

## **CORPORATE GOVERNANCE REPORT 2017**

**STOCK CODE** : MEDIA  
**COMPANY NAME** : Media Prima Berhad  
**FINANCIAL YEAR** : December 31, 2017

### **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.

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Group is led and controlled by an effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board understands the Board's philosophy, principles, ethics, mission and vision and reflects this understanding on key issues throughout the year. The Board delegates authority and vests accountability for the Group's day to day operations with a Management team led by the Group Managing Director ("GMD"). The Board, however assumes the following responsibilities in discharging its duty of stewardship of the Group:-</p> <p><b>i. The Group's Strategic Plan</b></p> <p>The Board plays an active role in the development of the Company's strategy. It has in place an annual strategy planning process, whereby Management prepared and presented its 2018 Business Plan and Budget for the Board's review at the Special Board meeting and duly approved by the Board on 29 November 2017. At the Special Board Meeting, the Board reviews and challenges Management's views and assumptions. In furtherance of this, the Board reviewed and approved the annual budget for the ensuing year and sets the Key Performance Indicators under the Balanced Scorecard.</p> <p>The Board promotes good corporate governance through sustainability practices which translate into better corporate performance throughout the Group. A summary of these practices, demonstrating the Group's commitment to the evolving global environmental, social, governance and sustainability agenda are set out in the Groups' Sustainability Report 2017. A detailed coverage of our corporate responsibility initiatives are explained separately in our Sustainability Report 2017.</p> <p><b>ii. The Group's Business Management and Conduct</b></p> <p>The GMD is responsible for the day-to-day management of the business and operations of the Group with respect to its operational functions. He is supported by various Management Committees.</p> <p>The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance based on the approved Key Performance Indicators in the Balanced Scorecard. The Chief Executive Officers of the respective business platforms, Group Chief Financial Officer ("GCFO") and selected Senior Management were in attendance at Board meetings to support the Group Managing Director in presenting the updates on the progress of key initiatives, business targets and achievements to-date and to provide clarification on the challenges and issues raised by the Board.</p> <p>The Board is responsible to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value and the performance of the Group. The objective of creating shareholder value is achieved by adopting strategies to strengthen the profitable core business and to build possible business adjacencies that leverage on its strength.</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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Group Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board committees in accordance with their respective Term of References to ensure their own effectiveness.</p> <p>Tan Sri Ismee bin Haji Ismail, Media Prima Berhad's Group Chairman, has never held the position of GMD of the Company nor has he ever been a part of Media Prima Berhad's management team.</p> <p>He has established a commendable relationship with the Executive Director (ED) and Non-Executive Directors ("NEDs"). He commands respect given his vast business experience and knowledge in the fields of finance and corporate development in various industries. With his in-depth experience, Tan Sri Ismee bin Hj Ismail is able to provide a different perspective, deeper insight and guidance on the Group's strategic directions.</p> <p>The roles and responsibilities of the Group Chairman of the Board are set out under Item 3 of the Board Charter, which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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

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> :	<b>Applied</b>
<b>Explanation on application of the practice</b> :	<p>The position of Group Chairman and GMD are held by two (2) different individuals. There is a clear distinction of roles and responsibilities between the Group Chairman of the Board and the GMD to ensure that there is an equilibrium of power and authority and that no individual has unfettered powers of decision.</p> <p>The GMD is an Executive Director who has overall responsibility over the business operations on a day-to-day basis, organisational effectiveness and implementation of the Board's policies, strategies and decisions. The GMD has established several Management Committees to support him in discharging his operational and management duties.</p> <p>The Board together with the GMD have developed position descriptions for the Board and the GMD, involving definition of the limits to management's responsibilities. The Board has also approved the corporate objectives for which the GMD is responsible to meet.</p> <p>The distinct and separate roles and responsibilities of the Group Chairman and the GMD are provided under Item 3 which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Group Company Secretaries provide a central source of guidance and advice to the Board, on matters of ethics and good corporate governance. The Group Company Secretaries provide the directors, collectively and individually, with detailed guidance on their duties and responsibilities. The Group Company Secretaries assist in the annual Board plan and Board agenda and in formulating governance and Board-related matters.</p> <p>The role of the Group Company Secretaries is jointly assumed by the Group Company Secretary and Joint Company Secretary. Both secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Malaysian Institute of Accountants ("MIA") respectively.</p> <p>The Board has unrestricted access to the advice and services of the Group Company Secretaries who are responsible for providing directors with the Board papers and related matters. The Group Company Secretaries coordinate the induction programme for newly-appointed directors as well as the Board assessment process.</p> <p>The Board recognises that the Group Chairman is entitled to the strong and positive support of the Group Company Secretaries in ensuring the effective functioning of the Board. All directors have access to the advice and services of the Group Company Secretaries and, whether as a full board or in their individual capacities, directors are also at liberty to take independent professional advice on any matter connected with the discharge of their responsibilities as they may deem necessary and appropriate, at the Company's expense.</p> <p>The roles and responsibilities of the Group Company Secretaries are set out under Item 11 of the Board Charter, which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board and its Committees have full and unrestricted access to all information necessary in the furtherance of their duties, which is not only quantitative but also other information deemed suitable such as customers satisfaction, product and service quality, market share, updates and reactions. The Board is provided with the agenda for every Board meeting together with comprehensive management reports in advance, for the Board's reference. The Group Chairman of the Board takes primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to directors on a timely basis.</p> <p>All directors have the right and duty to make further enquiries where they consider necessary. In most instances, members of Senior Management are invited to be in attendance of the Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.</p> <p>The Notice of Board Meetings are sent via email to the Directors at least seven working days prior to the meeting. Board papers are uploaded on iPads on a timely basis, at least five (5) days in advance of the meeting to enable the Directors to have sufficient time to review the papers prepared. Board papers are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made. The Board papers supplied to the directors include amongst others, the Quarterly operational and financial performance reports of the Group, corporate proposals, Group's risk profiles, information on operational and financial issues, updates on Group's corporate social responsibility, business forecasts and outlook and Circular Resolutions passed during the period under review.</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 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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>A Board Charter had been established with the objectives to ensure that all Board members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all dealings by Board members individually and / or on behalf of the Group. The Board Charter outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.</p> <p>The Board Charter focuses on Board's roles and responsibilities, Board's composition and balance, Board's performance, Board's meetings, Remuneration policies, access to information and independent advice, financial reporting, stakeholder communication, Company Secretary and conflict of interest.</p> <p>The Board Charter is subject to review from time to time to ensure that it remains consistent with the Board's objectives and current laws and practices is made available on the Company's official website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</a>.</p> <p>The Board of Media Prima Berhad as a listed entity, has entrusted its Board Committees with specific responsibilities to oversee the Group's affairs in accordance with their respective Terms of Reference. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the respective Board Committee and the tabling of minutes of the Board Committee meetings.</p> <p>The Chairman of the various Committees of the Board report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board of Directors' meetings.</p> <p>The roles of Committees of the Board are set out under Item 3 of the Board Charter, which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Company's Codes of Ethics for Directors and employees govern the standards of conduct and behaviour expected from Directors and employees respectively. They are to be applied to all aspects of business and professional practices and act in good faith in the best interests of Media Prima Group and its stakeholders.</p> <p>The Code of Ethics for Directors is available on <b>www.mediaprima.com.my</b> whilst the Code of Ethics for employees is available on the Company's Intranet System (<b>PeopleConnect</b>). It requires all to observe high ethical standards of honesty and integrity whilst prohibiting activities or misconduct such as accepting bribes, dishonest behaviour and sexual harassment, among others.</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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>In order to strengthen corporate governance practices across the Group, a Whistleblowing Policy was established to provide employees with accessible avenue to report suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to promote and encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be protected from reprisal.</p> <p>The Whistleblowing Policy and the Anti-Fraud Policy are available for all staff and can be accessed via the Group's intranet. The key components of the whistleblowing policy include protection to the whistleblower from any retaliation in the form of dismissal, harassment or discrimination at work, or any action in court, in respect of disclosure made by the whistleblower to the regulators. Any employee who believes or suspects that a fraud exists or has been committed may report this to the Group General Manager, Group Corporate Governance Department.</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

