

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 8621  
**COMPANY NAME** : LPI CAPITAL BHD  
**FINANCIAL YEAR** : December 31, 2018

## **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Co-Chairman ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</li><li>• The Chief Executive Officer/ Executive Director formulates strategic vision and business directions for the Company.</li><li>• The Directors promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies. They also ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.</li><li>• "Corporate Mission, Vision and Our Core Values" are adopted across the Company to promote and implement good corporate culture within the Company which reinforces ethical, prudent and professional behaviour.</li><li>• Risk Management and Internal Control Framework for the Group was adopted on 25 October 2017. This framework encompasses the Board &amp; Management's oversight in risk management of the Group; and to ensure Group's business objectives are supported by a sound strategy that is directed by a clear risk appetite statement approved by the Board.</li><li>• To ensure the Management has the necessary skills and experience, the Nomination &amp; Remuneration Committee, in assisting the Board, had carried out annual assessment on fit and proper of the Key Responsible Persons as per internal policy. The Board Succession Plan has been put in place on 23 November 2017.</li></ul>

	<ul style="list-style-type: none"> <li>• Sustainability Committee, comprised of the Management and executives, was established on 27 June 2016, has established a formal governance structure for Group's sustainability activities, including formalising the various process therein, for example, the materiality assessment and stakeholder engagement process.</li> <li>• LPI and its subsidiary have adopted Business Resumption Continuity Plan (BRCP), and had carried out the testing on Business Continuity Plan and Disaster Recovery Plan twice yearly, in accordance with BRCP.</li> <li>• The management proposals which required Board's approval would be tabled at Board meetings for discussion &amp; adoption prior to implementation. Relevant reports would be updated at Board meetings for noting.</li> <li>• The quarterly financial reports are always tabled to the Board within 1 month from the end of every quarter. The Audit Committee and Board would seek clarification on quarterly report during the Audit Committee Meeting and Board Meeting.</li> <li>• The Risk Management Committee, in assisting the Board, submits the periodic reports on the risks positions of the Group.</li> <li>• Annual Report is the key channel of communication with stakeholders. Another important avenue for communication and dialogue is Annual General Meeting of the Company. Primary contacts for Investor Relations are disclosed in Annual Report and website.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow in leading the Board in its collective oversight of management, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman :-</p> <ul style="list-style-type: none"><li>• manages the interface between Board and Management and provides support and guidance to Management Officers to help facilitate management succession planning.</li><li>• grooms and mentors Management Officers to achieve consistently high levels of professionalism and excellent performance.</li><li>• provides leadership to the Board and is responsible for the developmental needs of the Board.</li><li>• ensures that appropriate procedures are in place to govern the Board's operation.</li><li>• leads the Board in establishing and monitoring good corporate governance practices in the Company.</li></ul> <p>The Co-Chairman, Mr Tee Choon Yeow, in fulfilling this role :-</p> <ul style="list-style-type: none"><li>• ensures a smooth functioning of the Board and the governance structure, and inculcates a positive culture in the Board.</li><li>• ensures that procedures and processes are in place to facilitate effective conduct of business by the Board.</li><li>• chairs Board meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed.</li><li>• ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</li><li>• provides leadership to the Board and is responsible for the developmental needs of the Board.</li><li>• chairs General meetings of the Company and provides clarification on issues that may be raised by the shareholders.</li><li>• ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li></ul>

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow, the Co-Chairman, Mr Tee Choon Yeow and the Chief Executive Officer (CEO), Mr Tan Kok Guan, all holding separate position and their respective roles and responsibilities are governed in the Company's Board Charter.</p> <p>The Chairman, in leading the Board in its collective oversight of management, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman :-</p> <ul style="list-style-type: none"><li>• manages the interface between Board and Management and provides support and guidance to Management Officers to help facilitate management succession planning;</li><li>• grooms and mentors Management Officers to achieve consistently high levels of professionalism and excellent performance;</li><li>• provides leadership to the Board and is responsible for the developmental needs of the Board;</li><li>• ensures that appropriate procedures are in place to govern the Board's operation; and</li><li>• leads the Board in establishing and monitoring good corporate governance practices in the Company.</li></ul> <p>The Co-Chairman :-</p> <ul style="list-style-type: none"><li>• ensures the smooth functioning of the Board and the governance structure, and inculcates a positive culture in the Board;</li><li>• ensures that procedures and processes are in place to facilitate effective conduct of business by the Board;</li><li>• chairs Board meetings and encourages active participation and healthy discussion to ensure that dissenting views can be freely expressed and discussed;</li><li>• ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;</li><li>• provides leadership to the Board and is responsible for the developmental needs of the Board;</li><li>• chairs General meetings of the Company and provides clarification on issues that may be raised by the shareholders;</li></ul>

