

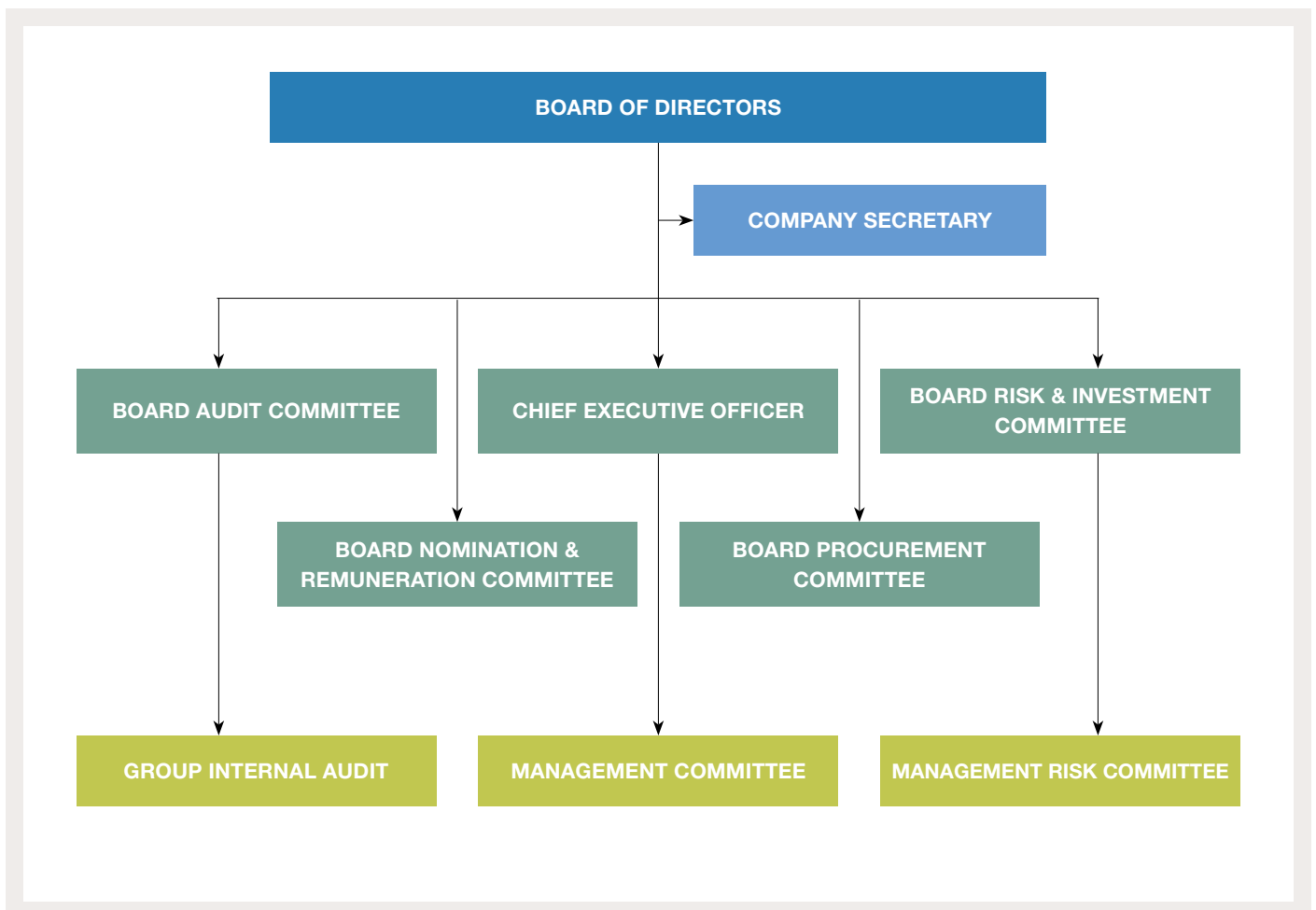
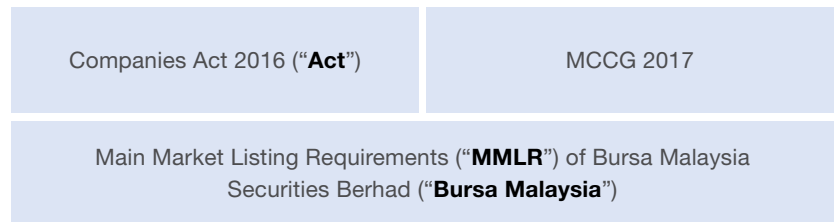
CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“**Board**”) of Malakoff Corporation Berhad (“**Malakoff**” or “**the Company**”) is committed to sustainable business practices and fulfilling its corporate governance obligation in leading the Company towards achieving its growth target and enhancing the shareholders’ value. Despite the challenging operating environment in year 2020 and the impact of the outbreak of Covid-19 pandemic, the Board continues to fulfil its responsibilities under the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”) without compromising its efforts, where possible, in applying the principles of good corporate governance prescribed in the MCCG 2017.

This corporate governance overview is prepared up to 11 March 2021 and was approved by the Board on even date. This statement details the key aspects of the governance framework and practices during the financial year as well as future priorities of Malakoff. The Company regularly reviews its governance framework and practices so as to ensure it consistently reflects market practice and stakeholders’ expectations. The application of each of the practices set out in the MCCG 2017 is also disclosed in our Corporate Governance Report which is available on Malakoff’s corporate website at www.malakoff.com.my.

