

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7293
COMPANY NAME : YINSON HOLDINGS BERHAD
FINANCIAL YEAR : January 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") is collectively responsible for meeting the objectives and goals of the Company. In order to ensure the effective discharge of the Board's functions and responsibilities, the Board delegates specific responsibilities and functions to various committees, namely Audit Committee, Board Risk Management Committee, Nominating and Remuneration Committee and Employees' Share Scheme Committee (collectively referred to as "Board Committees"). The function, roles and responsibilities of the Board Committees as well as, the authorities delegated by the Board are clearly defined in the respective terms of reference, which are reviewed and updated as and when necessary.</p> <p>The key responsibilities of the Board as per the Board Charter are as follows:</p> <ul style="list-style-type: none">▪ reviews and adopts a strategic plan, as developed by Management, taking into account the sustainability of the businesses of the Company and its subsidiaries ("Group), with attention given to the environmental, economic, social and governance ("ESG") aspects of the operations;▪ oversees the conduct of the Group's businesses, including monitoring Management's performance to determine whether the business is being properly managed;▪ identifies principal business risks faced by the Group and ensures the implementation of appropriate internal controls and mitigating measures to manage such risks;▪ succession planning – ensures that all candidates appointed to Board and Senior Management positions are of sufficient calibre and that there are programs deployed to provide for the orderly succession of members of the Board and Senior Management;▪ oversees the development and implementation of an Investor Relations Program or Stakeholder Communication Policy;▪ reviews the adequacy and integrity of the Group's management information and internal control systems, ensuring there is a

sound framework of internal controls reporting and regulatory compliance; and

- ensure the integrity of the Company's financial and non-financial reporting.

The Board in discharging its responsibilities in meeting the goals and objectives of the Company, had during the financial year under review, performed the following:

Together with the Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour

The Company had reviewed and approved policies and procedures which promotes good corporate governance culture within the company including but not limited to Limit of Authority ("LOA"), Remuneration Policy and Procedure, Stakeholder Communication Policy and Procedure, Sustainability Policy, Diversity Policy and Succession Planning Policy and Procedure. Different aspects of the Company are covered to reinforce ethical, prudent and professional behaviour within the Group.

Review, challenge and decide on Management's proposals for the Group and monitors its implementation by Management and supervise and assess Management performance to determine whether the business is being properly managed

Yinson Holdings Berhad and its subsidiaries ("Group") adopts a three (3) financial years Strategic Business Plan and Annual Operating Budget ("Business Plans"), prepared by the respective Head of Business Division/Unit, both local and overseas. The Business Plans are presented to the Board and Management Committee, for review, approval and adoption at the beginning of financial year. Business Plans for financial years 31 January 2018-2020 were approved on 13 February 2017.

The Board would deliberate and discuss on all major business proposals, according to the LOA, tabled by Management and the justification and decision points are clearly recorded in the minutes of meetings. The Board receives regular status reports, updates and briefing by Management on the ongoing projects in the Group. The regular status updates allow the Board to evaluate and make informed decisions timely for the benefits of the Group.

Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability

The establishment of a Sustainability Committee of which its members comprising Senior Management team to support and advice the Board in relation to embedding sustainability principles and practices throughout Yinson Group's overall business strategies, policies,

processes and practices to ensure the continuity of the Group. The Sustainability Committee is formally constituted with written terms of reference.

The Board had approved the Sustainability Policy to establish clear sustainable development objectives and guidelines for the Group in every aspect of business, from strategic decisions being made down to day-to-day operations in the respective regions. The Group envision to enhance long-term shareholders' value with due regard to the environmental, economic, social and governance aspects by being a reliable and adaptable partner to our stakeholders.

Ensure there is a sound framework for internal controls and risk management

The Board acknowledges its responsibility towards maintaining an effective risk management and internal control system to safeguard shareholders' investments and the Group's assets. The Board is responsible for reviewing the adequacy and effectiveness of the Group's current risk management and internal control system to ensure that the system remains relevant and applicable for the Group.

The Board with the vision to lead the Company to a greater height, had approved the appointment of professional advisers, namely Axcelasia Columbus Sdn Bhd to enhance the enterprise risk management of the Group and Ernst & Young Advisory Services Sdn Bhd as joint Internal Audit with the existing Internal Audit team of the Company. Various initiatives and proposals took place in year 2017 for the improvement of the internal controls and risk management of the Group.

Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risk

The Board had segregated the risk management function from the Audit and Risk Management Committee to the Board Risk Management Committee during the financial year under review. The Board Risk Management Committee plays a more focused role in the direction and oversight of the Group's risk management framework and policies. The principal risks are identified through the risk profiling of the Group, performed and considered by the Board Risk Management Committee.

Set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, manage and monitor significant financial and non-financial risks

The Board has implemented an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and strategies throughout the period. The risk appetite are determined based on a set of risk

	<p>parameters and tolerance level which the Board had agreed upon. The Board via Board Risk Management Committee had identified top five (5) risks and action plans were in place and constant monitoring by the Risk Management Department to mitigate these risks.</p> <p>Ensure that Senior Management has necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management</p> <p>The Board relies on a strong executive management team of individuals, forming the Management Committee of the Group, who possessed with rich industry experiences to lead and manage the business of the Group on an overall basis. The Board had formalised the Succession Planning Policy and Procedure for board and senior management in January 2018. The Human Resource Department is in the midst of formulating more comprehensive succession plan to ensure there are programs deployed to provide for the orderly management transition for upward or lateral movement and strategic continuity for every critical position in the Group.</p> <p>Ensure that the Company has in place procedures to enable effective communication with stakeholders</p> <p>The Board had adopted a new Stakeholder Communication Policy and Procedure in January 2018 which superseded the Shareholder Communication Policy adopted in February 2017.</p> <p>Ensure the integrity of the Company's financial and non-financial reporting</p> <p>The Board via Audit Committee constantly ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting, disclosures on corporate governance, sustainability and other non-financial aspects.</p>
<p>Explanation for departure</p>	<p>: -</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: -</p>
<p>Timeframe</p>	<p>: -</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Mr Lim Han Weng. As a Chairman of the Board, Mr Lim Han Weng provides overall effective leadership to the Board and continues driving the Group's directions and overall performance. His key responsibilities are clearly defined in the Board Charter, which are available on the Company's website www.yinson.com.my.</p> <p>Despite being an Executive Chairman, the Board was satisfied that Mr Lim Han Weng has continued to discharge his duties effectively and has shown tremendous commitment and has played an integral role in the stewardship of the Group.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The Chairman is held by Mr Lim Han Weng and Group Chief Executive Officer is held by Mr Lim Chern Yuan. Their key roles and responsibilities are clearly defined in the Board Charter, which are available on the Company's website www.yinson.com.my . Mr Lim Chern Yuan focuses primarily on formulation and implementation of Group's business strategies, oversees the implementation of policies and decision adopted by the Board as well as supervises the day-to-day management, operations and business development of the Group.
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by a qualified and competent Company Secretary whose appointment and removal is determined by the Board. The roles and responsibilities of the Company Secretary is clearly defined in the Board Charter. The Company Secretary would provide updates and advise on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.</p> <p>The Company Secretary organises and attends all Board and Board Committees meetings and ensure accurate and proper records of the proceedings and resolutions passed are maintained. The Company Secretary constantly keeps abreast of regulatory changes and development in corporate governance through attending trainings and conferences.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Directors are supplied with relevant information and reports on financial, operational, corporate regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.</p> <p>The Board and Board Committee papers are disseminated at least seven (7) days prior to the respective meetings to allow sufficient time for review and facilitate more efficient meetings. Senior Management and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties.</p> <p>The deliberations and decisions of the Board are properly recorded in the minutes including whether any Director(s) abstain from deliberation and voting on a particular matter.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 2.1