	<p>and</p> <ul style="list-style-type: none"> <li>ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li> </ul> <p>The CEO/ Executive Director is responsible for :-</p> <ul style="list-style-type: none"> <li>the business and day-to-day management of the Company;</li> <li>providing leadership to Management;</li> <li>formulating strategic vision and business directions for the Company;</li> <li>developing and implementing corporate strategies to meet performance targets without neglecting longer-term growth opportunities of the Company;</li> <li>ensuring that Board decisions and policies set for the Management by the Board are implemented effectively; and</li> <li>keeping the Board well informed of salient aspects and issues concerning the Company's operations and ensuring that adequate management reports are submitted to the Board.</li> </ul>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary, Ms Kong Thian Mee, is a qualified Chartered Secretary (ICSA) and a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators. She is also the Secretary for all Board Committees.</p> <p>The Company Secretary supports the Board by giving advices to Directors on Group's policies, procedures and relevant legislations as well as corporate governance best practices.</p> <p>The Directors are regularly updated by the Company Secretary on any new statutory as well as regulatory requirements relating to the Directors' duties and responsibilities or the discharge of their fiduciary duties as Directors of the Company.</p> <p>The Company Secretary notifies the Directors and the principal officers of closed periods for trading in LPI shares, pursuant to the requirements stated in Bursa Malaysia Securities Berhad's Main Market LR.</p> <p>The Company Secretary attends all Board and Board Committees meetings and ensures that accurate and adequate records of the proceedings of Board and Board Committee meetings and the decisions made are properly kept at registered office.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board meetings are conducted in accordance to a structured agenda. Board Members are provided with the structured agenda together with the relevant documents and information in reasonable time prior to the Board meeting. This is to facilitate the Directors to peruse the Board papers and seek clarification that they may require from the Management or the Company Secretary well ahead of the meeting date. Urgent papers may be presented for tabling at the Board meetings under supplemental agenda.</p> <p>Timely circulation of notice of meetings together with the agenda and meeting materials (approximately 5 business days ahead of Board Meetings), is to allow reasonable time for Directors to peruse Board papers prior to the Board meeting. The papers of the Board meetings are presented in a concise and comprehensive format. Board meeting papers include progress reports on business operations, detailed information on business propositions and corporate proposals including the relevant supporting documents. The agenda and meeting papers are uploaded to a secured server and downloaded and accessed by the directors via their ipad.</p> <p>Minutes of a Directors' meeting would be distributed to all Directors on a timely basis for review and thereafter for confirmation at next board meeting. The Directors may request for further clarification or raise comments on the minutes prior to the confirmation of the minutes as a correct record of proceedings of the Board. The signed board minutes are entered in minutes books kept by the Company Secretary.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Board Charter clearly identifies the respective roles and responsibilities of the board, board committees and individual directors including Executive Director/ CEO and Non-Executive Directors. It also clearly identifies the issues and decisions reserved for the board.</p> <p>The Board would regularly review this charter and the charters of Board Committees to ensure they remain consistent with the Board's objectives and responsibilities, and relevant standards of corporate governance.</p> <p>The Board Charter is published on the Company's website at <a href="http://www.lpicapital.com">www.lpicapital.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had reviewed its Code of Conduct and Ethics for Directors and it includes the following principles :-</p> <ul style="list-style-type: none"><li>• Compliance with Legal and Regulatory Requirements, and the Group's Policies</li><li>• Observance of Board Charter</li><li>• Duty to Act in the Best Interest of the Group</li><li>• Competence</li><li>• Integrity</li><li>• Objectivity</li><li>• Confidentiality</li><li>• Fairness</li></ul> <p>The Code of Conduct and Ethics for Directors is published in website at <a href="http://www.lpicapital.com">www.lpicapital.com</a>. The Board has also adopted Policy on Directors' Conflicts of Interest, which aimed to guide the Board in managing Directors' Conflicts of Interest. The Code of Ethics for employees is disclosed in "Ethics, Integrity and Trust" section of Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established and adopted a Whistleblowing Policy, to provide an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The policy addresses the following areas:</p> <ul style="list-style-type: none"><li>• Policy statement</li><li>• Coverage statement</li><li>• Scope of policy</li><li>• Safeguards</li><li>• Disclosure procedure</li></ul> <p>The policy provides a transparent and confidential avenue for stakeholders to raise issues that include:</p> <ul style="list-style-type: none"><li>• Financial malpractice or impropriety or fraud;</li><li>• Failure to comply with legal and regulatory obligations;</li><li>• Danger to individual health and safety or to the environment and the cover-up of any of these in the workplace;</li><li>• Negligence, criminal activity, breach of contract and law;</li><li>• Miscarriage of justice;</li><li>• Improper conduct or unethical behaviour; or</li><li>• Concealment of any or a combination of the above.</li></ul> <p>Confidentiality and anonymity are offered to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure procedures accordingly. In view of the seriousness an allegation can be, the policy sets a clear procedural guide for stakeholders to follow in raising their concerns. This will ensure that issues could be addressed to the appropriate person and proper course of actions could be taken. Concerns that are expressed</p>

