

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0225
COMPANY NAME : SOUTHERN CABLE GROUP BERHAD ("SOUTHERN CABLE"
OR THE "COMPANY")
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

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 responsible for the performance and affairs of Southern Cable and its subsidiaries ("Southern Cable Group" or the "Group"). The Board determines the Group's strategic objectives and ensures that required resources are in place for the Group to meet its objectives and to guide the Group on its short and long-term goals, providing advices, stewardship and directions on the management and business development of the Group. It then delegates the implementation and monitoring of these set directions and control systems to the management.</p> <p>The Board is also responsible for ensuring that the Management maintains an effective system of governance and internal controls, which should provide assurance of effective and efficient operations, internal controls and compliance with the relevant laws and regulations.</p> <p>In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board. The Board also delegates certain responsibilities to the following Board Committees to assist in the execution of its responsibilities within their respective Terms of Reference ("TOR"):</p> <ul style="list-style-type: none">a. Audit and Risk Management Committee ("ARMC"); andb. Nomination and Remuneration Committee ("NRC"). <p>The Board Charter and TOR of the respective committees are available on the Company's website at www.southerncable.com.my.</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 1.2

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, En. Rizvi Bin Abd Halim is an Independent Non-Executive Chairman. He is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>The Board Charter is available on the Company's website at www.southerncable.com.my.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	<p>The role of the Chairman and the Managing Director ("MD") are distinct and separate to ensure there is balance of power and authority to promote accountability, so that no one individual has unfettered decision-making powers.</p> <p>The Chairman of the Board is En. Rizvi Bin Abd Halim and the MD of the Group is Mr. Tung Eng Hai.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The MD is accountable to the Board for the overall organisation, management, and staffing of the Group and for the procedures in financial and other matters, including conduct and discipline.</p> <p>The respective roles and responsibilities of the Chairman and MD are as set out in the Board Charter. The Board Charter is available on the Company's website at www.southerncable.com.my.</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 1.4

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 supported by the Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016 ("Act"). She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Company Secretary plays an important role in facilitating the overall compliance with the Act, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and other relevant laws and regulations. The Company Secretary also assists the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensuring adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.</p> <p>The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.</p> <p>Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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>To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>For matters which require the Board's decision on urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 was adopted by the Board on 11 March 2020 and subsequently revised on 1 June 2020 which incorporated the anti-bribery and corruption requirements under the Code of Ethics and Conduct. The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors and the functions of the Board Committees.</p> <p>The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to legislation and regulations.</p> <p>The Board Charter is available on the Company's website at www.southerncable.com.my.</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 Code of Ethics and Conduct which forms part of the Board Charter is observed by all Directors, management and employees of the Group is available on the Company's website at www.southerncable.com.my.</p> <p>The Board adhered strictly to the Code of Ethics and Conduct for the Directors, in discharging its oversight role effectively. The Code of Ethics and Conduct requires all Directors, management and employees of the Group to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and to act in good faith in the best interests of the Group and its shareholders.</p> <p>The Board will review the Code of Ethics and Conduct from time to time to ensure that it continues to remain relevant and appropriate.</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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has also adopted a Whistle Blowing Policy on 11 March 2020 and subsequently revised on 1 June 2020 which incorporated the relevant amendments in relation to anti-corruption measures. The Whistle Blowing Policy provides a defined avenue and accessible reporting channels for all Directors, employees, shareholders and any third parties associated with the Group to raise concerns or disclose any improper conduct within the Group.</p> <p>The Whistle Blowing Policy is available on the Company's website at www.southerncable.com.my.</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	:	Applied															
Explanation on application of the practice	:	<p>The present composition of the Board is in compliance with Rule 15.02 of the Listing Requirements and Practice 4.1 of the Malaysian Code on Corporate Governance ("Code") as half (50%) of the Board comprises Independent Directors. The current Board consists of six (6) members, comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, as set out in the table below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Rizvi Bin Abd Halim</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Tung Eng Hai</td> <td>Managing Director</td> </tr> <tr> <td>Wong Meng Kee</td> <td>Executive Director</td> </tr> <tr> <td>Wong Kar Wai</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Eugene Lee Cheng Hoe</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Daphne Choy Gaik Choo</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.</p>		Name	Designation	Rizvi Bin Abd Halim	Independent Non-Executive Chairman	Tung Eng Hai	Managing Director	Wong Meng Kee	Executive Director	Wong Kar Wai	Non-Independent Non-Executive Director	Eugene Lee Cheng Hoe	Independent Non-Executive Director	Daphne Choy Gaik Choo	Independent Non-Executive Director
Name	Designation																
Rizvi Bin Abd Halim	Independent Non-Executive Chairman																
Tung Eng Hai	Managing Director																
Wong Meng Kee	Executive Director																
Wong Kar Wai	Non-Independent Non-Executive Director																
Eugene Lee Cheng Hoe	Independent Non-Executive Director																
Daphne Choy Gaik Choo	Independent Non-Executive Director																
Explanation for departure	:	<div></div> <div></div>															
<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

