin Mohamed	5/5
	Yukiko Nishioka <i>(resigned w.e.f. 30 June 2019)</i>	2/2
	<p>All Directors shall, prior to accepting new directorships in other companies, notify the Chairman of the Board and/or the Company Secretary, and inform them the indication of time that will be spent on the new appointment to ensure that the Director would still have the time to focus and fulfill their roles and responsibilities effectively. The Directors are also required to submit a timely update on their other relevant directorships to the Company Secretary, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, where required.</p> <p>None of the Directors have directorships in public listed companies that exceeded the maximum limit of five (5) directorships.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view that fair remuneration is crucial to attract, retain and motivate Directors and senior management, the Board has adopted 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 to determine the remuneration of Directors and senior management. The said policies and procedures are available on the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>.</p> <p>The Board has adopted Ajinomoto's Group Remuneration Policy and Ajinomoto Co. Inc.'s recommendations to set the remuneration of its Executive Directors, which includes salaries, bonuses and benefits-in-kind. The compensation system takes into account the performance of each Executive Director and the competitive environment in which the Company operates. The Remuneration Committee reviews the remuneration packages of the Executive Directors and recommends the same to the Board to ensure their remuneration is sufficiently attractive and is able to retain and motivate them to contribute to the success of the Company. The Executive Directors take no part in deciding their own remuneration.</p> <p>The remuneration of Non-Executive Directors is made up of Directors' fees and other benefits in the form of hospitalisation and surgical coverage and meeting travelling allowances. The level of remuneration for Non-Executive Directors shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. The remuneration of Non-Executive Directors is reviewed by the Remuneration Committee annually and is recommended by the Board as a whole and subject to shareholders' approval at General Meeting, with the individual Non-Executive Director abstaining from all deliberations and voting in respect of his own remuneration at Board level.</p>

	The remuneration of senior management is made up of salary, bonus, allowance and other benefits in the form of short-term and/or long-term incentive plans as determined by the Managing Director/Chief Executive Officer.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has a Remuneration Committee that assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The Remuneration Committee also assists the Board to structure and link Directors' remuneration to the strategic objectives of the Company, which rewards contribution to the long-term success of the Company in promoting business stability and growth.</p> <p>The Remuneration Committee has a detailed Terms of Reference in writing, which includes the Remuneration Committee's –</p> <ul style="list-style-type: none"><li>• Objectives</li><li>• Composition of members</li><li>• Chairman</li><li>• Secretary</li><li>• Meetings</li><li>• Minutes</li><li>• Quorum</li><li>• Circular resolutions</li><li>• Reporting</li><li>• Authority</li><li>• Duties and responsibilities</li></ul> <p>The Terms of Reference of the Remuneration Committee is published on the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>.</p> <p>For the financial year ended 31 March 2020, the Remuneration Committee is chaired by General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), the Independent Chairman of the Board. Upon the retirement of General Tan Sri (Dr.) Dato' Paduka Mohamed</p>