	<p>anonymously although less credible, will not be disregarded either and will be acted on accordingly.</p> <p>The Whistleblowing Policy provides the contact details of Audit Committee Chairman being the Independent Director and the Group Company Secretary, should stakeholders be in doubt of the Management's independence and objectivity on the concerns raised. Each allegation will be dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action. The Audit Committee Chairman or the Group Company Secretary may initiate the formation of an Investigation Committee consisting of persons from the Management who are independent of the allegation, where deemed necessary.</p> <p>The contact details of Audit Committee Chairman and the Group Company Secretary, is published on the Company's website.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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	:	The Board comprises of majority independent directors (IDs), of which four IDs out of seven directors are IDs.	
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

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

### Practice 4.2

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

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

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established a policy which limits the tenure of its independent directors (ID) to nine years.

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the following policies in guiding the Board on the new appointment of Board Members and Chief Executive Officer :-</p> <ul style="list-style-type: none"><li>(i) Policy on Criteria and Skill Sets for the Board Members and Chief Executive Officer;</li><li>(ii) Policy and Procedure on Fit and Proper for Key Responsible Persons and Company Secretary; and</li><li>(iii) Board Diversity Policy.</li></ul> <p>The Board, assisted by the Nomination &amp; Remuneration Committee, considers the following aspects in making the selection for the appointment of director or management:</p> <ul style="list-style-type: none"><li>(i) Probity, Personal Integrity and Reputation – the person must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness.</li><li>(ii) Competency and Capability – the person must have the appropriate qualification, training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position.</li><li>(iii) Financial Integrity – the person must manage his debts or financial affairs properly and prudently.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board currently has two women Directors on Board, make up 29% of the full board.	
		The Board is putting its efforts in getting other suitable women candidate who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board would consider sourcing new directors via different directors' recruitment agencies.	
<b>Timeframe</b>	:	Within 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The proposed appointment of a new Member to the Board will be deliberated by the full Board based on the recommendation of the Nomination &amp; Remuneration Committee. The Nomination &amp; Remuneration Committee would be guided by an internal policy on Criteria and Skill Sets for the Board Members and Chief Executive Officer (Policy on Criteria and Skill Sets) in assessing the suitability of the potential candidates for appointment to the Board.</p> <p>There was a new appointment of a Director, Ms Soo Chow Lai, in 2018 via recommendation from an existing board member. The Board, after the review of the Nomination &amp; Remuneration Committee's assessment on Ms Soo based on Policy on Criteria and Skill Sets and independence criteria as per Bursa Malaysia Securities Berhad's Main Market Listing Requirements, was satisfied that Ms Soo has met the fit and proper as well as independence requirements, whereby she possesses relevant qualifications, experience and skills to uphold her responsibility as a Director of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board would consider using independent sources in identifying suitable candidates for appointment of directors in future via different directors' recruitment agencies by year 2020.
<b>Timeframe</b>	:	Within 3 years

**Intended Outcome**

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

**Practice 4.7**

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination & Remuneration Committee is chaired by an Independent Director, Mr Tee Choon Yeow.	
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