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

### Practice 4.1

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

<b>Application</b>	:	<b>Applied</b>									
<b>Explanation on application of the practice</b>	:	<p>The Board of Media Prima Berhad are made up of 75% of Independent Directors. It comprises eight (8) members of whom only one (1) is an ED who also serves as the GMD. The strong presence of seven (7) NEDs whereby six (6) are Independent Non-Executive Directors ("INEDs") assures effective check and balance on the functioning of the Board. Majority of Media Prima Berhad's Board of Directors are independent including the Non-Executive Group Chairman.</p> <p style="text-align: center;"><u><b>Board Members' Independence Composition</b></u></p> <table> <tr> <td>Independent Non-Executive</td><td>6</td><td>75%</td></tr> <tr> <td>Non-Independent Non-Executive</td><td>1</td><td>12.5%</td></tr> <tr> <td>Non-Independent Executive</td><td>1</td><td>12.5%</td></tr> </table> <p>By virtue of their roles and responsibilities, the six (6) INEDs represent the Group's minority shareholders' interests. They are independent of Management and free from any undue influence from interested parties which could materially interfere with the exercise of their independent judgement.</p> <p>In discharging their responsibilities during each Board and Committee meeting, through their vast experience and knowledge, the directors had maintained their independence and objectivity in every major decision to safeguard the Company's and stakeholders' best interest.</p> <p>The Nomination &amp; Remuneration Committee ("NRC") and the Board have upon their Board Effectiveness Evaluation exercise, concluded that all of the Independent Non-Executive Directors continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continue to fulfil the definition of independence as set out in the terms of reference and Bursa Malaysia Securities Berhad's Listing Requirements.</p>	Independent Non-Executive	6	75%	Non-Independent Non-Executive	1	12.5%	Non-Independent Executive	1	12.5%
Independent Non-Executive	6	75%									
Non-Independent Non-Executive	1	12.5%									
Non-Independent Executive	1	12.5%									
<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 4.2

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	:		
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 4.3 - Step Up**

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

<b>Application</b>	<b>:</b>	<b>Adopted</b>
<b>Explanation on adoption of the practice</b>	<b>:</b>	<p>The Board has adhered to the nine-year rule for INEDs as prescribed in the Board Charter. Upon completion of such tenure, the INED may continue to serve on the Board subject to his re-designation as a Non-Independent Director.</p> <p>The Group Chairman and all the INEDs have served the Board for less than nine (9) years where their tenures are set out in the Board of Directors' Profiles of the Annual Report.</p> <p>Noting that none of the INED has served more than nine (9) years cumulatively in Media Prima Berhad, the requirement for shareholders' approval to retain status of Independent Directors of nine (9) years on the Board is not applicable.</p>