Malakoff’s Corporate Governance Framework, as illustrated in the diagram below, is premised upon the following statutory provisions, best practices and guidelines:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP AND EFFECTIVENESS

i Board Activities

The principal role of the Board of Malakoff (“**Malakoff Board**”) is to govern and set the strategic direction of the Group, to guide and exercise oversight over management of Malakoff and its businesses in accordance with the purpose, value and approved strategic plans of the Malakoff Group. The strategic plans are reviewed periodically by the Board and Management to ensure their relevance to the Company’s current operating environment including any changes to the Government’s policies for the power industry.

The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. In performing its role, the Board sets the Group’s core values, adopts proper standards to ensure that the Group operates with integrity, and complies with the relevant rules and regulations. The roles and responsibilities of the Board are set out in the Board Charter which is available on the Malakoff’s corporate website at www.malakoff.com.my.

The Board Charter has clearly set out the roles and responsibilities of the Malakoff Board and those matters delegated to senior management. Amongst other matters, the Senior Management is responsible for instilling and reinforcing the Group’s values, implementing sound risk management and controls which accord with the risk appetite set by the Board. The Board receives reports and information about the Group from the Senior Management to enable the Board to discharge its responsibilities. The Board holds the management accountable for the performance of its delegated functions and has constructively challenged management’s proposals tabled for its review and approval. This will foster a culture of accountability throughout the Group.

The Board is assisted by four Board Committees in the review and monitoring of the above functions. The Board Committees, namely Board Audit Committee (“**BAC**”), Board Nomination and Remuneration Committee (“**BNRC**”), Board Risk and Investment Committee (“**BRIC**”) and Board Procurement Committee (“**BPC**”), work within their delegated authority and respective terms of reference approved by the Board.

Chairman of the Board

The Chairman of the Board, Datuk Haji Hasni Harun, who is an Independent Non-Executive Director (“**INED**”), leads the Board and manages the Board’s effectiveness by focusing on strategy, governance and compliance. The Board appreciates the distinct roles and responsibilities between the Chairman of the Board and the Managing Director/Chief Executive Officer. Hence, the division of responsibilities is clearly established and stated in the Company’s Board Charter to ensure a balance of power and authority.

Managing Director/Chief Executive Officer (“**MD/CEO**”)

The Company had appointed Encik Anwar Syahrin Abdul Ajib as the new MD/CEO of the Company effective 1 December 2020 subsequent to Dato’ Ahmad Fuaad Mohd Kenali relinquishing his position as CEO on 31 October 2020. The MD/CEO has the responsibility for the day-to-day management of Malakoff and its businesses with the support of the management team. Details of the members of Malakoff Management Committee (“**ManCo**”) and ex-officio are set out on pages 66 to 75 of the Company’s 2020 annual report and on the Company’s website at www.malakoff.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company Secretaries

The Board is supported by the Company Secretaries who are competent and qualified under the Act. The Company Secretaries advise the Board on corporate governance related matters and the Board policies and procedures, and ensure the Board complies with the relevant rules and regulatory requirements as well as updates issued by the relevant regulatory authorities from time to time.

The Board maintains ultimate responsibility for strategy and control of Malakoff and its businesses. In fulfilling its roles and responsibilities, the key focus areas of the Board during the financial year 2020 included:

1. Overseeing management's performance in strategy implementation including evaluating growth opportunities to complement the existing portfolio;
2. Reviewing business operations and the development plans of the Company as a whole to ensure long-term shareholders' value are preserved during the critical period in year 2020 and to mitigate the impact of Covid-19 to the Company;
3. Reviewing and considering the Company's investment and divestment options or other strategies for value creation to Malakoff;
4. Reviewing and providing guidance on the implementation of strategy to address areas of underperformance and reposition the portfolio to deliver growth for the Company;
5. Monitoring the Group's operating performance and financial position;
6. Reviewing the Group's risk management framework and monitoring the Group's operation with due regard to the risk appetite set by the Board;
7. Monitoring the Group's health, security, safety and environment performance and overseeing the implementation of strategies to improve safety performance and enhance workplace safety awareness;
8. Reviewing talent management and development and the appointments of MD/CEO and two company secretaries during the year; and
9. Reviewing the Company's framework, policies and procedures including but not limited to the following:

(a) Code of Conduct

Malakoff is committed to upholding the highest standards of ethical conduct, integrity and accountability in all the business activities and operations. The Code of Conduct, which was adopted by the Board in November 2015, is published on the Company's website. It plays a crucial role in determining how the Company conducts its business and operations.

(b) Whistleblowing Policy

The Whistleblowing Policy was established by the Board to provide employees and third parties with proper avenue and procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group policies and Code of Conduct or other malpractices without fear of reprisal.

In implementing this policy, a whistle-blower is assured confidentiality of identity to the extent reasonably practicable. This includes protecting the whistle-blowers from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistleblowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of any improper conduct can be made verbally or in writing to the Chairman of the BAC via a letter or e-mail to whistleblowing@malakoff.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ii Board Composition