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place an annual performance evaluation process and delegated the authority to the Nomination &amp; Remuneration Committee to assess the effectiveness of the Board and Board Committees, the performance of individual Directors as well as each Audit Committee member, based on the assessment factors stated in the Company's internal policies approved by the Board. The Nomination &amp; Remuneration Committee would deliberate on the results of assessment and submit to the Board for approval.</p> <p>The Nomination &amp; Remuneration Committee conducts the annual performance assessment via peer review, guided by the following process:-</p> <div style="text-align: center;"><p>Each individual Director completes an annual declaration of fitness &amp; propriety</p><p>↓</p><p>Declaration form completed by individual Director forwarded to the Nomination &amp; Remuneration Committee for fit and proper assessment</p><p>↓</p><p>Based on evaluation forms approved by the Board and fit and proper declaration by each Director, the Nomination &amp; Remuneration Committee carries out:</p><ul style="list-style-type: none"><li>• fit and proper assessment on each individual Director</li><li>• assessment on the Board as a whole and each Board Committee by benchmarking the activities carried out by the Board and respective Board Committee against the Board Charter and the terms of reference of each Board Committee</li></ul></div>

	<p style="text-align: center;">↓</p> <p style="text-align: center;">Nomination &amp; Remuneration Committee collates the results of the assessments and submits to the Board for deliberation and approval</p> <p>The Nomination &amp; Remuneration Committee has developed the following assessment criteria for the assessment of the independence of the Independent Directors as per:</p> <ul style="list-style-type: none"> <li>(i) Bursa Malaysia Securities Berhad's Main Market Listing Requirements; and</li> <li>(ii) The Board Charter.</li> </ul> <p>The Board has also established a policy on maximum tenure of 9 years for Independent Directors.</p> <p>The annual performance evaluation on Independent Directors by peers and the Nomination &amp; Remuneration Committee is guided by the following process:-</p> <p style="text-align: center;">Each individual Independent Director completes an annual declaration of independence</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Declaration form completed by individual Independent Director forwarded to the Nomination &amp; Remuneration Committee for independence assessment</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Based on evaluation forms approved by the Board and independence declaration by each Independent Director, the Nomination &amp; Remuneration Committee carries out an assessment of the independence of each individual Director</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Nomination &amp; Remuneration Committee collates the results of the assessments and submits to the Board for deliberation and approval</p> <p>The Nomination &amp; Remuneration Committee and the Board, through their annual assessment on Independent Directors, were satisfied that they have:</p> <ul style="list-style-type: none"> <li>(i) fulfilled the criteria under the definition of Independent Director pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad, upon noting the annual</li> </ul>
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	<p>declaration of the independence by the Independent Directors; and</p> <p>(ii) carried out their responsibilities as follows:</p> <ul style="list-style-type: none"> <li>- Provide independent and objective views, assessment and suggestions in Board's deliberations;</li> <li>- Ensure effective check and balance in the Board's proceedings;</li> <li>- Monitor and provide an objective view on the performance of executive directors and management in meeting the agreed goals and objectives;</li> <li>- Contribute to the development of the business strategies and direction of the Company; and</li> <li>- Mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Company.</li> </ul> <p>The Board further agreed with the assessment of the Nomination &amp; Remuneration Committee that all Independent Directors have remained objective and continued to bring independent and objective judgements to the Board deliberations and decision making.</p> <p>The Nomination &amp; Remuneration Committee and the Board were satisfied that in view of the size of the Group and its business complexity, the size of the Board is optimum for effective deliberations at Board meetings and efficient conduct of Board meetings, and that there is an appropriate mix of gender, age, knowledge, skills, attributes and core competencies in the Board's composition.</p> <p>The Nomination &amp; Remuneration Committee and the Board concluded that all members of the Board are suitably qualified to hold their positions in the Board and the respective Board Committees as all Directors are persons of high calibre and integrity, and their knowledge and expertise in their respective fields have thereby enhanced the effectiveness of the Board and Board Committees.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board may consider engaging the independent consultant to facilitate objective and candid board evaluations.
<b>Timeframe</b>	:	Within 3 years

## Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established Directors' Remuneration Policies and Procedures and Remuneration Policy for Employees.</p> <p><b>Directors' Remuneration Policies and Procedures</b></p> <p>The Nomination &amp; Remuneration Committee reviews the remuneration of the Directors annually and submits its recommendations to the Board on specific adjustments and/ or reward payments that reflect their respective contributions throughout the year, and are also competitive and in tandem with the Group's corporate objectives, culture and strategy.</p> <p>The Nomination &amp; Remuneration Committee and the Board would ensure that the remuneration policy for the Directors remains competitive to attract and retain Directors of such calibre to provide the necessary skills and experience and to commensurate with the responsibilities for an effective Board.</p> <p>The remuneration packages for Executive Directors should involve a balance between fixed and performance-linked elements. The relative weightage of fixed and variable remuneration for target performance varies with the level of responsibility, complexity of the role and typical market practice. The executive remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality senior executives. Individual pay levels should reflect the performance, skills and experience of the Director as well as the responsibility undertaken and is structured so as to link the short and long-term rewards to both corporate and individual performance.</p>

	<p>For Non-Executive Directors, the review of the Directors' fees should take into account the fee levels, the trends for similar positions in the market and the time commitment required from the director.</p> <p>The following areas are to be considered by the Nomination &amp; Remuneration Committee in developing the remuneration package:</p> <ul style="list-style-type: none"> <li>(a) Company's performance indicators such as revenue, profit before tax, profit after tax, earnings per share, return on equity etc;</li> <li>(b) Complexity of the Group's business and the individual's responsibilities and the remuneration package should be aligned with the business strategy and long-term objectives of the Group. The remuneration and incentives for Independent Directors should not conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings; and</li> <li>(c) Nomination &amp; Remuneration Committee's assessment on each Director and develop the remuneration package taking into consideration the performance, achievement and time commitment of each Director.</li> </ul> <p>The proposed recommendation of the remuneration package shall be approved by the Board.</p> <p><b><u>Remuneration Policy for Employees</u></b></p> <p>The Remuneration Policy for Employees shall enable the furtherance of the Group's vision and missions. Remuneration to the employees of the Group shall reward and be used to align individual performances with the Group's short and long term goals. Employee remuneration shall be supported by a robust performance management system underpinned by the fundamentals of sound risk management, ethics and corporate responsibility.</p> <p>The said policy applies to all levels and segments of employees within the Group including the Management, business development, technical, control and support employees.</p> <p><b><u>PRINCIPLES</u></b></p> <p><b><u>Business Focused</u></b></p> <p>Remunerations must be relevant and aligned towards the achievement of the Group's business results. There must be no conflict of interest. Remuneration should drive employees' diligence, dedication and competency level towards successful implementation of the Group's goals and strategies.</p>
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	<p><u>Prudent</u></p> <p>The remuneration structure and quantum must reinforce the importance of sustainability, encourage ethical behaviours and sound risk management, as opposed to short-term view on remuneration without consideration of consequences.</p> <p><u>Informed</u></p> <p>The performance assessor must have adequate quantitative and qualitative measurements of performance before any recommendation on remuneration is made. The assessments upon which remunerations are recommended must be practicable, measureable and objective.</p> <p><u>Fair</u></p> <p>Total remuneration packages must take into account of market environment factors including the dynamics and scale of the Group's business, its financial position and the market condition, in addition to individual merits. There must be no discrimination, biased treatment or any form of exploitation. Proper, fair and logical justification must ensue.</p> <p><u>Transparent</u></p> <p>There must be clear and timely communication of remuneration linked to the specified job requirements. Employees should understand the expectations set out and seek for clarification where necessary.</p> <p>The above Policies and Procedures would be reviewed every five (5) years. A copy of the Directors' Remuneration Policies and Procedures and Remuneration Policy for Employees are available on the Company's website.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established Nomination and Remuneration Committee (NRC) to review and recommend matters relating to the remuneration of the Board and the Management.</p> <p>A copy of the Nomination &amp; Remuneration Committee's Terms of Reference (TOR) is available on the Company's website. The said TOR includes requiring NRC to review and deliberate on the remunerations for Directors, Chief Executive Officer, Company Secretary and other Key Responsible Persons to commensurate with their performance and contribution to the Company, and recommend to the Board for approval.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Detailed disclosure on named basis for the remuneration of individual directors is in the Company’s Annual Report. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company had disclosed the top five management's remuneration component in bands width of RM50,000 on named basis.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee, Mr Lee Chin Guan, is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as a member of Audit Committee (AC), was incorporated in the Terms of Reference (TOR) of AC. A copy of TOR of AC is available on Company’s website.	
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 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee assessed the suitability, objectivity and independence of the external auditors in accordance with a Framework on the Appointment/ Reappointment of External Auditors ("Framework") which was approved by the Board of Directors.</p> <p>The Framework is in line with the guidance that follows Practice 8.3 of MCCG 2017 as well as Policy Document on External Auditor issued by Bank Negara Malaysia.</p> <p>The assessment is carried out annually.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprised solely of Independent 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of Audit Committee have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>All members of the Audit Committee had undertaken continuous professional development. During the year, the Audit Committee members attended the following training:</p> <ul style="list-style-type: none"><li>(i) Corporate Governance (CG) Briefing Sessions: Malaysian Code on Corporate Governance Reporting &amp; CG Guide</li><li>(ii) Mandatory Accreditation Programme</li><li>(iii) Public Bank Berhad (PBB) Talk on "Open Source Leadership"</li><li>(iv) MIA Technical Update Session 2018</li><li>(v) PBB's Talk "The 2018 Global Macroeconomic Outlook: The Calm Before The Storm" by Professor Antonio Fatas of INSEAD</li><li>(vi) Win the Innovation Race: Unlocking the Creative Power of Asians by Professor Roy Chua</li><li>(vii) ACI Breakfast Roundtable 2018 (Theme : Change in the Goods and Services Tax rate from 6% to 0% effective 1 June 2018)</li><li>(viii) IBM THINK Malaysia</li><li>(ix) Orientation Programme for New Directors</li><li>(x) Independent Directors Programme: The Essence of Independence</li><li>(xi) 2<sup>nd</sup> Distinguished Board Leadership Series: "The Director as Coach": An Exclusive Dialogue with Dr Marshall Goldsmith and Launch of FIDE FORUM's "DNA of a Board Leader"</li><li>(xii) Navigating the VUCA World by Professor Tan Sri Dato' Dr. Lin See-Yan</li><li>(xiii) 5<sup>th</sup> BNM-FIDE FORUM Annual Dialogue</li></ul>