## 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> :	<b>Applied</b>																
<b>Explanation on application of the practice</b> :	<p>The NRC is responsible for recommending to the Board those Directors who are eligible to stand for election/reappointment. This recommendation is based on formal reviews of the performance of the Directors, taking into account the Board Effectiveness Evaluation results, contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Group in decision-making.</p> <p>The Board is supportive of gender and ethnic diversity and the following diagrams depict a summary of Board diversity in Media Prima Berhad in terms of age group, gender diversification and ethnicity as at 31 December 2017:-</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid #ccc; padding: 10px; width: 45%;"> <p style="text-align: center;"><b>Board Members' Age Group</b></p> <table> <tr> <td>60 - 69 years</td> <td>5 (62.5%)</td> </tr> <tr> <td>50 - 59 years</td> <td>1 (12.5%)</td> </tr> <tr> <td>40 - 49 years</td> <td>2 (25%)</td> </tr> </table> </div> <div style="border: 1px solid #ccc; padding: 10px; width: 45%;"> <p style="text-align: center;"><b>Board Members' Ethnicity</b></p> <table> <tr> <td>Malay</td> <td>6 (75%)</td> </tr> <tr> <td>Chinese</td> <td>1 (12.5%)</td> </tr> <tr> <td>Indian</td> <td>1 (12.5%)</td> </tr> </table> </div> </div> <div style="border: 1px solid #ccc; padding: 10px; width: 45%; margin: 10px auto;"> <p style="text-align: center;"><b>Board Members' Gender Diversification</b></p> <table> <tr> <td>Male</td> <td>5 (62.5%)</td> </tr> <tr> <td>Female</td> <td>3 (37.5%)</td> </tr> </table> </div> <p>Kindly refer to the profile of each member of the Board as set out in the Annual Report 2017 (page 76 – 85) for a more detailed description of the diverse background and experience of the Board.</p>	60 - 69 years	5 (62.5%)	50 - 59 years	1 (12.5%)	40 - 49 years	2 (25%)	Malay	6 (75%)	Chinese	1 (12.5%)	Indian	1 (12.5%)	Male	5 (62.5%)	Female	3 (37.5%)
60 - 69 years	5 (62.5%)																
50 - 59 years	1 (12.5%)																
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<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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board through the NRC reviews the size and composition of the Board and Board Committees, which include the skill sets, experience and functional knowledge of its members on a periodic basis, to ensure an appropriate balance of skills, experience and diversity. In its effort to promote boardroom diversity, the NRC has taken various steps to ensure that candidates are sought from various sources as part of its recruitment exercise.</p> <p>In undertaking the process of reviewing and selecting potential candidates to fill in the vacancies on the Board of MPB and its Group of Companies, the NRC is mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Company. In seeking potential candidate(s) for new appointments, the Board takes into account the various diversity factors including ethnicity, gender and age distribution of the Directors to maintain a balanced Board composition.</p> <p>The Board has established a Policy on Gender Diversity and has embraced the recommendations of the Code of having at least 30% women representation on the Board. The percentage of women Directors on the Board for FY2017 was 38%. In this respect, the Board aims to maintain its target of at least 30% women directors on the Board.</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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the NRC the responsibility to establish a formal and transparent procedure for the nomination and appointment of new Directors to the Board which are set out in the Nomination Policy. The NRC scrutinises the sourcing and nomination of suitable candidates for appointment as a Director in Media Prima and its subsidiary companies and to the Committees of the Board, before making recommendations to the Board for approval.</p> <p>The NRC also ensures candidates possess the appropriate skills, core competencies, experience and integrity to effectively discharge his/her role as a director. The NRC determines the ability of the Independent Non-Executive Directors ("INEDs") to continue to bring independent and objective judgment to board deliberations as well as to consider if there is any ground or reason that has come to the attention of the NRC that may affect the independence status of INEDs.</p> <p>To assist the NRC in evaluating the independence of directors, the Board has established an Independent Director Checklist in determining directors' independence. Pursuant to the recommendation of the NRC and based on the assessment undertaken for FY2017, the Board is satisfied that all the INEDs of the Board have met the independence criteria set out under the Listing Requirements as well as the Independent Director Checklist.</p> <p>The NRC carries out an annual assessment to review the composition of the Board as well as its Group of Companies called the Annual Review to ensure the selection of Board members with different mixture of skill sets, competencies and gender diversity. The Annual Review is also undertaken to ensure that the Board remains effective and meets the business requirements of the Group as well as to focus on enlarged and expanded areas of activities whilst balancing the continuity needs.</p> <p>The roles and responsibilities of the NRC are set out under Item 3 of the Board Charter, which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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

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 was established on 14 May 2015 and is chaired by Raja Datuk Zaharaton binti Raja Zainal Abidin, who is an Independent Non-Executive Director. The composition of the current NRC is as follows :-					
		<table><tr><td>Nomination &amp; Remuneration Committee Members</td></tr><tr><td>Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin (Chairman) (Independent Non-Executive Director)</td></tr><tr><td>Datuk Mohd Nasir bin Ahmad (Senior Independent Non-Executive Director)</td></tr><tr><td>Datuk Shahril Ridza bin Ridzuan (Non-Independent Non-Executive Director)</td></tr><tr><td>Tan Sri Dato’ Seri Utama Haji Ismail bin Haji Omar (Independent Non-Executive Director)</td></tr></table>	Nomination & Remuneration Committee Members	Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin (Chairman) (Independent Non-Executive Director)	Datuk Mohd Nasir bin Ahmad (Senior Independent Non-Executive Director)	Datuk Shahril Ridza bin Ridzuan (Non-Independent Non-Executive Director)	Tan Sri Dato’ Seri Utama Haji Ismail bin Haji Omar (Independent Non-Executive Director)
	Nomination & Remuneration Committee Members						
	Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin (Chairman) (Independent Non-Executive Director)						
	Datuk Mohd Nasir bin Ahmad (Senior Independent Non-Executive Director)						
	Datuk Shahril Ridza bin Ridzuan (Non-Independent Non-Executive Director)						
Tan Sri Dato’ Seri Utama Haji Ismail bin Haji Omar (Independent Non-Executive Director)							
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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board through the NRC conducts an annual Board Effectiveness Evaluation ("BEE") to evaluate the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director. Performance indicators for the BEE for individual directors cover personality and quality aspect such as dynamics and participation, integrity and objectivity, technical competencies, recognition and independence.</p> <p>The Directors' responses are submitted to the Group Company Secretaries for collation and analysis. A comprehensive summary of the findings and recommendations is submitted to the NRC for deliberation, after which, the findings and recommendations are escalated to the Board and Board committees for further review and proposed actions. Recommendations affecting the Group's management and operations arising from the BEE exercise are also communicated to Management for implementation.</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 6.1