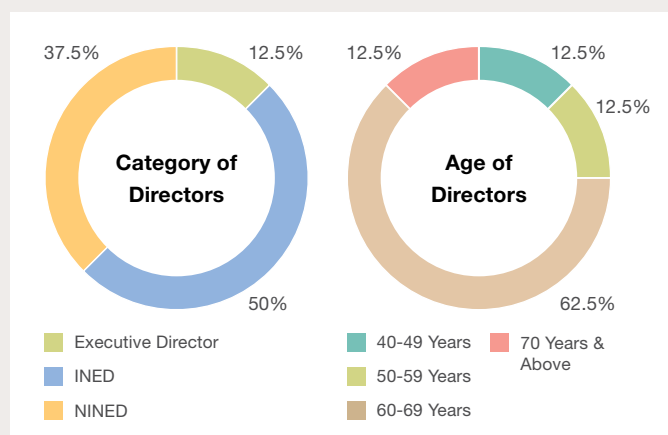
Board Size and Structure

Malakoff recognises an effective Board composition that continues to include directors who collectively bring an appropriate mix of skills, commitment and diversity (including gender diversity) to Board decision-making. The Board takes cognizance of the benefits of having a diverse range of skills, knowledge, experience, background and gender among its members which would promote effective Board deliberations and robust decision making where matters are viewed from wider and broader perspectives. Since the adoption of diversity policy on 21 November 2016, the Board regularly reviews the current and desired skills and experience of each Director and the Board as a whole, taking into consideration the specialised and changing environment that the Company operates within.

The Board currently comprises eight directors with seven non-executive directors and one newly appointed executive director, who is the Managing Director (“MD”) of the Company. Four out of the seven non-executive directors are INED and the remaining three are non-independent and non-executive directors (“NINED”).

The composition of the Board meets the MMLR of Bursa Malaysia which requires a minimum of two or one-third, whichever is the higher, as independent directors (“ID”) including the Chairman. The current Board comprises at least 50% IDs and has met the practice as set out in MCGG 2017. The Board considers the current Board size to be optimal in ensuring swift decision making and at the same time, effective discharge of its duties and responsibilities.

The summary of Board Composition as at 31 December 2020 is set out below:



The Board is of the view that the tenure profile of each of its directors is appropriately balanced and Board succession and renewal planning is properly managed over the medium to longer term including the appointment of additional women directors to fulfil the 30% proposed threshold under the MCGG 2017.

Re-election and Re-appointment of Directors

Pursuant to the Company’s Constitution, all Directors must submit themselves for re-election at least once every three years. The Company’s Constitution also mandates one-third of the Board shall retire from office every year and shall be eligible for re-election at the Annual General Meeting (“AGM”) of the Company. In this respect, two non-executive directors (“NED”) namely Datuk Haji Hasni Harun and Dato’ Sri Che Khalib Mohamad Noh, would be retiring at the forthcoming AGM together with the newly appointed MD/CEO, Encik Anwar Syahrin Abdul Ajib. They have offered themselves for re-election at the said AGM.

In determining the eligibility of the retiring Directors to stand for re-election, the BNRC considered the performance and contribution of the Directors seeking re-election before the names of these Directors are submitted and recommended by the Board to the shareholders for re-election into office. For the financial year in review, this was done through a Board assessment with the facilitation of the Company Secretary whereby Board members were required to conduct a peer assessment of other Directors in areas amongst others, his/her knowledge, skills, qualifications and contributions to Board proceedings.

As for the MD/CEO, the BNRC and Board had reviewed his educational background and working experience in detail prior to the proposed appointment of Encik Anwar Syahrin. The BNRC and Board are of the view that the MD/CEO should be given the opportunity to prove his ability of stewardship with a longer period of observance and, hence, recommended the MD/CEO be re-elected at the forthcoming AGM.

The BNRC’s recommendations on the Directors standing for re-election at the forthcoming AGM are stated in Explanatory Note 2 under the Notice of the 15th AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Independence

IDs bring views and judgment to the Board deliberation and decision which are independent of the management and free from any business or other relationship that could be perceived to materially interfere with the exercise of objective, unfettered or independent judgement. The Board will ensure the selection of IDs is premised on the basis that the candidate is independent of management, free of any interests, position, association, business or other relationship that might influence, or could reasonably be perceived to influence, the independent exercise of their judgement.

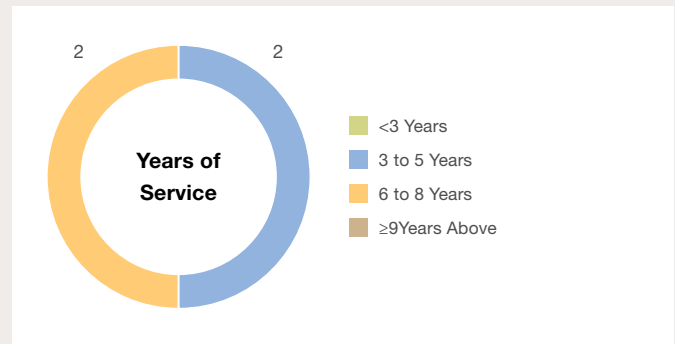
Prior to accepting any new director on the Board, each new INED is required to declare his/her interests and relationship to the Board through the submission of an independent assessment form, which information will form the basis for the Board’s consideration of accepting the ID to the Board.

The Board also reviews the interests declared by the Directors regularly and considers all business relationships between Malakoff Group and the Directors or companies in which they are directors or substantial shareholders. In each of these business relationships, the interested Directors would abstain from all deliberations and decisions on the proposal. The Board takes due consideration of any changes to the NEDs’ interests, positions, associations or relationships that could bear upon their independence.

The Board conducts formal assessment on Directors’ independence annually to ensure that there are independent elements that fit the Company’s objectives and strategic goals. The results of the independent assessment for IDs will be tabled at the Board for discussion.

