

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6173  
**COMPANY NAME** : BINA DARULAMAN BERHAD (“the Company” or “BDB”)  
**FINANCIAL YEAR** : December 31, 2018

### **OUTLINE:**

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

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

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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><b>Bina Darulaman Bhd</b> (BDB/the Company) is managed in line with the corporate governance framework and commercial principles that would normally be expected of a public listed company. In this regard, the Company and its management undertakes the following measures: -</p> <ul style="list-style-type: none"> <li>• The Board meets 6 to 10 times a year and ad hoc meetings are held as and when required. The Board devotes much of its time to overseeing the Company's strategy, governance, risk and policy, the approval of business plans and significant capital expenditure, acquisitions and disposals and monitoring of performance.</li> <li>• The key governance, risk and internal control, financial and operational related policies are periodically reviewed by the Board to ensure they are aligned with the Company's objectives, values and regulatory requirements.</li> <li>• After the demise of Dato' Izham bin Yusoff, the Board then re-activated the Executive Committee (the EXCO) to ensure business continuity and operations of the Company. The EXCO members and functions were mentioned in page 48 of the Annual Report.</li> <li>• In the absence of the Group Chief Executive Officer ("GCEO"), the Executive Committee ("EXCO") play a vital role in day-to-day operation of the Company. The EXCO meets every week for the first six (6) months after activation and twice a month after the</li> </ul>