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

The board charter clearly identifies–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter, which are available on the Company's website www.yinson.com.my set out amongst others, the followings:</p> <ul style="list-style-type: none">- Key values, principles and ethics of the Company;- Responsibilities of the Board, Board Committees, roles of Chairman, Group Chief Executive Officer, Executive Directors, Non-Independent Non-Executive Directors, Independent Non-Executive Directors and Senior Independent Non-Executive Directors;- Board's procedures and supply of information;- Governance structure, authority, terms of references of the Board, Board Committees and Management-level Committees; and- Specified reserved matters for the Board. <p>The Board Charter are reviewed annually/periodically by the Board and during the financial year under review, a revision was made in April 2017 and uploaded to the Company's website.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established a Code of Ethics of the Group in August 2016, which are available on the Company's website www.yinson.com.my. The Code of Ethics is formulated to enhance the stands of corporate governance and corporate behaviour with the intention of achieving the following aims:</p> <ul style="list-style-type: none">- ethical behaviour for Directors, Senior Management and employees grounded on trustworthiness and values that reflect integrity and honesty;- uphold the spirit of responsibility and social responsibility in line with regulatory requirements or prevailing guidelines for administrating a company; and- formalise and inculcate ethical values through the Code of Ethics, including implementation and compliance. <p>The Board recognises the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance. The areas covered are as follows:</p> <ul style="list-style-type: none">- work environment;- safety, health and environment;- property of the Group;- records and information;- proprietary and confidential information;- non-engaging with illegal activities;- fair dealings with others and non-permission to offer, give, solicit or accept gift, bribe, secret commission and other form of benefits;- involvement in political contribution and activities;- dealing with conflict of interests; and- report of violations through Whistleblower Policy.

	The Board constantly observe the Code of Ethics and uphold integrity in discharging its fiduciary duties. The Board is in the midst of establishing and implementing Insider Trading Policy and Procedure, Anti-Bribery and Anti-Corruption Policy as well as Anti-Money Laundering Policy.	
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established a Whistleblower Policy of the Group in August 2016, which are available on the Company's website www.yinson.com.my. The Whistleblower Policy facilitates the disclosure of wrongdoings such as fraud, corruption, serious financial impropriety and gross mismanagement to be reported and addressed in an appropriate and timely manner. The Whistleblower Policy also provide the guide on who can, what to, when to and how to disclose. The Company provides assurance of protection for genuine whistleblowers.</p> <p>The Whistleblower Policy is targeted to be reviewed in the second quarter of 2018.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	<p>During the financial year under review and up to the date of this report, the Board has three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Executive Directors, equivalent to one-third (1/3) of the Board which is in accordance with Paragraph 15.02 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>Despite being qualified as an Independent Non-Executive Director pursuant to Practise Note 13 Clause 3.2 Main LR of Bursa Securities, the nominee director of Employees Provident Fund Board, a major shareholder of the Company, Dato' Mohamad Nasir bin Ab Latif was appointed as Non-Independent Non-Executive Director of the Company as per his appointment letter from Employees Provident Fund Board. Dato' Mohamed Nasir provides independent deliberation, review and decision making to the Board.</p> <p>Having adopted this alternative approach, the Company is deemed to have 50% of the Board comprises Independent Directors and Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board has intention to look out for additional Independent Non-Executive Director to achieve majority Independent Non-Executive Directors which able to contribute to the Board.
Timeframe	:	At this juncture, the Board had not ascertained a timeframe of achieving this target but will do at the best endeavour to appoint a new Independent Non-Executive Director.

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	None of the tenure of Independent Directors exceeded a cumulative term limit of 9 years. Dato' Wee Hoe Soon @ Gooi Hoe Soon and Datuk Raja Zaharaton binti Raja Zainal Abidin were appointed as Independent Non-Executive Director on 11 August 2016. Datuk Syed Zaid bin Syed Jaffar Albar was appointed as Senior Independent Non-Executive Director on 19 August 2016. All three (3) Independent Non-Executive Directors had only served for two (2) consecutive years in the Company.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	-

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had approved the Diversity Policy of the Board and Senior Management in January 2018. The Diversity Policy consider a number of aspects, including gender, age, ethnicity, cultural, educational background, professional experience, skills and knowledge in appointment of Board and Senior Management.</p> <p>The Senior Management currently consists of men. However, the Senior Management team is equipped with diverse skills and expertise and industry experience to lead the business direction of the Group. The Board via Nominating and Remuneration Committee is in the midst of formulating a more comprehensive succession plan which would also take into consideration of gender diversity.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:	-	
Explanation for departure	:	Currently, the Board has two (2) female Directors, representing 25% of the composition of the Board. To enhance the Board's effectiveness, the Board ensures its members have the relevant skills experience, expertise and time commitment. Although the Board take into consideration gender diversity in appointment of Board and Senior Management, the Board believes that selection of Directors should not be based on any gender discrimination or preferences, as it is equally important to have the right mix of skills at the Board and Management level in order to enable the Board, Board Committees and Senior Management team to carry out their duties effectively.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Nominating and Remuneration Committee will constantly source for a suitable and qualified female Director candidate at the aim of achieving at least 30% women on the Board, to be in line with MCCG and the government initiative. The potential female Director shall not compromise on the skills, right mix and ability to complement to the current Board.	
Timeframe	:	As the Board is currently performing effectively, the Board set a target to appoint another female Director within three (3) 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.