In terms of Term Limit and Retirement Age of IDs, these had been reflected in the Company’s Policy on Independent Non-Executive Directors Tenure (“**INED Policy**”). An INED who has reached the cumulative nine-year limit may, subject to thorough assessment

of the BNRC and approval of the Board, be recommended for retention as INED by shareholders’ approval annually, or the INED will be re-designated as a Non-ID of the Company. The tenures of Malakoff’s IDs have not exceeded a cumulative term of nine years since its listing in May 2015 and will only be due in May 2024. The years of service of the IDs as at 31 December 2020 are summarised below:



The Board has reviewed the position and relationship of all Directors in office as at the date of the 2020 annual report and considered that all four INEDs fulfilled the independence criteria as IDs and are independent.

Succession Planning

The Board recognises that succession planning is an integral part of the Board’s corporate governance practices to ensure continuity in meeting the Group’s long-term goals and objectives. Hence, in sourcing for candidates, the BNRC reviews the recommendations from the major shareholders, who have better understanding of the needs and complexity of the Company, enabling the recruitment of new director(s), and also engages external search firms to find appropriate candidates if necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

iii Board Meetings

The Board convened ten Board meetings during the year, five of which are scheduled meetings and the other five are on ad hoc basis to consider urgent matters. All Directors have full attendance to the scheduled Board meetings.

Details of each Director's attendance to the Board meetings held during the year are tabulated below:-

Name of Directors	No. of meetings attended
Datuk Haji Hasni Harun	10 of 10
Anwar Syahrin Abdul Ajib (<i>appointed on 1 December 2020</i>)	2 of 2
Dato' Sri Che Khalib Mohamad Noh	10 of 10
Cindy Tan Ler Chin	10 of 10
Datuk Ooi Teik Huat	10 of 10
Datuk Dr. Syed Muhamad Syed Abdul Kadir	10 of 10
Datuk Idris Abdullah	10 of 10
Datuk Rozimi Remeli	10 of 10

The Board is committed to meet at least four times a year after the end of each financial quarter where the unaudited quarterly results would be reviewed and approved before being released to Bursa Malaysia. Meeting dates for the whole year are scheduled in advance and the calendar for the Board and Board Committees' meetings is circulated to the Directors before the commencement of each financial year to enable the Directors to plan their schedule in advance.

Every effort is made to ensure timely circulation of notices, agenda and meeting materials to the Board to provide sufficient time for the Directors to prepare for Board meetings and to facilitate effective Board discussion. All deliberations and decisions made at the Board meetings are recorded by the Company Secretaries where the minutes of meetings would be circulated to the Board for review before the minutes of meeting are confirmed at the next Board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

iv BNRC

The composition of BNRC of Malakoff remains with four members with a majority being INEDs. The Chairman of the BNRC, Datuk Haji Hasni Harun, is an INED. The roles and responsibilities of BNRC are set out in its terms of reference which are available on the Company's website.

The BNRC held six meetings during the FY2020 to review the nomination and remuneration matters related to the Board and Management and make the necessary recommendations to the Board for approval. The Chairman of BNRC reports to the Board after each BNRC meeting.

The key activities of the BNRC during FY2020 are summarised below:-

Nominating Matters

- | | |
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| <p>(a) Board Composition and Succession Planning</p> <ul style="list-style-type: none"> • reviewed the size and composition of the Board and Board Committees as well as the Boards of the subsidiaries. • made recommendation on the composition of the Boards of subsidiaries and appropriate nominees to represent Malakoff on the Boards of these companies. • reviewed the succession planning for CEO-1 positions. <p>(b) Recruitment/Appointment of Directors</p> <ul style="list-style-type: none"> • reviewed the skills, expertise, knowledge and experience of an executive director for appointment on the Board as MD/CEO (Encik Anwar Syahrin). • identified and evaluated candidacy of director and made the necessary recommendations to the Board for approval. <p>(c) Nomination of New Nominees on the Boards of the Subsidiaries/Associate Companies</p> <ul style="list-style-type: none"> • reviewed the background, skills, expertise, knowledge and experience of the management team proposed by the CEO to be in the pool for nominee directors for selection to the Boards of Malakoff's local and overseas subsidiaries and associates. • evaluated the candidacy of directors to the Boards of local and overseas subsidiaries and associates and made the necessary recommendations to the Board. | <p>(d) Directors' Retiring by Rotation</p> <ul style="list-style-type: none"> • reviewed the performance of the Directors retiring by rotation and recommended to the Board on the re-election of Directors. • two NEDs and the new MD are subject to retirement and re-election at this AGM. • recommended the re-election of directors based on the results of the peer review assessment on their performance on the Board for FY2020 and observance of the new Director's ability of adaption and performance. <p>(e) Board Evaluation</p> <ul style="list-style-type: none"> • conducted the Board evaluation exercise in respect of the effectiveness of the Board and the Board Committees for FY2020. • reviewed the results of the Board evaluation and proposed appropriate action plans to improve on areas of weaknesses and increase effectiveness of the Board. • reviewed the training needs of the Directors. <p>(f) Organisation Restructuring</p> <ul style="list-style-type: none"> • reviewed and recommended the organisation restructuring proposed by the CEO for the Board's approval. |
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration Matters

(a) Remuneration for the Malakoff Group

- recommended bonus pool for the Group based on the achievement of the Corporate KPIs.
- recommended salary increments and bonus quantum for the Group as well as the CEO and his target group.

(b) Directors' Remuneration Framework

The remuneration package for the executive director is structured to link rewards to corporate and individual performance. It comprises salary, allowances, bonuses and other customary benefits as accorded by comparable companies. The MD/CEO's bonuses are determined by the performance during the year against individual KPIs approved by the Board. The executive director recuses himself from deliberation and voting on his remuneration at the Board meeting. The BNRC reviews the performance of the executive director annually and submits its views/recommendations to the Board on adjustments in remuneration and/or rewards to reflect the executive director's contributions towards the Group's achievements for the year.