	<p>appointment of Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”).</p> <ul style="list-style-type: none"> <li>• As quarterly reported to Bursa Malaysia on the financial position of the Company, the Board had decided to appoint an independent consultant for the purpose of carrying out a high-level financial and operational assessment with the aim of developing an operational recovery plan to ensure Company’s sustainability. Immediate decision was made by the Board to implement cost optimization initiatives under the turnaround plan.</li> <li>• The Board then decided to form Change Committee (the CC) to assist the Board in its oversight responsibilities for BDB Recovery Plan program. The CC members and its functions were mentioned in page 57 to 58 of the Annual Report 2018.</li> <li>• The Company has initiated its Turnaround Recovery Plan and is closely monitored by the Change Committee (“CC”). The CC meeting was held on monthly basis and where there is a requirement in the interval. Besides, the Senior Management Committee, Management Procurement Committee meets regularly to assist the EXCO to actively play its function in assisting the Board to review Company’s strategy and management performance. The CC are set up to ensure that the directions, approved policies and decision by the Board as well as Recovery Plan initiatives are appropriately managed and communicated.</li> <li>• The internal process continues until after the appointment of Group CEO on 3<sup>rd</sup> February 2019.</li> </ul> <p>The Board has also delegated its power to the relevant Board Committees namely:-</p> <ul style="list-style-type: none"> <li>• Board Audit Committee;</li> <li>• Board Nomination, Remuneration &amp; ESOS Committee;</li> <li>• Board Risk Committee; and</li> <li>• Board Procurement Committee.</li> </ul>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></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>We have the roles of the Chairman of the Board has been provided for in the Board Charter.</p> <p>We have a clear division the roles and responsibilities between the Chairman and the Group Chief Executive Officer.</p> <p>The Chairman leads the Board on the following:</p> <ul style="list-style-type: none"> <li>• Oversee and review the Company's strategic matters, risk and corporate governance practices.</li> <li>• Deliberate and evaluate proposals put forward by the committees and executive team.</li> <li>• Deliberate and maintain a proper process and ensure adequate resources are available to ensure effective implementation the Board Policies.</li> <li>• Identify and fulfill the development needs of directors and the Board to continuously enhance their effectiveness as a team.</li> <li>• Dato' Paduka Rasli bin Basir, (Non-Executive Chairman) retirement was on 31.12.2018.</li> <li>• In the absence of Chairman due to resignation, the Senior Independent Director ("SID") was appointed to preside the Director's meetings.</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group Chief Executive Officer ("Group CEO") has full authority as approved by the Board to lead and manage the business.</p> <p>The Group CEO proposes, implements and reports on the strategic direction of the Company's business.</p> <p>The Group CEO brings forward to the Board business plans, budgets and updates on key strategic issues annually or periodically as required. Once matters are adopted, the Group CEO is responsible for the implementation, delivery and reports on progress at frequent and regular intervals.</p> <p>All members of the key senior management team report directly to the Group CEO. He is responsible for appraising the performance of each member of the team as well as developing and training of resources, where necessary.</p> <p>The Group CEO and the Chairman, represent the Company with all external audience. The Group CEO takes lead responsibility for the maintenance and development of the Company's operational matters, Turnaround Recovery Plan, reputation and relationships with the media, regulators, governments, local communities, suppliers, customers, trade bodies and all other stakeholders.</p> <p>The Group CEO is supported by Chief Operating Officer ("COO") and Chief Financial Officer ("CFO"). Their profiles are mentioned on page 23 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### 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>We have an in-house licensed Company Secretary who is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has more than 25 years of experience in legal and regulatory related matters. She also has a Bachelor Degree in Law from International Islamic University and was called to the Bar as an Advocate &amp; Solicitor of the High Court of Malaya.</p> <p>The Company Secretary is involved in leading and managing the Group's Corporate Services and Legal Affairs. The Company Secretary's responsibilities include review and advise the Board on the Corporate Governance and Regulatory Requirements to ensure that the board members are up-to-date with all requirements and adhere to good practice in meetings and administrative matters.</p> <p>Adequate trainings and support including resource and external expertise are furnished for continuous improvement and efficiency in discharging her duty.</p> <p>The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees and between the Non-Executive Directors and the Management.</p> <p>Her profile is mentioned on page 25 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board meetings are scheduled and planned in advance, all meetings are conducted by following a structured formal agenda.</p> <p>Depending on issues and agendas to be deliberated, generally all materials and relevant information will be prepared, circulated to board members at least a week prior to a standard meeting.</p> <p>Records and minutes of meetings will be circulated to all board members for confirmation of accuracy and verification. Thereafter, all documents and minutes will be safely filed by the Company Secretary &amp; Legal Department.</p> <p>The minutes and other statutory records are kept at the registered office of the companies.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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 Charter provides the roles of the Board, Chairman and Group Chief Executive Officer as well as the functions of the respective Board Committees.</p> <p>The Board Charter is reviewed periodically, updates and/or revisions will be done to incorporate the latest applicable rules and regulations, as well as updates to the Code of Corporate Governance. The latest review was approved by the Board on 17 March 2019 as Version 3.</p> <p>The latest copy of the Board Charter is available at BDB company website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### 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>BDB's Board is committed to promoting good business conduct and maintaining a healthy and ethical corporate culture. The Board Members are experienced professionals and experts from various industries, they have been adhering to the Company's ethical values and regulatory requirements when carrying out their duties all these years.</p> <p>In view of the latest regulatory development, the Company has started to establish a formal Code of Conduct and Ethics which is serve as guidelines and principles for the BDB's directors, managements and employees which is to be observed by the employees of the Company in the performance and exercise of their responsibilities.</p> <p>The Code of Conduct and Ethics as approved and adopted by the Board, will subject to periodic review and update. The latest copy is available on BDB's website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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 acknowledged the Company's effort to upholding lawful and ethical behaviours in all its activities and requires its employees to act in accordance with all the applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.</p> <p>The Whistle Blowing Policy ("WBP") highlights the Company's commitment in achieving and maintaining high standards with regards to behaviour of work.</p> <p>Like all policies, WBP is also subjected to continuous review and update. In 2018, the WBP has incorporated principles of the 10 Integrity Pledge Guidelines issued by MACC, where applicable.</p> <p>The latest copy of WBP is available on BDB's website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, BDB has 4 Directors out of which 3 are Independent Directors. In our mission to ensure an effective board composition and compliance with regulatory requirements, the board size will continuously be reviewed and if necessary, improvements will be made.</p> <p>Currently, the Company has complied with Chapter 15.02 (1) of the MMLR to have at least 2 directors or 1/3 of its Board, whichever is higher to be independent directors.</p> <p>The Chairman seat is still vacant due to retirement and in the absence of Chairman, the SID presides the meeting of Directors.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	BDB has been practising this matter even though there were no explicit requirement to do so. In view of the latest regulatory requirements for greater disclosure, the Company will disclose this policy in its ensuing CG Statement, Annual Report and Website.