Application	:	Applied
Explanation on application of the practice	:	During the financial year under review, there was no new Director been nominated or appointed. The Nominating and Remuneration Committee is aware of the new MCGG guide and will leverage on the independent sources to identify suitable qualified female candidates including, Women Directors' Registry, Institute of Corporate Directors Malaysia or other sources. However, the Nominating and Remuneration Committee are responsible to ensure proper screening and selection of candidates prior to any appointment of new Directors. The Nominating and Remuneration Committee are authorised to seek external consultant to assist in the process with Board's approval.
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating and Remuneration Committee is led by Datuk Syed Zaid bin Syed Jaffar Albar, a Senior Independent Non-Executive Director of the Company. The role of the chairman of the committee are indicated in the Nominating and Remuneration Committee's Terms of Reference which includes (i) leading in succession planning, nomination and appointment of board members, future Chairman and Chief Executive Officer and (ii) lead governance issues, particularly the annual review of the effectiveness of the Board and Board Committees and ensuring that the performance of individual Directors is independently assessed.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board conduct an annual performance evaluation on the Board, Board Committees, Director's Self and Peer Evaluation and Independent Directors' Self-Assessment. The assessment of the Board is based on four (4) main areas relating to Board structure, Board operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities. For Director's Self and Peer Evaluation, the assessment criteria include abilities and competencies, contribution and performance, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his contribution to Board processes and the business strategies and performance of the Group. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his/her involvement in any significant transaction with the Group according to the criteria set in the Main LR of Bursa Securities.</p> <p>The Board had conducted an internally facilitated Board assessment for the financial year under review. In order to ensure the effectiveness of the evaluation, each Director completes the evaluation forms and submit to a designated staff in the secretarial department for tabulation of the evaluation and tabling the results at the Nominating and Remuneration Committee meeting which in turn reports the findings to the Board. Certain assessment criteria in the Performance Evaluation have been amended for improvement in the evaluation process.</p> <p>Directors provide anonymous feedback on their peers' performance and individual performance contributions to the Board. The review supported the Board's decision to endorse all retiring Directors standing for re-election.</p> <p>The Board are satisfied with the overall performance of individual Directors, Board and Board Committees for the financial year under review, with improvement seen for the performance of the Board and Board Committees. The weaknesses identified from the assessment were (i) the communication between Management and Board on short, medium and long-term strategy; (ii) to improve on the key performance</p>