The NEDs are remunerated through fixed monthly fees or allowances, meeting allowances and benefits-in-kind, such as annual leave passage and the reimbursement of business peripherals. The level of remuneration of NEDs reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company's operations and the industry and to also reflect the experience and level of responsibilities undertaken by the NEDs of Malakoff. The remuneration of NEDs is not based on commission, percentage of profits, or turnover and does not include commission based on the percentage of turnover of the Company. Based on the above, a proposed increase of fixed monthly fees for the NEDs (except of the Non-Executive Chairman) had been tabled and approved by the shareholders at the 14th AGM of the Company.

The details of the remuneration received by the MD/CEO and NEDs for the financial year ended 31 December 2020 are set out in the table below:

MD/CEO (ED) (Appointed on 1 December 2020)									
Name of Director	Salaries* (RM)	Other Allowances* (RM)		Meeting Allowances of Board and Board Committees(RM)		Other Emoluments* (RM)	Estimated Monetary Value of Benefits-in- Kind (RM)	Total (RM)	
		Company	Subsidiaries	Company	Subsidiaries			Company	Subsidiaries
Anwar Syahrin Abdul Ajib	110,000.00	1,000.00	-	-	6,500.00 **	6,000.00	2,333.57	119,333.57	6,500.00
Sub-total for ED	110,000.00	1,000.00	-	-	6,500.00 **	6,000.00	2,333.57	125,833.57	

* Salaries, other emoluments and allowances are paid to the MD/CEO as per his employment remuneration package.

** Meeting allowances for Board meetings payable by the subsidiaries of Malakoff, Malaysian Shoaiba Consortium Sdn Bhd ("**MSCSB**") and Alam Flora Sdn Bhd ("**Alam Flora**") are shared on an equal basis between Malakoff and the ED.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NED								
Name of Director	Directors' fees (RM)	Board Committee/ Subsidiary Monthly Allowances (RM)		Meeting Allowances (RM)		Other Allowances ^a	Monetary Value of Benefits-in-Kind (RM)	Total (RM)
		Company	Subsidiaries	Company	Subsidiaries			
Datuk Haji Hasni Harun	360,000.00	36,000.00	-	39,500.00	21,000.00 ^b	25,000.00	36,156.09 ^c	517,656.09
Dato' Sri Che Khalib Mohamad Noh ^d	100,050.00	24,000.00	52,241.40 ^e	39,500.00	2,000.00 ^e	29,962.50 ^f	-	247,753.90
Cindy Tan Ler Chin	100,050.00 ^g	24,000.00 ^g	-	47,500.00	-	5,000.00	-	176,550.00
Datuk Dr. Syed Muhamad Syed Abdul Kadir	100,050.00	96,000.00	-	64,500.00	-	5,000.00	-	265,550.00
Datuk Idris Abdullah	100,050.00	90,000.00	60,000.00 ^e	64,500.00	2,000.00 ^e	5,000.00	-	321,550.00
Datuk Ooi Teik Huat	100,050.00	30,000.00	-	52,500.00	-	-	-	182,550.00
Datuk Rozimi Remeli	100,050.00	54,000.00	-	67,500.00	-	-	-	221,550.00
Sub-total for NED	960,300.00	354,000.00	112,241.40	375,500.00	25,000.00	69,962.50	36,156.09	1,933,159.99
Notes:								
a. Other allowances paid by Malakoff to the NEDs comprising annual leave passage and annual supplemental fees.								
b. Meeting allowances for Board meetings payable by the subsidiary of Malakoff, MSCSB.								
c. Benefits-in-kind paid to the Chairman of Malakoff comprising company car and reimbursement of petrol.								
d. Directors' remuneration is shared on an equal basis between MMC Corporation Berhad ("MMC") and the NED who is nominated by MMC.								
e. Monthly allowances and meeting allowances payable by the subsidiary of Malakoff, Alam Flora.								
f. Annual leave passage & supplemental fees claimed for year 2019 and 2020.								
g. Directors' fees and Board Committee allowances are shared on an equal basis between Employees Provident Fund Board ("EPF") and the NED who is nominated by EPF.								
Total (ED & NEDs)	1,070,300.00	355,000.00	112,241.40	375,500.00	31,500.00	75,962.50	38,489.66	2,058,993.56
Total remuneration at Group level	1,070,300.00	467,241.40		407,000.00		75,962.50	38,489.66	2,058,993.56

The approval of shareholders on the remuneration and benefits payable to the Directors for the next term would be sought at the 15th AGM.

V Board Effectiveness

The Board through the BNRC reviews its performance and the performance of individual directors on a yearly basis. Since the listing of the Company in 2015, this process was led by an external consultant for three years. In the subsequent years when a consultant is not engaged, the yearly Board assessment exercise was conducted internally and facilitated by the Company Secretaries to evaluate the overall effectiveness of the Board and individual Directors for FY2018 to FY2020.

The evaluation was carried out through the feedback obtained from each Board member who is required to complete a set of customised questionnaires, designed to evaluate the current Board composition and activities. This Board assessment covers the evaluation of the Board effectiveness in terms of its structure, Board operation and interaction, Board communication and its roles and responsibilities as well as a combination of self and peer assessment. The Board's responses and feedback to the questionnaires are collated and thereafter analysed for formulation of action plans with a view to improve on areas identified by the Board to require more focus and room for improvement. The BNRC, upon discussion of the results of the assessment, had presented the findings to the Board.