	<p>Hashim bin Mohd. Ali (Rtd) as a Director on 4 June 2020, Tan Sri Dato' (Dr.) Teo Chiang Liang was appointed as a Chairman of Remuneration Committee in replacement thereof. Mr. Koay Kah Ee and Dato' Setia Ramli bin Mahmud were subsequently appointed as the members of Remuneration Committee on 4 June 2020.</p> <p>The Remuneration Committee currently consists of all Independent Non-Executive Directors, which is in line with the Malaysian Code on Corporate Governance.</p> <p>The Directors who are shareholders of the Company had abstained from voting in respect of their fees and benefits at the 58<sup>th</sup> Annual General Meeting of the Company held on 26 August 2019 and would continue to abstain from voting in respect of the same at the forthcoming 59<sup>th</sup> Annual General Meeting.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b> :	Applied																																																															
<b>Explanation</b> : <b>on application of the practice</b>	Remuneration of Directors for the financial year ended 31 March 2020 is as follows:-  <b>Executive Directors</b> <table border="1"><thead><tr><th>Name of director</th><th>Salaries and other emoluments</th><th>Fees*</th><th>Bonus</th><th>Gratuity#</th><th>Defined contribution plan</th><th>Benefits in-kind</th></tr><tr><th>Company</th><th>RM</th><th>RM</th><th>RM</th><th>RM</th><th>RM</th><th>RM</th></tr></thead><tbody><tr><td>Naoko Yamamoto <i>(resigned w.e.f. 30 June 2020)</i></td><td>618,171</td><td>27,000</td><td>77,459</td><td>10,800</td><td>0</td><td>124,791</td></tr><tr><td>Shunsuke Sasaki <i>(appointed w.e.f. 1 July 2019)</i></td><td>382,771</td><td>20,250</td><td>25,885</td><td>8,100</td><td>0</td><td>61,004</td></tr><tr><td>Kamarudin bin Rasid</td><td>279,814</td><td>27,000</td><td>127,665</td><td>10,800</td><td>80,956</td><td>6,407</td></tr><tr><td>Hiroki Suzuki</td><td>619,438</td><td>27,000</td><td>77,459</td><td>10,800</td><td>0</td><td>81,201</td></tr><tr><td>Miki Moriyama</td><td>693,396</td><td>27,000</td><td>77,459</td><td>10,800</td><td>0</td><td>67,475</td></tr><tr><td>Azhan bin Mohamed</td><td>194,130</td><td>27,000</td><td>68,400</td><td>10,800</td><td>87,133</td><td>7,515</td></tr><tr><td>Yukiko Nishioka <i>(resigned w.e.f. 30 June 2019)</i></td><td>123,609</td><td>6,750</td><td>51,364</td><td>2,700</td><td>0</td><td>17,907</td></tr></tbody></table>	Name of director	Salaries and other emoluments	Fees*	Bonus	Gratuity#	Defined contribution plan	Benefits in-kind	Company	RM	RM	RM	RM	RM	RM	Naoko Yamamoto <i>(resigned w.e.f. 30 June 2020)</i>	618,171	27,000	77,459	10,800	0	124,791	Shunsuke Sasaki <i>(appointed w.e.f. 1 July 2019)</i>	382,771	20,250	25,885	8,100	0	61,004	Kamarudin bin Rasid	279,814	27,000	127,665	10,800	80,956	6,407	Hiroki Suzuki	619,438	27,000	77,459	10,800	0	81,201	Miki Moriyama	693,396	27,000	77,459	10,800	0	67,475	Azhan bin Mohamed	194,130	27,000	68,400	10,800	87,133	7,515	Yukiko Nishioka <i>(resigned w.e.f. 30 June 2019)</i>	123,609	6,750	51,364	2,700	0	17,907
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<b>Non-Executive Directors</b>				
<b>Name of director</b>	<b>Fees*</b>	<b>Gratuity#</b>	<b>Other Emoluments^</b>	<b>Benefits in-kind</b>
<b>Company</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) <i>(retired w.e.f. 4 June 2020)</i>	90,000	36,000	31,800	80,893
Tan Sri Dato' (Dr.) Teo Chiang Liang	45,000	18,000	21,800	0
Koay Kah Ee	35,000	14,000	21,800	0
Dominic Aw Kian-Wee	35,000	14,000	21,800	0
Dato' Setia Ramli bin Mahmud	35,000	14,000	21,800	0
<p><i>*Subject to shareholders' approval at the 59<sup>th</sup> AGM of the Company.</i></p> <p><i>#Based on the Company's current remuneration policy, all Directors are entitled to receive gratuity payment upon their resignation or retirement from office. The Company would make a provision for the gratuity amounts during the Directors' term of office, and hence, the above gratuity was provided for in the financial statements for the current financial year but it has not been paid yet.</i></p> <p><i>^Meeting, transport allowance and hospitalisation coverage approved by shareholders at the 58<sup>th</sup> AGM of the Company.</i></p>				
<b>Explanation :</b> <b>for departure</b>				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure :</b>				
<b>Timeframe :</b>				