	(xiv) Overview of MFRS 9, Financial Instruments (xv) 1 <sup>st</sup> PIDM-FIDE Forum Annual Dialogue (xvi) Blockchain in Financial Services Industry by IBM (xvii) BNM-FIDE FORUM Board Conversations (Insurance Companies & Takaful Operators) (xviii) 2018 INED Conference on Bank Culture (xix) Talk on "Professionalism and Ethics for Board of Directors & Senior Management" by Dr. Paramsothy Vijayan of Asian Banking School			
<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		

### Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Risk Management and Internal Control Framework (Framework) has been approved by the Board and its implementation is on-going.</li><li>• The Risk Management Committee (RMC) of the Company and the Risk Management and Compliance Committee (RMCC) of the wholly-owned subsidiary of the Company, Lonpac Insurance Bhd, have been set up to oversee and ensure the effective implementation of the Framework, including the setting of risk appetite and risk tolerance statements within the Group.</li><li>• Chief Risk Officer (CRO) and the Enterprise Risk Management (ERM) department are responsible to identify and communicate the critical risks to RMC on a continuing basis.</li><li>• The individual departments are responsible for identifying, mitigating and managing risks within their lines of business and ensuring that their day-to-day business activities are carried out in accordance with established risk policies, procedures and limits.</li><li>• A structured process has been established to identify and assess risks arising from the Group's operations, as well as the effectiveness of the control measures and internal control practices.</li><li>• The RMCC meets at least once every quarter with the CRO to deliberate on the findings and recommendations of the risk assessments performed by the ERM department.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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	:	<ul style="list-style-type: none"><li>• The Statement of Risk Management and Internal Control is disclosed in the Group’s Annual Report.</li><li>• The key features of the framework, as well as a discussion of the key risk areas faced by the Group, are covered in the Annual Report.</li><li>• Attestation has been made by the Board with regard to the adequacy and effectiveness of the framework.</li></ul>	
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 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Risk Management Committee comprises of majority independent directors (IDs), with four IDs out of five committee members.