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	:		
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 acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels.</p> <p>The NRC is responsible to lead the process for the nomination of new candidate for appointment and making the necessary recommendations.</p> <p>In line with the best practices of the Code and the gained attention of boardroom diversity as an important element of a well-functioned corporation, the Board shall through the NRC accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only to gender, but also age and ethnicity.</p> <p>The Terms of Reference of the NRC is available on the Company's website at www.southerncable.com.my.</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	:	Applied
Explanation on application of the practice	:	<p>The Company had adopted a Gender Diversity Policy on 11 March 2020, which provides a framework for the Company to improve its gender diversity at Board level. The Gender Diversity Policy is available on the Company's website at www.southerncable.com.my.</p> <p>The Gender Diversity Policy does not set any specific target on the composition in terms of gender, age or ethnic of its Board members. However, the Board is well-represented by individuals drawn from distinctly diverse professional backgrounds. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. The NRC would ensure that steps will be undertaken to ensure that suitable women candidates are sought from various sources, should the need arises.</p> <p>The Board currently has one (1) female Director, reflects the Board's commitment towards achieving a more gender diversified Board.</p> <p>The Board is supportive of gender diversity in the Board composition as recommended by Code and will endeavour to continuously identify and assess suitably qualified female candidates for nomination.</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 4.6

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	:	<p>The NRC of the Company is responsible to oversee the selection and assessment of new candidate or appointment of Directors.</p> <p>The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>In searching for suitable candidates, the NRC may leverage on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the NRC also refer to the potential candidate from the industry taking into consideration the education, skills and experience background.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Ms. Daphne Choy Gaik Choo who is an Independent Non-Executive Director of 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

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 recognises the importance of assessing the effectiveness of individual directors, the Board as a whole and its Board Committees. Facilitated by the NRC, the Company will conduct an annual evaluation to determine the effectiveness of the Board and Board Committees as a whole as well as the contribution of each individual Director. The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities. Criteria used in these assessments are guided by the Corporate Governance Guide issued by Bursa Securities.</p> <p>In evaluating performance of Executive Directors, the assessment is based on specific criteria, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders/ investors' relations, employees training and development, succession planning and personal input to the role.</p> <p>The annual assessment will be facilitated by the Company Secretary and conducted on a peer and self-evaluation basis through questionnaires circulated to the Directors.</p> <p>All Board members shall complete the assessment questionnaires on a confidential basis and the results of the evaluations shall be collated and a summary of the findings be submitted to the NRC for deliberations and subsequently escalated to the Board for consideration on the key issues arising thereon, if any.</p> <p>Subsequent to the financial year ended 31 December 2020 ("FYE 2020"), the NRC and the board had carried out the annual assessment of the Board and Board Committees as whole and the individual director's performance in February 2021.</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 6.1

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 Board had on 5 December 2019 through the NRC, established a formal and transparent Remuneration Policy as a guide for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required. The Remuneration Policy is available at the Company's website at www.southerncable.com.my.</p> <p>The Board, assisted by the NRC, implements the policy and procedures on the remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.</p> <p>Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</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 NRC is principally responsible for the development and review of the remuneration policy and packages of Directors, where necessary, and subsequently tables their recommendations to the Board on specific adjustments in remuneration (includes fees and benefits) to commensurate the contributions of the Directors.</p> <p>The NRC is also responsible to ensure that the remuneration package and benefits of the Board and the Key Senior Management of the Group are benchmarked with industry standards in light of the Group's performance in the industry.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The Terms of Reference of NRC is accessible on the Company's website at www.southerncable.com.my.</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 named basis for the remuneration of individual Directors for the FYE 2020 are set out in the Corporate Governance Overview Statement in the Annual Report for the FYE 2020 (“AR 2020”).	
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 Board is of the view that the disclosure of the Key Senior Management’s remuneration components on named basis would not be in the best interest of the Company as it may be detrimental to the Company’s human resource management due to the competitive nature for talents within the construction industry.	
		The Board also took into consideration of sensitivity and security of the remuneration package of Key Senior Management, hence, opts not to disclose on named basis the remuneration or in bands of RM50,000 for the Key Senior Management.	
		Alternatively, the Board is of the view that the disclosure of Key Senior Management’s aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.	
		The aggregate remuneration and benefits paid to the Key Senior Management of the Group for the FYE 2020 are as follows:-	
		Remuneration Band	Number of Key Senior Management
		RM250,001 to RM300,000	1
		RM300,001 to RM350,000	1
		RM350,001 to RM400,000	1
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 7.3 - 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	:	The positions of Chairman of the Board and Chairman of the ARMC are being held by two different persons, both of them are Independent Directors. The Chairman of the Board is En. Rizvi Bin Abd Halim while the Chairman of the ARMC is Mr. Eugene Lee Cheng Hoe.	
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 policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC is incorporated in the TOR of the ARMC which was published on the Company's website at www.southerncable.com.my.</p> <p>None of the members of the ARMC of the Company were former key audit partner.</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 Board had on 11 March 2020 established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors covering amongst others, the following:-</p> <ul style="list-style-type: none"> (a) Adequacy of resources and experience of the audit firm; (b) Quality processes of the audit firm; (c) Competency of audit engagement team; (d) Audit governance and independence; (e) Audit fee, scope and planning; and (f) Audit communications. <p>The procedures for selection and appointment of External Auditors as stated in the policy are as follows:-</p> <ul style="list-style-type: none"> (a) To identify the audit firms which meet the criteria for appointment and to request for their proposals of engagement for consideration; (b) To assess the proposals received and shortlist the suitable audit firms; (c) To meet and/or interview the shortlisted audit firms; (d) To recommend the suitable audit firm to the Board for appointment as External Auditors of the Company. <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The ARMC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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	:	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 8.5