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	The top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000/- , are as follows:												
		<table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Name of top five (5) senior management</th> </tr> </thead> <tbody> <tr> <td>RM450,001-RM500,000</td> <td>Shunsuke Sasaki – Executive Director, Chief Finance Officer</td> </tr> <tr> <td>RM500,001-RM550,000</td> <td>Kamarudin bin Rasid – Executive Director, Chief Administration Officer</td> </tr> <tr> <td>RM800,001-RM850,000</td> <td>Hiroki Suzuki – Executive Director, Chief Sales and Marketing Officer</td> </tr> <tr> <td>RM850,001-RM900,000</td> <td>Naoko Yamamoto – Managing Director, Chief Executive Officer</td> </tr> <tr> <td>RM850,001-RM900,000</td> <td>Miki Moriyama – Executive Director, Chief Supply Chain Officer</td> </tr> </tbody> </table>	Range of Remuneration	Name of top five (5) senior management	RM450,001-RM500,000	Shunsuke Sasaki – Executive Director, Chief Finance Officer	RM500,001-RM550,000	Kamarudin bin Rasid – Executive Director, Chief Administration Officer	RM800,001-RM850,000	Hiroki Suzuki – Executive Director, Chief Sales and Marketing Officer	RM850,001-RM900,000	Naoko Yamamoto – Managing Director, Chief Executive Officer	RM850,001-RM900,000	Miki Moriyama – Executive Director, Chief Supply Chain Officer
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<b>Explanation for departure</b>	:													
	:													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
<b>Measure</b>	:													
<b>Timeframe</b>	:													

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Members of senior management of the Company are also Executive Directors of the Company and their detailed remuneration are disclosed under Practice 7.1 above.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For the financial year ended 31 March 2020, the Chairman of the Audit Committee is Tan Sri Dato' (Dr.) Teo Chiang Liang, an Independent Non-Executive Director, while the Chairman of the Board is General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), also an Independent Non-Executive Director.</p> <p>Presently, since 4 June 2020, the Audit Committee is chaired by Mr. Koay Kah Ee upon the appointment of Tan Sri Dato' (Dr.) Teo Chiang Liang as a Chairman of the Board in replacement of the retired Director, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd). Puan Norani binti Sulaiman was subsequently appointed as a member of the Audit Committee on 1 July 2020. This has ensured that the objectivity of the Board's review of the Audit Committee's findings and recommendations are not impaired. This separation is set out clearly in the Terms of Reference of the Audit Committee.</p> <p>During the financial year under review, Tan Sri Dato' (Dr.) Teo Chiang Liang is responsible to ensure the overall effectiveness and independence of the Audit Committee. Together with other members of the Audit Committee, Tan Sri has ensured amongst others that -</p> <ol style="list-style-type: none"> <li>a. the Audit Committee is fully informed about significant matters related to the Company's audit and its financial statements and these matters are addressed;</li> <li>b. the Audit Committee appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;</li> <li>c. the Audit Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors; and</li> <li>d. there is co-ordination between Internal and External Auditors.</li> </ol>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Before appointing a former key audit partner of the Company's External Auditors as a member of the Audit Committee, the Audit Committee has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the Audit Committee. This is to safeguard the independence of the audit and preparation of the Company's financial statements.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>In recommending the appointment or re-appointment of the External Auditors to the Board, the Audit Committee has established Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors that consider amongst others:-</p> <ol style="list-style-type: none"><li>the competence, audit quality, experience and resource capacity of the External Auditors and its staff assigned to the audit;</li><li>the audit firm's other audit engagements;</li><li>the adequacy of the scope of the audit plan;</li><li>the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;</li><li>the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and</li><li>obtaining written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</li></ol> <p>The assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The Audit Committee was of the view that Messrs. Ernst &amp; Young PLT ("EY"), the External Auditors, had conducted itself objectively and independently in carrying out the audit of the Company during the financial year ended 31 March 2020, and was therefore suitable to be re-appointed for the ensuing year and had recommended the same to the Board based on the following additional observations:-</p> <ul style="list-style-type: none"><li>EY's active communication with the Audit Committee</li><li>Presentation of a comprehensive audit plan and audit findings report</li><li>EY has provided the necessary quality of services required</li><li>EY has sufficient resources to carry out the audit</li></ul> <p>In EY's reports on its audit plan and audit findings, EY provided its written assurance to the Audit Committee that they were, and had been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.</p>