Nevertheless, the Board would consider engaging an independent consultant to facilitate periodic review of the Board's performance for Malakoff as recommended by the MCCG 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

vi Directors' Training

The Board is always mindful of the importance of continuous education for its members to update their knowledge and enhance their skills so that they are sufficiently equipped to perform their duties and be more ready to address and meet the challenges faced by the Company and the Board.

During the year, the Board members (including the new MD/CEO) attended in-house training organised by MMC Corporation Berhad entitled "Cyber Security Awareness and Budget Tax 2021 Proposals". The Company Secretary also circulates regular updates on training programmes from various organisations to the Directors on periodic basis for their consideration for participation.

All Directors had attended at least one training session, in compliance with paragraph 15.08(2) and Appendix 9C (Part A, paragraph 28) of the MMLR of Bursa Malaysia. Details of the trainings attended by Board members are as follows:-

Name of Directors	Conference/Training Programmes Attended	Date
Datuk Haji Hasni Harun (Chairman)	1. Managing Recurrent Related Party Transactions	27 October 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Anwar Syahrin Abdul Ajib (MD/CEO)	1. Raising Defences: Section 17A, MACC Act	8 January 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Dato' Sri Che Khalib Mohamad Noh	1. Shariah Governance and Shariah Compliant Culture in Islamic Financial Institutions	30 June 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Cindy Tan Ler Chin	1. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
	2. Managing Performance Session	21-24 December 2020
Datuk Ooi Teik Huat	1. The Quiet Transformation of Corporate Governance	3 December 2020
	2. Malaysia Budget 2021 – Presentation by Ernst & Young	9 December 2020
	3. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Idris Abdullah	1. Epidemics, Pandemics and Outbreaks	1 April 2020
	2. Digital Transformation	13 April 2020
	3. How to be an Effective Non-Executive Director in Disruptive World	21 September 2020
	4. Artificial Intelligence in Marketing	16 December 2020
	5. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Dr. Syed Muhamad Syed Abdul Kadir	1. Briefing on the Corporate Liability Provision under Section 17A MACC Act	28 May 2020
	2. FIDE Forum on Risks: A Fresh Look from the Board's Perspective	8 July 2020
	3. FIDE Forum Seminar on Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses	21 July 2020
	4. MACC 2018 under Section 17A on Corporate Liability	13 August 2020
	5. BNM-FIDE Forum on Annual Dialogue with Governor of BNM	3 September 2020
	6. How to be an Effective Non-Executive Director in Disruptive World	21 September 2020
	7. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Rozimi Remeli	1. Business Foresight Forum – Evolutionary Change to Revolutionary Impact	18-19 November 2020
	2. Fraud Risk Management Workshop by PricewaterhouseCoopers PLT	1 December 2020
	3. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Induction Programme

In 2020, the Company has conducted a comprehensive induction programme to ease the new MD/CEO into his new roles and to assist him in understanding the Group's business strategy and operational matters. This has been the norm for new directors to attend the induction programme as soon as practicable after they are appointed to the Board. The induction programme includes briefings by each division head of key aspects of their respective section and the challenges currently faced by the Group.

EFFECTIVE AUDIT AND RISK MANAGEMENT**i BAC**

The Board places great emphasis on the effectiveness and independence of the BAC to provide additional assurance and oversight relating to financial reporting process, internal controls, risk management and governance for the Group due to the substantial amount of risk and compliance matters that may stem from the Group's operations in the highly regulated industry.

The BAC assists the Board in relation to oversight of the following:

- External audit, including prudential audit requirements;
- Internal audit function;
- The integrity of statutory financial reporting including financial reporting principles, policies, controls and procedures;
- The effectiveness of the internal control and risk management framework;
- The completeness of related party transactions and recurrent related party transaction process to ensure the said transactions are fair, within arm's length and not detrimental to the minority shareholders' interests.

Other responsibility of BAC includes ensuring proper policies and processes are in place for the reporting of whistleblower matters and oversight of the internal audit issues.

The BAC comprises solely of NEDs where three out of four members are IDs. The BAC is chaired by an INED, Datuk Dr. Syed Muhamad Syed Abdul Kadir. One of the BAC members is a member of the Malaysian Institute of Accountants (MIA) thus fulfilling the requirement under paragraph 15.09(1)(c)(i) of the MMLR of Bursa Malaysia. Furthermore, each of the BAC member is financially literate in accordance with the definition suggested by the Corporate Governance Guide 3rd Edition 2017 ("**CG Guide**").

Under the CG Guide, continuous development programmes have been recommended for BAC members in relation to four areas namely core functions, skills development, role and purpose of the audit committee and topical updates. During the financial year under review, the BAC members have attended trainings for their continuous professional development to keep themselves abreast of the relevant developments in the industry which covered topics on cyber security and latest trend in waste management and implication on Malaysia.

Assessment of External Auditors

The BAC oversees the external audit function. This includes reviewing and approving the external audit plan and assessing the performance of the external auditor. The BAC performs annual assessment of the processes and performance of the External Auditors ("**EA**") and had during the year assessed the quality of audit encompassing the performance of KPMG, the quality processes/performance of the engagement team, audit team independence, objectivity and professionalism, audit scope and planning, audit fees, audit communication and interaction. Assessment questionnaires were used as a tool to obtain input from each BAC member and the Management.

Independence of the EA is important to the integrity of the audit function. In dealing with auditor independence, the BAC would assess the EA through a non-audit services policy approved by the Board on 23 May 2017. Under this policy, approval of the BAC is required for the engagement of the Group's EA for non-audit services, if the cumulative non-audit fees for the year reaches 50% of prior year's audit fees (including the fees for limited quarterly review). KPMG had provided a written assurance to the BAC that they had been independent throughout the audit engagement for FY2020 in accordance with the terms of all relevant professional and regulatory requirements. The Management had also ensured that necessary safeguards were in place when engaging KPMG to carry out non-audit services for the Group.