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Group has established a formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration package of Directors.</p> <p>The Policy sets out to provide the remuneration principles and guidelines for the ED including the GMD; Non-Executive Group Chairman, NEDs ("collectively "NEDs") and Key Senior Management of the Group.</p> <p>The remuneration of the ED / GMD and key Senior Management is made up of basic salary, allowances, monetary incentives and fringe benefits etc. and are set according to :-</p> <ul style="list-style-type: none"><li>• the nature of job of the individual ;</li><li>• the level of skills, experience and scope of responsibilities of the individual ;</li><li>• the individual's performance indicators ("KPI") in the job ;</li><li>• the individual's overall contribution to the Company / Group's strategy and operations ; and</li><li>• the market and industry's rate.</li><li>• The remuneration and payment of benefits of NEDs is made up of Directors' fees, Chairmanship allowance (for Chairman of the respective operating Platforms of the Group), meeting allowances and other benefits-in-kind such as club membership and medical coverage.</li></ul> <p>The level of remuneration for NEDs shall reflect the experience and level of responsibilities undertaken by the NEDs concerned</p> <p>The policies and procedures are set out under Item 7 of the Board Charter, which is available on Media Prima's website at <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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 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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The NRC carries out the annual review of the overall remuneration policy for ED where recommendations are submitted to the Board for approval. The remuneration for ED is structured to link rewards to corporate and individual performance. It is nevertheless, the ultimate responsibility of the Board to approve the remuneration of this director.</p> <p>The determination of the remuneration packages of NEDs (whether in addition to or in lieu of their fees as directors), is a matter for the Board as a whole, subject to approval of shareholders at the Annual General Meeting. Each individual director would abstain from the Board's decision on his or her own remuneration to avoid any conflict of interest.</p> <p>The NRC has written Terms of Reference as set out in Item 3 of the Board Charter which is available on <a href="http://www.mediaprima.com.my">www.mediaprima.com.my</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

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	:	<div>The detailed disclosure on named basis for the remuneration of directors for the financial year ended 31 December 2017, distinguishing between ED and NEDs with categorisation into appropriate components is as follows:-</div> <div><table><tr><th>Executive Directors</th><th>Salary &amp; Bonus</th><th>Statutory (EPF)</th><th>Other Remunerations / Emoluments</th><th>Benefits-in-Kind</th><th>TOTAL</th></tr><tr><td></td><td colspan="5">RM</td></tr><tr><td>Datuk Kamal bin Khalid (Appointed on 2 August 2017)</td><td>399,219</td><td>83,441</td><td>34,203</td><td>3,000</td><td>519,863</td></tr><tr><td>Dato' Sri Amrin bin Awaluddin*</td><td>776,584</td><td>183,129</td><td>175,065</td><td>4,800</td><td>1,139,578</td></tr><tr><td>Total</td><td>1,175,803</td><td>266,570</td><td>209,267</td><td>7,800</td><td>1,659,441</td></tr></table><table><tr><th>Non-Executive Directors</th><th>Fees</th><th>Other Remunerations / Emoluments</th><th>Benefits-in-Kind</th><th>TOTAL</th></tr><tr><td></td><td colspan="4">RM</td></tr><tr><td>Tan Sri Ismee bin Haji Ismail (Appointed on 1 June 2017)</td><td>42,538</td><td>292,874</td><td>3,606</td><td>339,018</td></tr><tr><td>Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor (Resigned on 31 July 2017)</td><td>57,414</td><td>224,044</td><td>7,175</td><td>288,632</td></tr><tr><td>Dato' Sri Amrin bin Awaluddin**</td><td>19,995</td><td>-</td><td>-</td><td>19,995</td></tr><tr><td>Datuk Shahril Ridza bin Ridzuan</td><td>62,000</td><td>14,000</td><td>-</td><td>76,000</td></tr><tr><td>Lydia Anne Abraham</td><td>96,041</td><td>60,750</td><td>-</td><td>156,791</td></tr><tr><td>Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin</td><td>112,417</td><td>60,000</td><td>-</td><td>172,417</td></tr><tr><td>Datuk Mohd Nasir bin Ahmad</td><td>151,959</td><td>93,286</td><td>-</td><td>245,245</td></tr><tr><td>Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar</td><td>138,000</td><td>92,000</td><td>-</td><td>230,000</td></tr><tr><td>Datuk Loo Took Gee</td><td>129,304</td><td>58,643</td><td>-</td><td>187,947</td></tr><tr><td>Total</td><td>809,668</td><td>895,596</td><td>10,781</td><td>1,716,045</td></tr></table><div>Notes:-<table><tr><th>Director</th><th>Directorship</th><th>Tenure</th><th>Remarks</th></tr><tr><td rowspan="2">Dato' Sri Amrin bin Awaluddin</td><td>Executive Director*</td><td>1 January – 20 August 2017</td><td>Redesignated to Non-Independent Non-Executive Director on 21 August 2017.</td></tr><tr><td>Non-Independent Non-Executive Director**</td><td>21 August – 29 September 2017</td><td>Resigned as Non-Independent Non-Executive Director on 30 September 2017.</td></tr></table></div></div>	Executive Directors	Salary & Bonus	Statutory (EPF)	Other Remunerations / Emoluments	Benefits-in-Kind	TOTAL		RM					Datuk Kamal bin Khalid (Appointed on 2 August 2017)	399,219	83,441	34,203	3,000	519,863	Dato' Sri Amrin bin Awaluddin*	776,584	183,129	175,065	4,800	1,139,578	Total	1,175,803	266,570	209,267	7,800	1,659,441	Non-Executive Directors	Fees	Other Remunerations / Emoluments	Benefits-in-Kind	TOTAL		RM				Tan Sri Ismee bin Haji Ismail (Appointed on 1 June 2017)	42,538	292,874	3,606	339,018	Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor (Resigned on 31 July 2017)	57,414	224,044	7,175	288,632	Dato' Sri Amrin bin Awaluddin**	19,995	-	-	19,995	Datuk Shahril Ridza bin Ridzuan	62,000	14,000	-	76,000	Lydia Anne Abraham	96,041	60,750	-	156,791	Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin	112,417	60,000	-	172,417	Datuk Mohd Nasir bin Ahmad	151,959	93,286	-	245,245	Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar	138,000	92,000	-	230,000	Datuk Loo Took Gee	129,304	58,643	-	187,947	Total	809,668	895,596	10,781	1,716,045	Director	Directorship	Tenure	Remarks	Dato' Sri Amrin bin Awaluddin	Executive Director*	1 January – 20 August 2017	Redesignated to Non-Independent Non-Executive Director on 21 August 2017.	Non-Independent Non-Executive Director**	21 August – 29 September 2017	Resigned as Non-Independent Non-Executive Director on 30 September 2017.
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## 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>	:	<b>Applied</b>																																														
<b>Explanation on application of the practice</b>	:	<div>The remuneration paid to the Top 4 Senior Management of the Company during the year is as follows:-<table><tr><th>Senior Management</th><th>Salary</th><th>Bonus</th><th>Benefits in-Kind</th><th>Other Emoluments</th><th>TOTAL</th></tr><tr><td></td><td colspan="5">RM</td></tr><tr><td>Shareen Ooi <i>Group Chief Marketing Officer*</i></td><td>370,586</td><td>12,380</td><td>39,990</td><td>1,805,038</td><td><b>2,227,994</b></td></tr><tr><td>Mohamad Ariff bin Ibrahim <i>Group Chief Financial Officer**</i></td><td>517,740</td><td>-</td><td>30,724</td><td>166,640</td><td><b>715,104</b></td></tr><tr><td>Farnida binti Ngah <i>Group Chief Financial Officer***</i></td><td>224,583</td><td>-</td><td>3,000</td><td>74,732</td><td><b>302,315</b></td></tr><tr><td>Fan Chen Yip <i>Head, Key Account Management &amp; Media Sales Planning****</i></td><td>114,358</td><td>-</td><td>1,200</td><td>34,723</td><td><b>150,281</b></td></tr></table><div><p>* Resigned on 16 July 2017</p><p>** Resigned on 1 August 2017</p><p>*** Appointed on 2 August 2017</p><p>**** Appointed on 16 October 2017</p></div><div>The remuneration paid to the Top 4 Senior Management of the Company during the year, analysed into bands of RM50,000 is as follows:-<table><tr><th>Remuneration Band</th><th>Top 4 Senior Management</th></tr><tr><td>RM2,200,001 – RM2,250,000</td><td>1</td></tr><tr><td>RM700,001 – RM750,000</td><td>1</td></tr><tr><td>RM300,001 – RM350,000</td><td>1</td></tr><tr><td>RM150,001 – RM200,000</td><td>1</td></tr></table><p>Note: Successive bands of RM50,000 are not shown entirely as they are not represented.</p></div></div>	Senior Management	Salary	Bonus	Benefits in-Kind	Other Emoluments	TOTAL		RM					Shareen Ooi <i>Group Chief Marketing Officer*</i>	370,586	12,380	39,990	1,805,038	<b>2,227,994</b>	Mohamad Ariff bin Ibrahim <i>Group Chief Financial Officer**</i>	517,740	-	30,724	166,640	<b>715,104</b>	Farnida binti Ngah <i>Group Chief Financial Officer***</i>	224,583	-	3,000	74,732	<b>302,315</b>	Fan Chen Yip <i>Head, Key Account Management &amp; Media Sales Planning****</i>	114,358	-	1,200	34,723	<b>150,281</b>	Remuneration Band	Top 4 Senior Management	RM2,200,001 – RM2,250,000	1	RM700,001 – RM750,000	1	RM300,001 – RM350,000	1	RM150,001 – RM200,000	1
Senior Management	Salary	Bonus	Benefits in-Kind	Other Emoluments	TOTAL																																											
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**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>	:	<b>Adopted</b>
<b>Explanation on adoption of the practice</b>	:	The Company's Senior Management consists of the four (4) mentioned in Practice 7.2.