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 ARMC Chairman, Mr. Eugene Lee Cheng Hoe, is a member of the Malaysian Institute of Accountants and a Certified Practising Accountant with CPA Australia. He is also a Registered Financial Planner under the Malaysian Financial Planning Council.</p> <p>The ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the TOR of the ARMC and they are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The ARMC members had kept themselves abreast of relevant development in accounting and auditing standards, practices and rules.</p> <p>In addition, during the ARMC Meetings, the members were also briefed by the External Auditors on the following:-</p> <ul style="list-style-type: none">(a) Financial Reporting developments;(b) Adoption of Malaysian Financial Reporting Standards; and(c) Other changes in regulatory environment.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.</p> <p>The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 2020.</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 9.2

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	:	Details of the Group’s risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 2020.	
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 Audit Committee and Risk Management Committee have been merged as a single committee known as the ARMC with effect from 28 May 2019 which comprises a majority of Independent Non-Executive Directors.</p> <p>The scope and function of the ARMC are set out in the TOR of ARMC which is available on the Company's website at www.southerncable.com.my.</p>

Intended Outcome

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

Practice 10.1

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 Board had on 11 March 2020 established the Internal Auditors Assessment Policy ("IA Assessment Policy") together with an annual performance evaluation form. The IA Assessment Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The ARMC obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC will carry out an annual performance assessment of the Internal Auditors. The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company, among others, the following were some of the criteria reviewed by the ARMC:-</p> <ul style="list-style-type: none">(a) Adequacy of resources and experience of the internal audit firm;(b) Quality processes of the internal audit firm;(c) Competency of the engagement team;(d) Governance and independence;(e) Internal audit fee, scope and planning; and(f) Internal audit reports and communications. <p>The internal audit functions and activities carried out during the FYE 2020 are as disclosed in the ARMC Statement in the AR 2020.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 internal audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), a third party professional internal audit service firm which is independent of the operations and activities of the Group. The engagement team from Sterling is free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The Internal Auditors ensures that its staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review. The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit. The Internal Auditors is a corporate member of the Institute of Internal Auditors Malaysia (IIAM).</p> <p>The internal Auditors make reference to the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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 values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted on 11 March 2020. A copy of the policy is published on the Company's website at www.southerncable.com.my.</p> <p>The quarterly results, announcements, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and development.</p> <p>The Company's website at www.southerncable.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.</p> <p>The Company's AGM remains as a principal forum used by the Group for communication with its shareholders. At the AGM, shareholders will be accorded time and opportunity to raise questions on the proposed resolutions and also matters relating to the performance, developments within and the future direction of the Group. The Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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	:	<p>The Company is not required to comply with this requirement as it is not a large company.</p> <p>Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Securities. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The AR 2020 provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management Discussion and Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.</p>
<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 12.1

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	:	The notice convening the Second AGM of the Company to be held on 10 June 2021 was issued to shareholders at least 28 days before the Second AGM date, which gives shareholders sufficient time to prepare themselves to attend the Second AGM or to appoint proxy to attend and vote on their behalf.	
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	:	<p>Southern was listed on the ACE Market of Bursa Securities on 16 October 2020 and its First AGM was held before its listing on 11 March 2020.</p> <p>The Board believes that participation of shareholders in the Company’s General Meeting is the more appropriate platform where shareholders’ queries and concerns may be conveyed to the Board for clarification. The Board will ensure that all Board members, key senior management team, External Auditors and Company Secretary are present to respond to shareholders’ questions during the forthcoming Second AGM and any other general meetings.</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 12.3

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	:	Applied
Explanation on application of the practice	:	<p>In view of the coronavirus disease ("COVID-19") outbreak in Malaysia, the Board decided to hold the forthcoming Second AGM on fully virtual and entirely via remote participation and voting.</p> <p>This allows the shareholders to participate in the Second AGM while at the same time, follows the health guidance issued by the Government of Malaysia of not having mass gathering and practicing social distancing to curb the spread of COVID-19. The conduct of meeting by way of fully virtual is also strongly encouraged by the Securities Commission Malaysia.</p> <p>Shareholders are able to attend, speak (including posing questions to the Company/Board of Directors) and vote remotely at the forthcoming Second AGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company' share registrar in hard copy or by electronic means.</p> <p>For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with pre-determined proxy form.</p> <p>Shareholders will be allowed to cast their vote via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.</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	:	

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.

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