	<p>indicators to monitor executive and senior management's performance; and (iii) implementation of succession plan.</p> <p>The Board agreed to set a separate meeting for Senior Management and Board focusing on the short, medium and long-term strategy and the Group Chief Executive Officer would table the succession plan to the Board within the current financial year for approval.</p> <p>The Board intends to engage an independent consultant to facilitate objective and candid evaluation of the Board for the current financial year. Thereafter, the evaluation of Board by the independent consultant will be undertaken on a periodic basis or as and when required.</p>	
<p>Explanation for departure</p>	<p>: -</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>: -</p>	
<p>Timeframe</p>	<p>: -</p>	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Policy and Procedure for Directors and Senior Management, which are available on the Company's website www.yinson.com.my, was reviewed and updated by the Board via Nominating and Remuneration Committee in March 2018. The remuneration policy of the Company aims to support the Company's key strategies and create a strong performance-oriented environment in attracting, motivating and retaining talent towards achieving long-term vision of the Company.</p> <p>In relation to the Directors' fees, the Board having considered recommendation from the Nominating and Remuneration Committee, had recently revised the fees structure to be structure based on fee as a Director, fee for participation as member and chairman of a committee. The level of fees is reflective of their experience and level of responsibilities as a Director.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established a combined Nominating and Remuneration Committee comprising of three (3) Independent Directors. The combined committee will increase the effectiveness and efficiency of the committee in discussing and reviewing both nomination and remuneration function from an overall perspective. The Terms of Reference of the Nominating and Remuneration Committee, which are available on the Company's website www.yinson.com.my, clearly spell out the roles and responsibilities of the committee.</p> <p>The Directors who are also shareholders of the Company had abstained from voting at the 24th Annual General Meeting on resolutions relating to their Directors' fees, benefits and re-election of Directors.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure on a named basis for the remuneration of individual Directors are found in page 71 of the 2018 Annual Report.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:	-	
Explanation for departure	:	The detailed remuneration of the Group Chief Executive Officer, who is an Executive Director, is disclosed in the 2018 Annual Report. However, the Board have decided to depart from this Practice as the disclosure would affect the competitiveness of the Group due to the niche market and expertise required for the industry.	
		The remuneration of the Senior Management is disclosed on an aggregate basis, taking into account the salary, allowances, bonus, benefits-in-kinds and other emoluments.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board via the Nominating and Remuneration Committee, would review the remuneration of the Senior Management by comparing companies (within industry, similar market capitalisation and financial performance) in Malaysia and internationally.	
Timeframe	:	The Board will continue review this Practice annually.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of Audit Committee and Chairman of the Board are separate persons.</p> <p>The Chairman of the Audit Committee is chaired by Dato' Wee Hoe Soon @ Gooi Hoe Soon, an Independent Non-Executive Director, who is a member of The Malaysian Association of Certified Public Accountants and Malaysia Institute of Accountants.</p> <p>All members of the Audit Committee are Independent Non-Executive Directors and the composition of the Audit Committee are as follows:</p> <ul style="list-style-type: none">▪ Dato' Wee Hoe Soon @ Gooi Hoe Soon (Chairman)▪ Datuk Syed Zaid bin Syed Jaffar Albar (Member)▪ Datuk Raja Zaharaton binti Raja Zainal Abidin (Member) <p>The Terms of Reference of the Audit Committee, which are available on the Company's website www.yinson.com.my, includes the details roles and responsibilities of the chairman and committee, which compasses risk management and internal controls, financial reporting, internal audit, external audit and other matters. A summary of work performed by the Audit Committee during the financial year under review is disclosed in the Audit Committee Report contained in the Annual Report.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Refence of Audit Committee which was reviewed and revised in January 2018 had included additional requirement for a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.</p> <p>Currently, none of the members of the Audit Committee is a former key audit partner of the Company.</p>	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee within its responsibility to review, assess and monitor the performance, suitability and independence of External Auditors. The Board had adopted the External Auditor Policy and Procedure in January 2018, which are available on the Company's website www.yinson.com.my. The policy sets out the selection and appointment, annual assessment and re-appointment, removal and no re-appointment, audit engagement independence, audit deliverables, rotation of audit partners and non-audit services.</p> <p>The Audit Committee evaluated the performance of the External Auditors for financial year ended 31 January 2017 based on the External Auditor Performance and Independence checklist recommended in the Bursa Corporate Governance Guide. The assessment was satisfactory and subsequently, Messrs PricewaterhouseCoopers are re-appointed as External Auditors for the financial year ended 31 January 2018 at the 24th Annual General Meeting ("AGM").</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The current Audit Committee comprises of three (3) Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the Audit Committee possess a mix of skills, knowledge and experience to enable the Audit Committee to discharge their duties and responsibilities as addressed in the terms of reference. The Chairman of the Audit Committee, Dato' Wee Hoe Soon @ Gooi Hoe Soon is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.</p> <p>All members of the Audit Committee are financially literate, with extensive corporate experience and equipped with the required business skills to effectively challenge management's decisions and proposals.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a stewardship responsibility to understand the risk of the Group, provide guidance on dealing with these risks and to ensure risks are managed proactively, in a structured and consistent manner. The Board via Board Risk Management Committee assumes the responsibility of identifying principal risk and ensuring implementation of an effective risk management system and reviewing the adequacy and integrity of the Company's internal control and management information system.</p> <p>The policies of the Board for Enterprise Risk Management are:</p> <ul style="list-style-type: none"> - to integrate risk management into the management culture, business activities and decision-making processes - to anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively - to manage risks pragmatically to an acceptable level given the particular circumstances of each situation - to require that all papers submitted to the Board by Management relating to strategy, key project approval; significant actions or investment must include a risk assessment report - to continuously strive towards strengthening the risk management practices through continuous learning and improvement <p>The Board had reviewed and revised the Enterprise Risk Management Policy and Framework in November 2017.</p>
Explanation for departure	:	-
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the risk management and internal control framework and its adequacy and effectiveness can be found in the Statement of Risk Management and Internal Controls, as contained in page 76 to 81 of the 2018 Annual Report.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board had segregated the risk management function from the Audit and Risk Management Committee to a Board Risk Management Committee in January 2018, which comprises of a majority of Independent Non-Executive Directors.</p> <p>The composition of the Board Risk Management Committee are as follows:</p> <ul style="list-style-type: none">- Dato' Mohamad Nasir bin Ab. Latif (Chairman)- Lim Chern Yuan (Member)- Dato' Wee Hoe Soon @ Gooi Hoe Soon (Member)- Datuk Syed Zaid bin Syed Jaffar Albar (Member)- Datuk Raja Zaharaton binti Raja Zainal Abidin (Member)