**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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") was established on 19 August 2003 and is chaired by Datuk Mohd Nasir bin Ahmad who is not the Group Chairman of the Board.</p> <p>Tan Sri Ismee bin Haji Ismail, Media Prima Berhad's Group Chairman, was appointed on 1 August 2017, he replaces Datuk Seri Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor.</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 8.2

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

<b>Application</b> :	<b>Applied</b>	
<b>Explanation on application of the practice</b> :	The AC has established the External Auditor Policy which include amongst the 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 AC. This is set out in Item 3 of the Board Charter, which is available on Media Prima Berhad's website at <b>www.mediaprima.com.my</b> .  None of the members of the Board were former key audit partners within the cooling-off period of two (2) years.	
<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 8.3

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

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated to the AC the responsibility to make recommendations to the Board for the appointment, remuneration and removal of External Auditors. The AC is also responsible to assess, review and monitor the performance, suitability and independence of the External Auditors. In making those recommendations, the Committee is authorised to conduct periodic reviews of the External Auditors.</p> <p>The External Auditors Policy has been established to include the policy on the assessment on the suitability, objectivity and independence of the external auditor.</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.

Application	:	Adopted					
Explanation on adoption of the practice	:	<p>The Board is also supported by the AC with the main responsibility to provide independent assessment on the adequacy and reliability of the risk management processes and internal control, as well as compliance with policies and regulatory requirements.</p> <p>The AC consists of four (4) NEDs with all of them being independent directors and no alternate director is appointed as member of the AC.</p> <table><tr><th>Audit Committee</th></tr><tr><td>Datuk Mohd Nasir bin Ahmad (<i>Chairman</i>) (<i>Senior Independent Non-Executive Director</i>)</td></tr><tr><td>Lydia Anne Abraham (<i>Independent Non-Executive Director</i>)</td></tr><tr><td>Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar (<i>Independent Non-Executive Director</i>)</td></tr><tr><td>Datuk Loo Took Gee (<i>Independent Non-Executive Director</i>)</td></tr></table>	Audit Committee	Datuk Mohd Nasir bin Ahmad ( <i>Chairman</i> ) ( <i>Senior Independent Non-Executive Director</i> )	Lydia Anne Abraham ( <i>Independent Non-Executive Director</i> )	Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar ( <i>Independent Non-Executive Director</i> )	Datuk Loo Took Gee ( <i>Independent Non-Executive Director</i> )
Audit Committee							
Datuk Mohd Nasir bin Ahmad ( <i>Chairman</i> ) ( <i>Senior Independent Non-Executive Director</i> )							
Lydia Anne Abraham ( <i>Independent Non-Executive Director</i> )							
Tan Sri Dato' Seri Utama Haji Ismail bin Haji Omar ( <i>Independent Non-Executive Director</i> )							
Datuk Loo Took Gee ( <i>Independent Non-Executive Director</i> )							