Details on the BAC are also elaborated in the BAC Report on pages 92 to 96 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Internal Audit Function

The Group Internal Audit (“**GIA**”) supports the Board through the BAC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the organisation. The internal audit function is considered an integral part of the assurance framework and GIA’s mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. At the same time, GIA also assists the BAC and Management to achieve the Company’s goals and objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of the governance, risk management and control processes within the Group.

With its independent status within the Group, GIA reports directly and functionally to the BAC and administratively to the MD/CEO. GIA is also independent of the activities and functions that it audits and performs its duties in accordance with the Internal Audit Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The BAC also reviews and approves the appointment and removal of the Chief Internal Auditor, the Annual Internal Audit Plan, budget and organisation structure of GIA to ensure that it is adequately resourced with competent staff to perform its role and function effectively.

The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 December 2020, the total number of personnel in GIA was nine including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 76 of this Annual Report.

Details of the internal audit function and activities are presented in the BAC Report on page 96 of this Annual Report.

ii Risk Management and Internal Control Framework

Malakoff has established a Group risk management framework which forms the basis of the risk management strategy in managing a broad range of financial and non-financial risks that the Group is exposed to its operating environment.

The Board always emphasises the importance of maintaining a sound risk management and internal control system in the organisation. The Enterprise Risk Management Policy & Framework (“**ERMPPF**”) ensures a structured risk management process is adopted across the Group. The ERMPPF incorporates process relating to the identification, analysis, evaluation, treatment, monitoring, review, communication and consultation of the Group’s risks and controls.

In overseeing the risk management and internal control governance for the Malakoff Group, the Board has delegated its responsibility to the BRIC. The BRIC comprises four NEDs, a majority of which are IDs, and chaired by an INED. The BRIC assists the Board to oversee the risk management activities and to support the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate controls and systems to manage the overall risk exposure of the Group. The BRIC reports to the Board on a quarterly basis and provide reasonable assurance that any identified risk that may have adverse impact on the Group’s objectives are mitigated and managed.

BRIC is also delegated with the responsibility to review and recommend investment proposals submitted by the Management. Under this purview, the Board had given authority to the BRIC to review and recommend the Group’s major investments,

including bidding for power, water generation and waste management projects. BRIC is responsible in assessing the key risks including funding options and costs as well as investment returns in accordance with the Group’s Core Investment Policy and Guidelines.

Malakoff continues to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations. With the adoption of Malakoff Group Anti-Bribery Policy (“**ABP**”), the Group applies zero-tolerance policy towards any form of bribery by, or of, its employees or any persons or companies acting for or on behalf of the Group. The Integrity & Governance Unit was established to support the implementation of the ABP, with direct access to the Board and Senior Management on issues concerning bribery and integrity.

In 2020, Covid-19 pandemic has impacted all aspects of our lives and the Group is not spared through this unprecedented time. It affects how Malakoff Group works and manages its businesses. The Board and Senior Management are always on high alert on the pandemic condition and ensure the Group’s working policies and procedures are in adherence to the Government directives in managing the pandemic. Stringent measures are implemented throughout the Malakoff Group to prevent infection at the workplace and premises to minimise the disruptions and ensure continuity of the Group’s businesses and operations.

Details of the Company’s risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 97 to 100 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMMUNICATING WITH OUR SHAREHOLDERS

Malakoff recognises the necessity of balancing the expectations of our shareholders and the Group's capabilities in creating value. Hence, it is important to provide the shareholders and the broader investment community with facilities to access up-to-date information, participate in shareholders' decision of the Company and provide avenues for two-way communication between the Company, the Board and shareholders. Malakoff has developed an investor engagement platform for engaging with shareholders, the media and the broader investment community.

In 2020, we continued our investor engagement efforts, focusing on building a better market understanding and a strong foundation with the shareholders. We believe that consistent and transparent engagement are essential towards achieving a fair market valuation of the Group. Malakoff's Investor Relations ("IR") unit facilitates a two-way communication between the Group and the investment community via the following channels:

- Corporate Website - provides an essential platform for investors and other stakeholders to access information periodically through the Investor Relations section at www.malakoff.com.my;
- Annual/Extraordinary General Meeting - offers an opportunity to our shareholders to raise their questions and concerns on the Group's performance directly to our Board and Management;
- One-on-One and Group Meetings/Investor Conferences/Roadshows - throughout the year, we held meetings with major institutional investors, individual shareholder groups and financial analysts to share and discuss the Group's business performance and its strategic plan; and
- Annual Report - our Annual Report provides a comprehensive report on the Group's financial results, business operations and strategic direction.

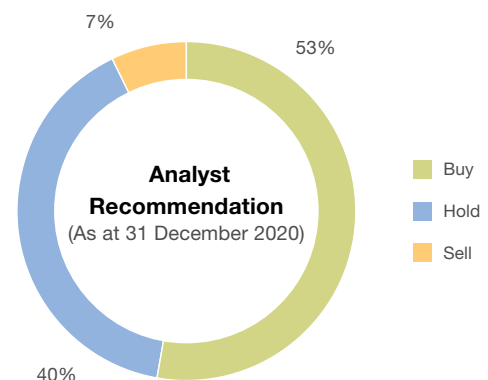
Through these channels, Malakoff's financial and operational performance, its strategic direction, as well as industry trends and prospects, are consistently communicated to manage investor expectations on the Group's current and future performance. We also provide constant feedback to the Board and the Management in creating a thorough understanding of the investor sentiment and sector trends within the wider investment landscape.