	<p>The Board, having considered the Audit Committee’s recommendation and feedback, was satisfied with the suitability and independence of EY as the External Auditors and has recommended their re-appointment to the shareholders for approval at the 59<sup>th</sup> Annual General Meeting.</p>	
<p><b>Explanation for departure</b></p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	For the financial year ended 31 March 2020, the Audit Committee comprises solely of the following Independent Directors in line with Practice 8.4 of the Malaysian Code on Corporate Governance:-  a. Tan Sri Dato' (Dr.) Teo Chiang Liang; b. General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) ( <i>retired on 4 June 2020</i> ); c. Koay Kah Ee; d. Dominic Aw Kian-Wee; and e. Dato' Setia Ramli bin Mahmud.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee are financially literate and are able to understand the Company's business and matters under the purview of the Audit Committee including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.</p> <p>All members of the Audit Committee have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, as and when required.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a Risk Management Committee, which adopts the risk framework of Ajinomoto Co., Inc's Risk Management Guideline System. The risk management framework serves as a reference for the Risk Management Committee to identify, assess and monitor the key business risks of the Company in order to safeguard shareholders' investment and the Company's assets.</p> <p>The Risk Management Committee is chaired by the Managing Director/Chief Executive Officer ("MD/CEO") and includes other key Management staff of the Company. Periodic Management meetings are conducted to deliberate the risk issues faced by the Company and the necessary actions to be taken. The MD/CEO presents the risk management report to the Board quarterly for the Board's attention.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board via the Risk Management Committee oversees the risk management of the Company. The Risk Management Committee, with the assistance of the senior management team, assesses the risk tolerance of the Company, identifies the risk issues faced by the Company and takes appropriate actions to manage the identified risks within defined parameters.</p> <p>The Company also engages the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review, and approval by the Board to ensure adequate coverage.</p> <p>The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.</p> <p>The review and periodic testing of the Company's internal control and risk management framework are conducted as and when required.</p> <p>In reviewing the business continuity amidst the Covid-19 outbreak as well as the implementation of the Movement Control Order, the Company had developed the following action plans:-</p> <p>(a) Operation</p> <ul style="list-style-type: none"><li>- minimise the risk exposure of the employees' health and safety by offering 'work remotely from home' arrangement</li><li>- maintain strict adherence to the instructions given at the factory site.</li><li>- a 24-hour security services on duty.</li></ul> <p>(b) Sales branches</p> <ul style="list-style-type: none"><li>- suspend all sales and marketing promotion activities.</li><li>- reduce the headcounts at sales branches for support services only</li></ul>

	Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in the 2020 Annual Report.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company is carried out by an outsourced professional service firm that assists the Audit Committee and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to both the Audit Committee and the Board.</p> <p>The Audit Committee has the following duties and responsibilities to ensure the internal audit function is effective and able to function independently:-</p> <ul style="list-style-type: none"><li>• review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;</li><li>• review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;</li><li>• review the internal audit plan, consider the internal audit reports and findings of the Internal Auditors, fraud investigations and actions and steps taken by Management in response to audit findings;</li><li>• review and decide on the budget for the internal audit function;</li><li>• review any appraisal or assessment of the performance of members of the internal audit function; and</li><li>• approve any appointment or termination of the Internal Auditors.</li></ul> <p>In developing the scope of the internal audit function, the Audit Committee is satisfied that –</p> <ol style="list-style-type: none"><li>a. the person responsible for the internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li></ol>