### 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 AC is comprised of four (4) Independent Non-Executive Directors who are highly experienced and whose knowledge, background and judgement are invaluable to the Group. The AC have unimpeded access to both the Internal and External Auditors and has the right to convene meetings with the auditors without the presence of the ED and Management.</p> <p>The AC Chairman, Datuk Mohd Nasir bin Ahmad, is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants ("FCCA") United Kingdom ("UK"). He was elected as a Council Member of the ACCA (UK) in September 2013 and re-elected as Council Member in September 2016.</p> <p>The academic and professional background of the rest of the AC members varies and they are equipped with knowledge and skills from various industries such as economics, information technology/digital, legal and public administration. With their vast working experience, they are not only able to understand matters under the purview of the AC, additionally, they are also able to provide sound advice to the Board in areas of financial reporting, internal and external audit reports and the state of the Group's risk and internal control environment.</p> <p>All AC members are aware of the need to continuously develop and increase their knowledge and in line with this, the AC members have made continuous efforts in keeping themselves abreast of relevant developments by attending conferences, seminars and training programmes to enhance their knowledge in order to discharge their duties effectively as well as to improve their technical competencies in their respective fields of expertise.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

## Intended Outcome

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

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

## Practice 9.1

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

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a continuous, proactive and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in business environment.</p> <p>The Board acknowledges its responsibility for the Group's system of internal controls and risk management and for reviewing the effectiveness of these systems to ensure compliance with the applicable laws and regulations, as well as internal procedures and guidelines.</p> <p>The size and diversity of the operations of the Group as a multi-platform Group involve the management of a wide variety of risks. The nature of these risks means that events occur which would give rise to unanticipated or unavoidable losses. The Group's systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide a reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>The Board is assisted by the Risk Management Committee in the oversight and management of all identified risks. The Risk Management Committee meets on quarterly basis to ensure that the accountability for managing identified significant risks is clearly assigned and that any identified risks affecting the Group are being addressed, managed and mitigated on an ongoing basis. The Risk Management Committee also reviews the risk management framework to ensure that it remains relevant for use and monitors the effectiveness of risk mitigation plans for the management and controls of the key risks.</p> <p>The Group's risk profile discussed and approved during Risk Management Committee meetings is presented by the Group General Manager of Group Risk Management Department, and attended by representatives from management and main business platforms to keep abreast of developments in the risk management landscape.</p> <p>The effectiveness of system of internal controls of the Group is reviewed by the Audit Committee during its quarterly meetings. This review covers the financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Group.</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

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

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

## Practice 9.2

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

<b>Application</b>	:	<b>Applied</b>									
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to adopt sound risk management practices to safeguard Media Prima Berhad's business interest from risk events that may impede achievement of business strategy and action plan, enable value creation and enable process improvement.</p> <p>The Enterprise-wide Risk Management (ERM) framework practiced by the Group is largely benchmarked against the ISO 31000:2009 Risk Management – Principles and Guidelines. The Board, from time to time, reviews the framework to facilitate a continuous and iterative process which leads to the enhancement of risk awareness across the organisation. The Enterprise-wide Risk Management framework enables the subsidiaries, operating units and support functions to exercise a consistent approach for risk identification and institutes a common platform to deliberate and manage risks.</p> <p>Sound internal control system is a vital process developed to ensure effective and efficient operation, provide reliable and relevant reporting, and compliance with the applicable laws and regulations.</p> <p>The Group has in place a continuous, proactive and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in business environment.</p> <p>The Group implements the three lines of defence concept:-</p> <table border="1"> <tr> <td><b>First Line</b></td><td><b>Risk Taking Units</b> (Business units and Departments)</td><td>Manage the day-to-day management of risks inherent in its business activities.</td></tr> <tr> <td><b>Second Line</b></td><td><b>Risk Control Unit</b> (Group Risk Management Department)</td><td>Responsible for setting the risk management framework, developing tools and methodologies.</td></tr> <tr> <td><b>Third Line</b></td><td><b>Risk Checking Unit</b> (Group Corporate Governance Department)</td><td>Provides independent assurance of the effectiveness of the internal control approach.</td></tr> </table>	<b>First Line</b>	<b>Risk Taking Units</b> (Business units and Departments)	Manage the day-to-day management of risks inherent in its business activities.	<b>Second Line</b>	<b>Risk Control Unit</b> (Group Risk Management Department)	Responsible for setting the risk management framework, developing tools and methodologies.	<b>Third Line</b>	<b>Risk Checking Unit</b> (Group Corporate Governance Department)	Provides independent assurance of the effectiveness of the internal control approach.
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<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 9.3 - 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>	:	<b>Adopted</b>					
<b>Explanation on adoption of the practice</b>	:	<p>The Board has also delegated the responsibility of reviewing the risk management systems and to ensure the effectiveness of the Group’s Risk Management Framework to the Risk Management Committee. The Risk Management Committee updates the Board on the significant changes that affect the risk profile of the Group. The Risk Management Committee’s responsibilities as stipulated in the Board Charter include:-</p> <ul style="list-style-type: none"><li>• Reviewing and ensuring adequacy of risk management policies and procedures;</li><li>• Reviewing risk exposures; and</li><li>• Ensuring that infrastructure, resources and systems are in place for risk management activities.</li></ul> <p>The Risk Management Committee consists of four (4) NEDs with all of them being independent directors and is chaired by Tan Sri Ismee bin Haji Ismail.</p> <table><tr><th><b>Risk Management Committee</b></th></tr><tr><td><b>Tan Sri Ismee bin Haji Ismail (<i>Chairman</i>)</b> (Independent Non-Executive Director)</td></tr><tr><td><b>Lydia Anne Abraham</b> (Independent Non-Executive Director)</td></tr><tr><td><b>Tan Sri Dato’ Seri Utama Haji Ismail bin Haji Omar</b> (Independent Non-Executive Director)</td></tr><tr><td><b>Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin</b> (Independent Non-Executive Director)</td></tr></table>	<b>Risk Management Committee</b>	<b>Tan Sri Ismee bin Haji Ismail (<i>Chairman</i>)</b> (Independent Non-Executive Director)	<b>Lydia Anne Abraham</b> (Independent Non-Executive Director)	<b>Tan Sri Dato’ Seri Utama Haji Ismail bin Haji Omar</b> (Independent Non-Executive Director)	<b>Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin</b> (Independent Non-Executive Director)
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<b>Raja Datuk Zaharaton binti Raja Dato’ Zainal Abidin</b> (Independent Non-Executive Director)							