## 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>Appointments and recruitment of senior management will be subjected to policies and proper due process. Psychometric assessment was conducted to the first tier and second tier management of BDB Group as part of succession planning programme. Appropriate strategy and measures are used to identify the best possible candidates. We will take into consideration of the Company's current team's strengths and weaknesses, so that we can focus on best fit such as complimentary skills, knowledge, experience, age, cultural background and gender.</p> <p>The Company take cognisance that diversity in the team is beneficial to the Company. As such, the resource requirements and performance are continuously being reviewed and monitored. Appropriate trainings and development programmes for internal resource are provided, especially those with potential to be developed for bigger roles and responsibilities in the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<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>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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>	:	Departure
<b>Explanation on application of the practice</b>	:	<p>The Company adopt a policy on gender diversity on board as required by Malaysia Code of Corporate Governance as issued by the Securities Commission of Malaysia in 2017. The Company's is in construction and properties development, sector a business segment that is less attractive to many suitable female talents. The Company has identified shortlisted candidate and psychometric assessment was conducted. However, due to Board expectation and to have the most suitable candidate is a challenge. This could be due to a steep learning curve or possibly mobility issues as the main operation is in Kedah.</p> <p>The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidate in its recruitment exercise.</p>
<b>Explanation for departure</b>	:	<p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There was no appointment of Directors for the financial year ended 31 December 2018. However, in the past, the Board considered sourcing suitable candidates with independent sources when the need arises.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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>	:	It is the Company's policy that the Chairman of the Board Nomination Remuneration and ESOS Committee ("BNREC") is to be an Independent Non-Executive Director. The Chairman of BNREC is Datuk Mohd Radzif bin Mohd Yunus who is an Independent Director.  His profile is mentioned on page 21 of the Annual Report 2018.	

<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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>	:	For overall board effectiveness, the Board has been doing its own self-evaluation and peer review approach on an annual basis. The board conduct annual board assessments against clear evaluation criteria and performance and sustainability indicators.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

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

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

**Practice 6.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has policies and procedures in determining remuneration of directors and senior management. In this regard, a guideline on the Terms of Reference (TOR) for each board committee has also been put in place to ensure that remuneration is commensurate with skills and experience. Every board committee is governed by their respective TOR.</p> <p>At board level, as a matter of regulatory requirements, the remuneration and fees of Board member will also be put for shareholder's approval during the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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 Nomination, Remuneration and ESOS Committee ("BNREC") is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.</p> <p>Generally, the Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high caliber needed to run the Company successfully. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Company has no Executive Director on board.</p> <p>Where applicable, the BNREC also considers any relevant information provided by independent consultants or from survey data.</p> <p>BNREC activity is mentioned on page 56 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors are disclosed on page 59 of the Annual Report 2018. The remuneration breakdown of individual directors includes fees, salary, benefits in-kind and other emoluments.	
<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>	:	Others	

**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 Company has disclosed the top five (5) Senior Management in bands of RM50,000 in page 59 of the Annual Report 2018.	
<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>	:	Not applicable	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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

**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>	:	In BDB, the Chairman of the Board and the Chairman of the Board Audit Committee are currently held by different individuals. The Chairman of the Board is Dato' Paduka Haji Rasli Bin Basir for the financial year 31 December 2018 (Non Independent Non-Executive) and the Chairman of Board Audit Committee is Encik Sudirman Bin Masduki, who is an Independent Director.  Dato' Paduka Haji Rasli Bin Basir's contract ended on 31 December 2018. In his absence, SID was appointed to preside the Board meetings.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not Applicable