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	LPI Group has an established Internal Audit Department (IAD) which assists the Audit Committee in the discharge of its duties and responsibilities. The role of IAD is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board.  The internal audits include evaluation of the processes where significant risks are identified, assessed and managed. Such audits also ensure that instituted controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Group's Risk Management and Internal Control Framework.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal auditors are free from any relationships or conflict of interest or undue influence of others to override professional and business judgment, which could impair their objectivity and independence. The independence of the internal audit function is derived from its direct reporting and unencumbered access to the Audit Committee. The Chief Internal Auditor (CIA) reports directly and functionally to the Audit Committee and ultimately to the Board, and administratively to the Chief Executive Officer of the Company.</p> <p>There are 21 internal auditors with relevant qualifications and experience in the IAD.</p> <p>The CIA, Ms. Irene Hwang Siew Ling, is a holder of a Bachelor's Degree with Honours in Accounting from the University of Malaya. She is a Chartered Accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. She is also a Chartered Member of The Institute of Internal Auditors Malaysia.</p> <p>The internal audit function is governed by an Internal Audit Charter that was approved by the Board. The charter sets the objectives, authority and scopes of the internal audit function, which are in line with the Guidelines on Internal Audit Function of Licensed Institutions issued by Bank Negara Malaysia. During the year, the internal audit function is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

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

**Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>EFFECTIVE COMMUNICATIONS WITH SHAREHOLDERS</b></p> <p>LPI's Annual Report remains a key channel of communication with the Group's stakeholders. The contents of the annual report of LPI met Bursa Malaysia Securities Berhad's Main Market Listing Requirements and other regulatory requirements of annual reports. The extensive information contents and disclosure requirements of Bursa Malaysia Securities Berhad governing listed companies' quarterly results announcements had also enhanced the transparency level of LPI Group.</p> <p>The Group also provides an executive summary of its annual report, highlighting key financial and corporate information as well as the analysis of the statements of financial position and profit or loss, in order to facilitate shareholders' easy access to such key information. LPI Group disseminates its annual report to its shareholders either in hard copy or in CD ROM media. The same information is also made available to the shareholders electronically as soon as the information is announced or published.</p> <p>Another important avenue for communication and dialogue with the shareholders is the Company's Annual General Meeting (AGM), which is always held in Kuala Lumpur city centre and not in a remote location. All shareholders are encouraged to attend the Company's AGM and to participate in the proceedings. Shareholders are given both the opportunity and time to raise questions and seek clarification on the agenda items and on the performance of the Company and Group. The Directors, including CEO/ Executive Director are responsible for providing clarification on issues raised by the shareholders at the Company's general meetings and they avail themselves to clarify matters or enquiries from shareholders.</p>

	<p>Shareholders' suggestions received during AGMs are reviewed and considered for implementation, wherever possible.</p> <p>The Notice of 57<sup>th</sup> AGM to shareholders was dated 26 February 2018, which was 28 days' notice for holding the Company's 57<sup>th</sup> AGM on 27 March 2018. Shareholders were given sufficient notice period to review the Group's financial results and evaluate the resolutions tabled at general meeting.</p> <p>At the AGM, the CEO/ Executive Director of LPI Group presents a brief review of the financial performance of the LPI Group. The turnout of shareholders at LPI's AGM has always been good, a clear indication of the extensive engagement with the shareholders.</p> <p>Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of Meetings will be put to vote by poll. The electronic polling processes are managed by the Company's Share Registrar, Tricor Investor &amp; Issuing House Services Sdn Bhd as Poll Administrator and independent scrutineers are appointed to verify and validate the results of the poll at the AGM.</p> <p>LPI makes announcements of its quarterly group financial results to Bursa Malaysia Securities Berhad and issues press releases of its quarterly results announcements. The press release is intended not only to promote the dissemination of the financial results of LPI Group to a wide audience of investors and shareholders but also to keep the investing public and shareholders updated on the Group's business progress and development.</p> <p>In order to maintain high level of transparency and to promote wider dissemination of corporate and financial disclosures, all information that is made public, such as LPI's Annual Reports, the quarterly financial results announcement of LPI Group, summaries of key matters discussed at AGM and other corporate information are available on the Group's website, <a href="http://www.lpicapital.com">www.lpicapital.com</a>.</p> <p>Prompt and timely in dissemination of information is important for shareholders and investors to make informed investment decisions. Outdated information, although accurate and comprehensive, is less useful for such investment purposes. In this view, LPI Group places high priority in making available and disseminating information as early as possible. The releases of periodic financial information such as LPI's Annual Report and the Group's quarterly financial results are generally earliest amongst large listed companies and are always well ahead of the deadlines specified in Bursa Malaysia Securities Berhad's</p>
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Main Market Listing Requirements, as reflected in the following tables:

Release of Annual Report

Annual Report	Date of Issue	No of Days After End of the Year	Deadline Imposed by Bursa Malaysia Securities Berhad
2016	27 February 2017	58	30 April 2017
2017	26 February 2018	57	30 April 2018
2018	26 February 2019	57	30 April 2019

Release of 2018 Quarterly Result

Quarter	Date of Issue	No of Days After End of the Quarter	Deadline Imposed by Bursa Malaysia Securities Berhad
1st	26 April 2018	26	31 May 2018
2nd	9 July 2018	9	31 August 2018
3rd	10 October 2018	10	30 November 2018
4th	29 January 2019	29	28 February 2019

The Group has consistently managed to achieve such early issuance of its annual reports and releases of the quarterly financial results despite the regulatory requirements, which are needed to be complied with, including a significantly higher level of disclosure of financial information. The prompt and timely availability of information clearly enhances its value to the shareholders and investors and reflects the high standard of transparency within the Group.

#### INVESTOR RELATIONS

LPI Group's investor relations activities serve as important communication channel with the shareholders, investors and the investment community, both in Malaysia and internationally.

The Group's investor relations function is undertaken by the very senior level of Management personnel, reflecting the commitment of the Group to maintain strong investor relations as well as to provide

	<p>appropriate and substantive views and information on the Group to investors and equity research analysts.</p> <p><b><i>Investor Relations Activities in 2018</i></b></p> <table> <tr> <th></th><th><b>Total</b></th></tr> <tr> <td>Meeting with analysts/ fund managers</td><td>13</td></tr> <tr> <td>Tele-conference/ interview</td><td>3</td></tr> </table> <p>Investor relations activities such as meetings with fund managers and analysts are attended by the following designated Management to explain the Group's strategy, performance and major developments:</p> <p><b><i>Primary Contacts for Investor Relations Matters</i></b></p> <p><b>Tan Kok Guan</b>  Chief Executive Officer/Executive Director,  LPI Capital Bhd  Contact Details  Telephone number: (03) 2262 8633  Email: kgtan@lonpac.com</p> <p><b>Looi Kong Meng</b>  Chief Executive Officer/Executive Director,  Lonpac Insurance Bhd  Contact Details  Telephone number: (03) 2262 8620  Email: kmlooi@lonpac.com</p> <p>The efforts and resources allocated to the investor relations function reflect LPI Group's commitment to achieve a high standard of communication with, and a high level of transparency to its shareholders and the investment community.</p> <p>Information on the Group's investor relations matters and the primary contacts are also available for the shareholders' and other stakeholders' view in the website at <a href="http://www.lpicapital.com">www.lpicapital.com</a>.</p>		<b>Total</b>	Meeting with analysts/ fund managers	13	Tele-conference/ interview	3
	<b>Total</b>						
Meeting with analysts/ fund managers	13						
Tele-conference/ interview	3						
<b>Explanation for departure</b>	:						



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

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The information in the Annual Report is in line with current regulatory and statutory guidelines which underpin integrated reporting and include the Group's strategy, governance, performance and prospects.</p> <p>The Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market.</p> <p>The Company will adopt integrated reporting based on a globally recognised framework.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company will adopt integrated reporting based on a globally recognised framework. This framework would then be utilised in the preparation of Annual Report for the year ending 31 December 2020.
<b>Timeframe</b>	:	Within 3 years

**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 of Annual General Meeting (AGM) to shareholders is dated 26 February 2019, which is 28 days’ notice for holding the Company’s AGM on 27 March 2019.	
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**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors attend the Company’s General Meetings. The Chairmen of the Audit, Nomination & Remuneration and Risk Management Committees are present on stage to provide response if there are any questions addressed to them.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company’s Annual General Meeting has been held in the city centre and not in remote location.	
		Shareholders who are unable to attend general meetings of the Company, may appoint their proxies or Chairman of the Meeting to vote on behalf, as per the Articles of Association (Constitution) of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will monitor the development of technology and market practice to facilitate shareholders participation.	
<b>Timeframe</b>	:	Others	In view of the complexity and large shareholders base, the Company will endeavour to apply Practice 12.3 within the next 5 years.

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

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

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