## 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> :	<b>Applied</b>
<b>Explanation on application of the practice</b> :	<p>The Board has established an internal audit function within the Group carried out by the Group Corporate Governance Department. The department is led by the Group General Manager, Group Corporate Governance who reports directly to the Audit Committee. The Group Corporate Governance Department checks for compliance with the statutory / regulatory requirements, internal policies and procedures and review the work processes / procedures for efficiency and effectiveness. Complementing the function of the Group Risk Management, the Group Corporate Governance Department also assesses the risk management and internal control effectiveness of the Group's operation during their course of reviews.</p> <p><b>INTERNAL AUDIT</b></p> <ol style="list-style-type: none"><li>1. The Audit Committee reviewed the Annual Audit Plan for the financial year ended 31 December 2018 during the 57<sup>th</sup> Audit Committee Meeting held on 13 November 2017.</li></ol> <p>The Proposed Audit Plan 2018 emphasises on the business operations underlying factors namely sustainability in core business, new business ventures, Odyssey 2.0 initiatives, market segmentation, rapid changes in technology and dynamic shift in media landscape, among others. There are 11 audit reviews on Group-wide operations and initiatives for 2018.</p> <ol style="list-style-type: none"><li>2. The Audit Committee reviewed and deliberated on audit reports, follow-up reports, audit recommendations and Management responses, prepared by the Group Corporate Governance Department at Audit Committee's quarterly meetings.</li></ol> <p>The internal audit reports, audit recommendations and Management's action plan regarding these recommendations were deliberated and closely monitored by the Audit Committee. Where appropriate, the Audit Committee instructed the Management to rectify and improve the internal control systems based on Group Corporate Governance Department's recommendations and suggestions for improvements.</p> <ol style="list-style-type: none"><li>3. The Audit Committee reviewed the adequacy of resources and the competencies of staff within the Group Corporate Governance Department to ensure it has the required expertise and professionalism to discharge its duties.</li><li>4. The Chairman of the Audit Committee appraised the 2017 annual performance of the Group General Manager, Group Corporate Governance.</li></ol>
<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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee reviewed the adequacy of resources and the competencies of staff within the Group Corporate Governance (Group Internal Audit) Department to ensure it has the required expertise and professionalism to discharge its duties. The Group Corporate Governance Department's activities remain free from interference by any element in the Group, including matters of audit selection, scope, procedures, frequency, timing or report content, in order to maintain the necessary independent and objective attitude. The Group Corporate Governance Department has no direct operational responsibility or authority over any of the activities reviewed.</p> <p>In order to ensure standardisation and consistency in providing assurance on the adequacy and effectiveness of the overall system of internal controls, all auditing activities of the Group Corporate Governance Department are conducted in line with the Group's objectives and policies and in accordance with applicable laws and regulations and relevant policies and guidelines as guided by the Code of Ethics and International Standards for the Professional Practice of Internal Auditing (Standards) promulgated by the Institute of Internal Auditors.</p> <p>The activities of the Group Corporate Governance Department are guided by the Internal Audit Charter that defines the roles, responsibilities, accountability and scope of work of the Group Corporate Governance Department. All internal audit activities in 2017 were performed in-house by a group of 10 internal auditors from various background and competencies. The Group Corporate Governance Department, through a systematic and structured approach is responsible for the following:-</p> <ol style="list-style-type: none"> <li>1. Providing independent assurance to the Board and Management that an adequate and effective internal control system is in place to safeguard Group's assets;</li> <li>2. Recommending improvements and enhancements to the existing system of internal control and work procedures/processes; and</li> <li>3. Being a reference point to ensure effective implementation of policies and procedures and as an agent of change to promote best corporate governance practices.</li> </ol> <p>The Group Corporate Governance Department is headed by the Group General Manager, Encik Sere Mohammad bin Mohd Kasim who reports to the Audit Committee. He is an Associate Member of The Institute of Internal Auditors Malaysia. He holds a Bachelor of Business Administration in Finance (Honours) and is also a Certified Integrity Officer accorded by the Malaysian Anti-Corruption Commission.</p> <p>In compliance with the requirement of the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards), Media Prima Berhad had in 2017 engaged the Institute of Internal Auditors Malaysia to conduct an external Quality Assurance Review ("QAR") on the Group Corporate Governance's internal audit processes. The Institute of Internal Auditors Malaysia had provided broad recommendations to enhance the ability of the Group Corporate Governance Department to render effective internal audit services to its stakeholders. The QAR report was presented to the Audit Committee at the Audit Committee Meeting held on 20 February 2018.</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>	:	<b>Applied</b>																				