**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>	:	The matter has been practiced by the Company but was not expressly stated in Board Audit Committee policy in the past, this information will be incorporating into the Audit Committee Term of Reference.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The matter has been practised by the Company that the Board Audit Committee’s assessment on suitability of external auditor, the BAC is guided by a set of guidelines such as the routine check on their registration, background check on the audit partner, audit firm capacity and assigned audit team competency.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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>	:	Currently, the Board Audit Committee consist of 3 members and all are independent directors.  Members of Audit Committee can be referred on page 64 of the Annual Report 2018.

**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>The Board Audit Committee is chaired by Encik Sudirman Bin Masduki who has been a Fellow of Association of Chartered Certified Accountants, UK and a member of Malaysian Institute of Accountants. The Committee also comprises members with public service and corporate backgrounds but whom are financially literate.</p> <p>It is BDB policy that all members of the board and senior management will continuously be trained by way of on the job training and attending workshops, seminars or professional course to keep themselves up to date with relevant skills, knowledge to enable them to contribute positively to the Company's growth and objectives.</p> <p>Details of the official key trainings sessions are disclosed in the Annual Report periodically and is accessible by the public.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### 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>	:	The Board is assisted by the Board Risk Committee in decision making especially with regards to any future projects, proposed investment or acquisition. The Board Risk Committee has its guidelines, terms of reference in discharging its duties. Policies, procedures and performance of the said Committee will be reviewed periodically and enhancement be made where necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### 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>	:	The Group Risk Management will evaluate and study the risks profile that are affecting the Company, the Board will be updated periodically on the assessment and feasibility study of possible pre-emptive measures or proposed solutions for key risks Recommendation and Assessment will be put to Board of Directors, especially on key risk issues for further deliberation and decision if necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### **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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	We have a Board Risk Committee, which comprises of majority of independent directors. This Committee supports the Board with reasonable assurance on possible adverse impact from unexpected event. For practical reason and in view of the business environment we are operating, this Committee will evaluate the risk factors and deliberate issues, make recommendation to the Board as and when required.

**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>	:	BDB has established an in-house internal audit function known as Group Corporate Assurance. They operate within a prescribed policy and guidelines. The performance, effectiveness and competency are subjected to continuous review and monitoring by the Board Audit Committee.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## 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 auditors team and personnel will be subjected to periodic evaluation and review to ensure that they are free from any issues of conflict of interest that may jeopardise their independence and objectivity.</p> <p>Our current Internal Audit team has 6 members. Their names and qualifications are as follows: -</p> <table border="1" data-bbox="438 1025 1401 1576"> <thead> <tr> <th>No.</th> <th>Staff</th> <th>Qualification</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Roslina Binti Shaari (Head of Group Corporate Assurance)</td> <td>Executive Master of Business Administration (UiTM) Bachelor of Business Administration (Temple University, USA). Professional Member, IIAM</td> </tr> <tr> <td>2.</td> <td>Mohd Firdaus Shah Bin Amar Shah</td> <td>CA (M), MIA Bachelor of Accountancy (Hons.) (UiTM) Associate Member, IIAM</td> </tr> <tr> <td>3.</td> <td>Siti Marlina Bt Ismail</td> <td>Bachelor of Accountancy (UPM)</td> </tr> <tr> <td>4.</td> <td>Nor Jani Zuriayati Bt Mohd Jamil</td> <td>Bachelor of Public Management (UUM)</td> </tr> <tr> <td>5.</td> <td>Zulfikri Zahini bin Haron</td> <td>Bachelor of Accounting (Hons.) (UNITEN), Associate Member of IIAM.</td> </tr> <tr> <td>6.</td> <td>Muhamad Hafifi Bin Mohd Rusli</td> <td>Bachelor of Science (Hons.) Actuary Science (UiTM).</td> </tr> </tbody> </table> <p>We have adequate and qualified professionals' resources in the internal audit department to meet the objectives of the internal audit framework relevant and applicable for the industry we are operating in.</p>	No.	Staff	Qualification	1.	Roslina Binti Shaari (Head of Group Corporate Assurance)	Executive Master of Business Administration (UiTM) Bachelor of Business Administration (Temple University, USA). Professional Member, IIAM	2.	Mohd Firdaus Shah Bin Amar Shah	CA (M), MIA Bachelor of Accountancy (Hons.) (UiTM) Associate Member, IIAM	3.	Siti Marlina Bt Ismail	Bachelor of Accountancy (UPM)	4.	Nor Jani Zuriayati Bt Mohd Jamil	Bachelor of Public Management (UUM)	5.	Zulfikri Zahini bin Haron	Bachelor of Accounting (Hons.) (UNITEN), Associate Member of IIAM.	6.	Muhamad Hafifi Bin Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM).
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<b>Explanation for departure</b> :	Not applicable																					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																						
<b>Measure</b> :	Not applicable																					
<b>Timeframe</b> :	Not applicable																					