Malakoff's Corporate Disclosure Policy provides the proper framework and guidelines to govern the release of material and sensitive information, in line with disclosure requirements. The Head of Investor Relations and/or a member of the Senior Management usually represent Malakoff in its communication with the investment community.

Analyst Briefings

Concurrent with the release of the Group's quarterly results announcement to Bursa Malaysia, Malakoff would conduct an analyst briefing session to give further insights into the financial results, business operations and strategic direction for the year under review. The briefings are normally through face-to-face interaction with conference call facilities to ensure full access to the intended audience. However, unprecedented times called for digital channels to be adopted, with continued communications through virtual briefings. Following the previous practice, the CEO of Malakoff would present the quarterly performance to the audience before proceeding with the Question and Answer ("Q&A") session.

As of end-December 2020, a total of 15 research houses provided coverage on the Group. This reflects strong interest from the investment community and shows that Malakoff is closely tracked by domestic and international sell-side research houses as well as buy-side investors. The analyst recommendation as at 31 December 2020 is provided in the chart for reference:



(Source from 15 Research Houses)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

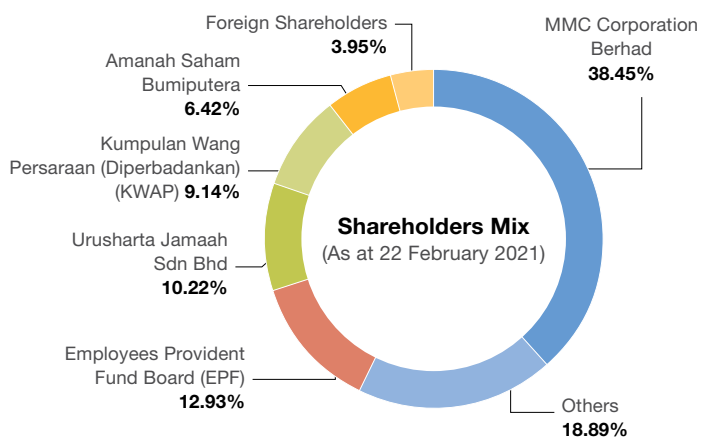
We also tabulated the analyst briefing dates for 2020 as follows:-

Date	Event	Analyst Briefing	Total Participants
19 February 2020	4Q 2019 Financial Results	Direct Meeting/Conference Call	35
21 May 2020	1Q 2020 Financial Results	Virtual via Microsoft Teams	33
19 August 2020	2Q 2020 Financial Results	Virtual via Microsoft Teams	33
24 November 2020	3Q 2020 Financial Results	Virtual via Microsoft Teams	37

Investor Relations Activities

During the year under review, we increased our engagements with the investment community and conducted more than 50 one-to-one and group meetings. During these engagements, the Group would address their concerns, where possible, to deliver sustainable value to its shareholders. In 2020, there were increased engagements with the Environmental, Social and Governance (“ESG”) investors due to the higher focus on sustainability matters. Additionally, we are actively engaged with other IR stakeholders such as Bursa Securities, Malaysia Investor Relations Association (“MIRA”), and other IR service providers to ensure the Group practices the highest standards of transparency and disclosure.

	Number of Events
Briefings to Analysts and Fund Managers (Direct Meeting/Conference Calls)	4
Investor Conferences	4
One-on-One Meetings at Investor Conferences	10
In-house Investor Meetings	55
ESG Engagements	4
Engagement with IR Stakeholders (e.g. Bursa Malaysia, MIRA, Regulators, IR Service Providers)	6



Shareholders are welcome to raise queries or concerns regarding the Group at any time throughout the year. Communication and feedback from the shareholders can be directed to our IR team through the following contact:



Head of Investor Relations

Malakoff Corporation Berhad
Level 11, Block 4, Plaza Sentral,
Jalan Stesen Sentral 5, 50470 Kuala Lumpur



Tel: +603 2263 3240

Fax: +603 2263 3377



Email: ir@malakoff.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KEY FOCUS AREAS AND FUTURE PRIORITIES

As the Company continues with its power and water projects in 2020, the Company has also been actively embarking into Renewable Energy in line with its objective of securing new synergistic businesses during the year. With the expansion of the Group into waste management and environmental services section through Alam Flora Sdn Bhd Group, the Board will continue to refine its corporate governance practices and procedures throughout the Group to ease the integration of work processes and practices and to ensure all the existing and new businesses of the Group are operating in an orderly manner and in the best interests of all stakeholders of Malakoff.

To further enhance the Group's capability to compete in this challenging business environment, the Board will look into sharpening its competitive edge and prioritise its succession planning to establish a bigger pool of talents from which new candidates will be assessed and identified to take on the senior positions in the Group.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report as prescribed by Bursa Malaysia for the application of each practice set out in the MCCG 2017 can be downloaded from the Company's website at www.malakoff.com.my.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

(Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia)

The Board has given its assurance that the financial statements are prepared in accordance with the Act and the applicable approved accounting standards for each financial year which gives a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year.

The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 105 to 109 of this Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2020 which are set out on page 105 to 263 of this Annual Report.

COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the MMLR of Bursa Malaysia.

Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2017 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the MCCG 2017 which have not been implemented during the financial year would be reviewed by the Board and be implemented where practical and relevant to the Group's business.

This statement has been presented and approved by the Board at its meeting held on 11 March 2021.