	<p>b. the firm appointed to carry out the Company's internal audit function has sufficient resources and is able to access information to enable it to carry out its role effectively; and</p> <p>c. the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</p> <p>The Internal Auditors has and will continue to keep abreast with developments in the profession, relevant industry and regulations.</p> <p>The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.</p> <p>Areas for improvements are highlighted to the Audit Committee and the Board, and the implementation of recommendations has consistently been monitored. None of the internal control weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the 2020 Annual Report.</p> <p>Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report in the Company's 2020 Annual Report.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The number of staff deployed for the internal audit reviews ranges from 3 to 5 staff per visit including the Engagement Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staffs are members of the Institute of Internal Auditors Malaysia.</p> <p>The Engagement Director is Mr. Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).</p> <p>The internal audit reviews were conducted using a risk-based approach and was guided by the International Professional Practice Framework (IPPF).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate developments and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.</p> <p>The Board is also mindful of the disclosure obligations as stipulated in the Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") Main Market Listing Requirements ("<b>Main LR</b>") and strives to ensure compliance at all times. The Board endeavours to provide timely and accurate disclosure of all material or price sensitive information of the Company to shareholders and investors and may provide additional disclosure of information on a voluntary basis, where possible and applicable, as soon as practicable through various appropriate channels and announcements made to Bursa Securities. The Board ensures that all material information and corporate disclosures are discussed with Management prior to dissemination to ensure compliance with the Main LR. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities's Corporate Disclosure Guide as published by Bursa Securities from time to time. All public announcements are electronically published and can be accessed publicly at Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or the Company's website at <a href="http://www.ajinomoto.com.my">www.ajinomoto.com.my</a>.</p> <p>Besides that, the Annual Report to shareholders, is also one of the main channels of communication between the Company and its shareholders and stakeholders. The Annual Report, which is prepared in accordance with the requirements of the Main LR, communicates comprehensive information of the financial results and activities undertaken by the Company. All information to shareholders is available electronically as soon as it is announced or published.</p>

	<p>Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which provides a useful forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors.</p> <p>Apart from the above, in maintaining the effective communication with the stakeholders, the Company has established an exhibition center named "1909 INFOSEUM" to enable the stakeholders to have a better understanding on the Company and its products. This leads the stakeholders to better appreciate the Company's objectives and the quality of its management and products.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	The Company is not categorised as "Large companies" under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework. Nonetheless, the Board ensures there is ongoing engagement and communication between the Company and its stakeholders to build trust and 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, as explained under Practice 11.1 above.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has provided all shareholders at least twenty-eight (28) days' notice before the date of the 58<sup>th</sup> Annual General Meeting last year and will give all shareholders at least twenty-eight (28) days' notice before the date of the 59<sup>th</sup> Annual General Meeting this year.</p> <p>The Notice of General Meeting provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the Directors of the Company attended the 58<sup>th</sup> Annual General Meeting of the Company held on 26 August 2019. During the 58<sup>th</sup> Annual General Meeting, the MD/CEO presented the financial results and the Company's business strategy for the new financial year, after which the Chairman invited questions from the shareholders present. The Board responded to the questions raised during the 58<sup>th</sup> Annual General Meeting.</p> <p>All the Directors of the Company have and will always endeavour to attend all General Meetings and the Chairman of the Audit, Nomination, Risk Management Committees and other committees will provide meaningful response to questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards. The Company had conducted its voting on all resolutions at the 58<sup>th</sup> Annual General Meeting held on 26 August 2019 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.</p> <p>Prior to implementing the voting in absentia and remote shareholders' participation at general meetings as encouraged by the Malaysian Code on Corporate Governance, the Board noted several factors and conditions that need to be fulfilled prior to making such considerations:-</p> <ul style="list-style-type: none"><li>• Availability of technology and infrastructure;</li><li>• Affordability of the technology and infrastructure;</li><li>• Sufficient number of shareholders residing or locating at particular remote locations; and</li><li>• Age profile of the shareholders.</li></ul> <p>In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 4,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming 59<sup>th</sup> Annual General Meeting of the Company.</p>

	<p>Nonetheless, the Company will carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation at the appropriate time.</p>	
	<p>For shareholders who are not able to attend the Annual General Meetings, they may appoint any person(s) as their proxies to attend, participate, speak and vote on their behalf and represent them.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	<p>The 59<sup>th</sup> AGM of the Company in 2020 will be conducted on a fully virtual basis to facilitate communication and engagements with shareholders while enabling remote shareholders' participation via live streaming and vote online remotely on the resolutions tabled at the AGM.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>-</p>

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

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

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