<b>Explanation on application of the practice</b>	:	<p>The Group maintains regular and proactive communication with its shareholders and investors, with the provision of clear, comprehensive and timely information through a number of readily accessible channels such as Corporate Website and Investors Briefing.</p> <p><b>Investor Relations</b></p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Malaysia Securities Berhad, media releases, quarterly results analyst briefings, AGM, and the Group's website. The GMD and GCFO meet regularly with analysts, institutional shareholders and investors.</p> <p><b>Website</b></p> <p>Media Prima Group believes in building investors' confidence through good corporate governance practices. The Group carried out its investor relations initiatives details of which are available on <b>www.mediaprima.com.my</b>.</p> <p>The Group welcomes inquiries and feedbacks from shareholders and other stakeholders. All queries and concerns regarding the Group may be conveyed to the following personnel:-</p> <table><tr><th>Name</th><th>Related Matters</th><th>Name</th><th>Related Matters</th></tr><tr><td><b>Farnida binti Ngah</b> Group Chief Financial Officer Phone No: 603 2724 8778</td><td>Financial / Investor Relations</td><td><b>Boey Cheng Choong</b> Chief Transformation Officer Phone No: 603 2724 8833</td><td>Transformation Initiatives (Odyssey)</td></tr><tr><td><b>Sere Mohammad bin Mohd Kasim</b> Group General Manager, Group Corporate Governance Phone No: 603 2724 8975</td><td>Internal Control and Internal Audit</td><td><b>Mohd Hisham bin Md. Shazli</b> Group General Manager, Group Risk Management Phone No: 603 2724 8988</td><td>Risk Management</td></tr><tr><td><b>Tuan Haji Zulkifli bin Haji Mohd Salleh</b> Group General Manager, Group Stakeholder Management &amp; Regulatory Affairs Phone No: 603 2724 8923</td><td>Stakeholder Management / Regulatory Affairs</td><td><b>Tan Say Choon</b> Group General Manager, Group Secretarial Phone No: 603 2724 8911</td><td>Corporate Secretarial and Board Matters</td></tr><tr><td><b>Amal @ Nur Amal binti Abdul Manaf</b> General Manager, Group Legal Phone No: 603 2724 8904</td><td>Legal</td><td><b>Azlan bin Abdul Aziz</b> Group General Manager, Group Corporate Communications Phone No: 603 2724 8949</td><td>Corporate Responsibility and Other Queries</td></tr></table>	Name	Related Matters	Name	Related Matters	<b>Farnida binti Ngah</b> Group Chief Financial Officer Phone No: 603 2724 8778	Financial / Investor Relations	<b>Boey Cheng Choong</b> Chief Transformation Officer Phone No: 603 2724 8833	Transformation Initiatives (Odyssey)	<b>Sere Mohammad bin Mohd Kasim</b> Group General Manager, Group Corporate Governance Phone No: 603 2724 8975	Internal Control and Internal Audit	<b>Mohd Hisham bin Md. Shazli</b> Group General Manager, Group Risk Management Phone No: 603 2724 8988	Risk Management	<b>Tuan Haji Zulkifli bin Haji Mohd Salleh</b> Group General Manager, Group Stakeholder Management & Regulatory Affairs Phone No: 603 2724 8923	Stakeholder Management / Regulatory Affairs	<b>Tan Say Choon</b> Group General Manager, Group Secretarial Phone No: 603 2724 8911	Corporate Secretarial and Board Matters	<b>Amal @ Nur Amal binti Abdul Manaf</b> General Manager, Group Legal Phone No: 603 2724 8904	Legal	<b>Azlan bin Abdul Aziz</b> Group General Manager, Group Corporate Communications Phone No: 603 2724 8949	Corporate Responsibility and Other Queries
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<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>	:	<b>Departure</b>
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Whilst some elements of integrated reporting have been embodied in the Annual Report 2017 of Media Prima Berhad such as the Business Model and Strategy and Market Landscape, on the whole is not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.</p> <p>The current Annual Report 2017 provides shareholders and stakeholders with quite a comprehensive overview on the Company's financial and non-financial information including future prospects which are contained in the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement of Risk Management and Internal Control.</p> <p>The Group will consider adopting an integrated reporting to enhance the quality of information available to investors in the near future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Notice of the 17th Annual General Meeting ("AGM") of the Company dated 28 March 2018 was issued to the shareholders 28 days prior to the AGM which will be held on 25 April 2018.</p> <p>The notice for the AGM outlines the resolutions to be tabled at the AGM and is accompanied with explanatory notes and background information where applicable to provide clarity on the resolutions.</p> <p>Detailed notes on the venue, location, contact numbers and registration for the AGM details are sent in an Administrative Note to the shareholders together with the Abridged 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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>In addition to the Quarterly Financial Reports and annual report, the Annual General Meeting ("AGM") remains the principal opportunity for communication with shareholders and investors. At each AGM, the Board presents the progress and performance of the Group.</p> <p>The Group Chairman and / or the GMD presents a comprehensive review of the financial performance of the Group and value created for shareholders. This review is supported by visual and graphical presentations of key points and financial figures.</p> <p>Dates of the Board Meetings and AGM for the year are scheduled in advance at the beginning of the year. In demonstrating their commitment, Directors would commit themselves to attend the meetings as scheduled, save for unforeseeable reasons that are beyond their control. At the last AGM held in 2017, all the Directors attend the meeting.</p> <p>Shareholders are encouraged to participate in the proceedings and ask questions on the operations of the Group and on any resolutions being proposed. The Group Chairman provides sufficient time for shareholders' questions on matters pertaining to the Group's performance and the appropriate response by the Group Chairman, GMD, Chair of the Board Committees and GCFO where applicable.</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

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>	:	<b>Applied</b>
<b>Explanation on application of the practice</b>	:	<p>The Company's AGM had always been held in Klang Valley at locations which are accessible by public transport and not in remote locations. The upcoming 17th AGM of the Company on 25 April 2018 will be held at Sime Darby Convention Centre, Kuala Lumpur.</p> <p>A shareholder of the Company can vote in person or appoint a proxy/proxies to attend and vote on his/her behalf.</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>	:	

**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.*

Not Applicable for Media Prima Berhad
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