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company during the year has engaged Ernst & Young Advisory Services Sdn Bhd to co-source with in-house Internal Audit Department who reports directly to the Audit Committee.</p> <p>The Audit Committee is responsible for the appointment and reviewing of the Internal Audit function performance. The scope of work for the Internal Audit function are disclosed in the Report on Audit Committee as contained in page 82 to 84 of the 2018 Annual Report.</p> <p>The Audit Committee reviewed the performance of the Internal Audit function for the financial year ended 31 January 2018 and noted on the needs for in-house Internal Audit team to undertake specialised training to meet the enlarge scope of internal audit function from time to time.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The in-house Internal Audit Department is headed by Mr Liew Ching Hin. He has been Head of Group Internal Audit of the Company since 2013. He is a member of the Institute of Internal Auditors Malaysia and has fifteen (15) years of experience in the field of internal audit.</p> <p>The Internal Auditors, both in-house and external consultant are free from any relationships or conflicts of interest, which could impair their objectivity and independence. Further details of the Internal Audit functions are disclosed in the Report on Audit Committee Report as contained in page 82 to 84 of the 2018 Annual Report.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.yinson.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, info@yinson.com.my to which stakeholders can direct their queries or concerns.</p> <p>The Company takes into consideration the shareholder's rights to access information relating to the Company and has thusly, taken measures to enable the Company to communicate effectively with its shareholders, prospective investors, stakeholders and public generally with the intention of giving them a clear picture of the Group's performance and operations. The Group has a dedicated electronic mail, ir@yinson.com.my to which shareholders can direct their queries or concerns.</p>
Explanation for departure	:	-
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	-

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	The Company has yet to adopt integrated reporting for the 2018 Annual Report. The Management of the Company will form an working committee to work toward having integrated reporting for the 2019 Annual Report based on globally recognised frameworks such as, International Integrated Reporting Council (IIRC) Integrated Reporting framework.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company has planned to form a working committee to work toward having integrated reporting for the 2019 Annual Report based on globally recognised frameworks such as, International Integrated Reporting Council (IIRC) Integrated Reporting framework.
Timeframe	:	July 2019

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Notice for Annual General Meeting has been given to the shareholders at least 28 days prior to the meeting.</p> <p>The notice of Company's 24th AGM is issued on 31 May 2017 for the AGM held on 6 July 2018. The notice of 24th AGM was circulated in the Annual Report, The Star newspaper, Bursa company announcement website and Company's website.</p>	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended both 24 th AGM and EGM held by the Company on 6 July 2017. The Chair of the Audit and Risk Management, Nominating and Remuneration were presence at the aforesaid general meetings to provide meaningful response to questions addressed to them, if any.	
Explanation for departure	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	-	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:	-	
Explanation for departure	:	The Company has yet to leverage on technology to conduct general meetings at more than one venue using technology and voting in absentia due to the cost, security and readiness of the technology.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company would consider the electronic voting and remote shareholder participation once the technology is readier for such.	
Timeframe	:	At this juncture, the Board had not ascertained a timeframe of achieving this target but will do at the best endeavour to adopt these applications subject to readiness of technology for electronic voting and remote shareholder participation.	

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

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