**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>BDB continuously puts in commitment and effort to improve and review the communication approach with stakeholders. Beside internal resource in handling all public communication, we have put in place proper policy and procedures to ensure effective public communication and investor relations.</p> <p>In this regard, we have a special page on our website to direct all Investor Relations disclosure matters to the web page. It is reviewed frequently and updated regularly. We communicate our information via transparent official channel whether through the Company website or on Bursa Official announcement platform, in the form of immediate announcements, Annual Report, Quarterly Reports, media coverage that come to our knowledge and publications by the Company or about the Company.</p> <p>Annually, during the General Meeting, shareholders and their representatives are welcome to bring forward issues, views and comments which the Board will explain and clarify accordingly. The media or press and public queries will also be addressed.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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>	:	Applied	
<b>Explanation on application of the practice</b>	:	In practise, we have adopted the integrated report as based on a globally recognised framework. The Risk department had initiated gap analysis report for BDB Group and established the policy and Sustainability Committee. The report will be shared with the Board Risk on quarterly basis and BDB had improved BDB Governance Framework at the operational level.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has complied with statutory requirement with regards to timeline in sending out notice of Annual General Meeting to shareholders all these years. With effect from 2018, the Company has improved the notice period up to at least 22 days to facilitate our shareholders to have the information on a timely basis.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**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>It has been the practice of the Company that all board members present at the Annual General Meeting of the Company. BDB is committed to continuously adhere to the said standard to facilitate our shareholders to have information on a timely basis.</p> <p>In an unlikely event, if a director is unable to be present at the general meeting, his/her participation will be facilitated via digital tools / devices, if there are questions addressed to him/her personally, he/she can still response to the members of the meeting via digital tools. If the affected director is totally unable to participate at all during a general meeting, the affected director will be updated on the matters discussed and actions required by him, if any.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

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

**Practice 12.3**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB has been practising conducting its Annual General in Kedah or outside Kedah by rotation year to ensure shareholders are able to attend and participate in general meetings.</p> <p>The Company's current Memorandum and Articles of Association does not have a provision for voting in absentia and is consistent with the Companies Act 2016 where a member (present in person or by proxy) must be present in a General Meeting before he is eligible to vote at the meeting.</p> <p>The Company will conduct its general meetings in Kuala Lumpur by rotation year to ensure shareholders are able to attend the General meetings.</p> <p>Shareholders can write in before the Company's general meetings as stated in the notice of AGM. Questions raised will be addressed in the meeting and the shareholders will be informed on the same. As a matter of compliance, the Company also gave sufficient time and notice to all shareholders for inquiries, to send in proxies and corporate representatives.</p> <p>On the Company's website, we have made available the Form whereby shareholders can always submit and contact the Company for information and not have to wait until the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable